Integrated Annual Report 2024

Línea Directa Aseguradora S.A.

30 años | linea directa

Letter from the Chairman

In 2024, the world economy continued to perform well, although at different speeds in different parts of the world.

The Spanish economy showed strong performance, with a rise of 3.2% in Gross Domestic Product (GDP), fifty basis points more than in 2023. The job market performed well too, with the number of people in employment rising by over 468,000 (to a total of 21.85 million workers), and the unemployment rate fell to 10.6% which, despite being the lowest in 16 years, is the highest in the entire European Union.

Against this backdrop, the performance insurance activity varied between business segments. In 2024, the industry reached a premium volume of over €75,100 million, dropping 1.6%, due to the Life segment (-13.6%) failing to maintain the strong growth seen in 2023 thanks to an increase in savings caused by high interest rates. **The Non-life segment, for its part, consolidated its upward trend this past year**, **increasing its premium growth to 7.8% and with significant progress in its three main segments (Motor, Health and Multi-Risk).**

Financially, the main challenge facing the insurance industry in 2024 was managing margins that were still suffering from the effects of the high inflation of previous years on the cost of claims. The technical result in the industry has thus started to recover over the past year.

In any case, the insurance industry's strong position is reflected not just in its turnover but also, and mainly, in its **ability to serve customers during critical moments, such as after the devastating DANA storm** that affected several parts of Spain, particularly the Valencian Community. Events such as this highlight the socio-economic role of insurance in society. The assistance provided to those affected by the storm has been, and continues to be, the main priority for the industry as a whole, and specifically for Línea Directa, and we will continue to work hard for our policyholders and support them until their lives are fully back to normal.

2024, a year of growth for Línea Directa

The action plan to address inflation launched by Línea Directa in 2022, which focused on containing claim costs and price adjustments and was applied swiftly and with courage and determination, yielded positive results that became apparent as early as the second half of 2023. The Company's continued efforts to implement these measures helped consolidate the recovery of its margins during 2024.

Línea Directa closed the year with satisfactory profit and growth figures. It recorded a **sound increase in profit of €64.2 million** and a **return on average equity (RoAE) of 19.1%.**

In view of these positive results, the Board of Directors has proposed a final dividend for a total of €15 million to be approved at the next General Meeting of Shareholders. This, when added to the two interim dividends already paid, **brings the total remuneration paid to shareholders for the year up to €45 million, 70% of the Company's profit.** All this has helped the Company maintain a very healthy balance sheet, with a **solvency margin of 185.4%**.

This remarkable performance is due to an excellent improvement in the Company's combined ratio, which fell by 9.4 percentage points to 94.7%, thanks to the claims management and underwriting actions taken and to the higher efficiency achieved through ongoing expense management and the growing digitalisation of operations.

Having firmly consolidated its profit recovery, **in 2024 Línea Directa pursued its other priority of further growing its business in terms of both income and number of customers.** To do this, in recent years it has established a new, more customer-oriented organisation, increased its multi-product offering and bolstered its commercial capabilities. As a result, the Group's business dynamics have gained traction throughout the year.

A significant milestone: over 1 billion in turnover

In 2024, Línea Directa reached a premium volume of €1.02 billion, a 4.8% increase compared to the previous year. This was a historic milestone, as it entailed surpassing the 1 billion turnover threshold for the first time in its 30-year history. Meanwhile, **the insurance portfolio saw a growth of 3.5%,** with the number of policies increasing in every segment. At present, over 3.4 million customers place their trust in Línea Directa.

The Company's strong performance in 2024 was due to the achievement of its strategic priorities for the year, which have placed it in a better financial and commercial position. In addition, during the year the Company continued to **significantly transform its processes and acquire advanced digital capabilities to increase its efficiency and competitiveness**, building its pillars for growth for the coming years.

A firm commitment to sustainability

Línea Directa Aseguradora, which has been including Sustainability in its business strategy and culture for over a decade, boasts an ambitious environmental, social and governance roadmap that is reflected in its three-year sustainability plans.

The Company thus closed 2024 having achieved 95% of the actions planned for the year under its 2023-2025 Sustainability Plan. The advances made in this field have received a positive response from the market, as evidenced by the Company's score of 76 points (out of 100) in the most recent Dow Jones Sustainability Index evaluation, above the cut-off mark for the global sustainability benchmark. The Company was also included in the Yearbook for the same index in 2025, placing it among **the world's 776 most sustainable companies** (i.e. in the top 10% of the 7,690 companies evaluated).

Another important milestone in 2024 was the Company's first Sustainability Report and Statement of Non-Financial Information under the **CSRD Directive**, a comprehensive self-assessment and transparency review that proves its commitment to sustainability management and reporting. The Company has also published other relevant information in this field under Spanish Law 11/2018 on Statements of Non-Financial Information.

In line with its aim of generating business through a sustainable commercial offering, the Company has continued to develop products aimed at having a positive social and environmental impact. This is reflected, for example, in its launch of new services in 2024 to guarantee universal access to its insurance services for customers with disabilities. Also in the environmental arena, the Company has continued to make progress in its decarbonisation roadmap, increasing its efforts to reduce its carbon footprint, for example by revising its Sustainable Investment Policy, with the aim of becoming a Net Zero company by 2050.

The Company has naturally continued to enhance its governance framework by, among other actions, updating the Board of Directors' competency matrix and several of the Group's corporate policies to ensure that the highest good governance standards are applied at all times. **Línea Directa continues to lead on important issues such as the composition of its management bodies**: 57% of the members of the Board are women, and over half the members of the Board (57%) and its Committees (66%) are independent members.

As for social matters, **the Línea Directa Foundation has enthusiastically continued to pursue its outstanding work in the field of road safety**. The initiatives carried out in this regard include research studies, training courses and the Journalism Award and Entrepreneurship Award, making it one of Spain's leading institutions in this regard.

2025: a 30-year history

Looking ahead to 2025, we are hoping for another year of economic growth, although it will not be devoid of uncertainty. We will continue to address current challenges such as ongoing geopolitical tensions, technological advancements (particularly in the field of Artificial Intelligence) and climate change, as well as new ones arising from changing social, economic and demographic trends.

In 2025, Línea Directa Aseguradora will celebrate its first **30 years of operations. Over these three decades, the Company has become firmly established as a leading player in the Spanish insurance market** thanks to its unique business model, leading brand, value proposition based on high-quality products at competitive prices, a focus on innovation and cutting-edge digital capabilities. We are conscious that this would not have been possible without the vision, dedication and hard work of all the people who have helped make this project a reality over all these years.

I would now like to pay special tribute to **Jaime Botín-Sanz de Sautuola García de los Ríos**, founder of Línea Directa and Chairman of the Company until 2005, who sadly passed away in 2024. It was thanks to his vision and entrepreneurial and innovative spirit that Línea Directa arrived in our country to become one of its leading insurance companies. He was the visionary who saw the potential of developing a technology-driven insurance company in Spain, introducing a disruptive business model and phone-based distribution method. After founding Línea Directa in 1995 through a joint venture with Royal Bank of Scotland, he radically transformed the traditional insurance distribution model to lay the foundations of a company that, 30 years on, is a listed company with over 3.4 million customers and over €1 billion in turnover.

Línea Directa will continue to build on his strengths and unwavering innovation and transformation spirit to build a future filled with success and opportunities for our shareholders, customers, employees and partners.

Alfonso Botín-Sanz de Sautuola
Chairman of Línea Directa Aseguradora

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as of 31 December 2024

This version of our agreed-upon procedures report is a free translation from the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the consolidated annual accounts

To the shareholders of Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2024, and the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2024, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 915 685 400, www.pwc.es

R. M. Madrid, hoja M-63.988, folio 75, tomo 9.267, libro 8.054, sección 3ª
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thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Valuation of automobile insurance contracts liability for incurred claims	
The Group operates in the non-life insurance business, primarily in the automobile, home, and health segments. The Group records the liabilities associated with these insurance contracts by estimating a liability for incurred claims of 405,189 thousand euros. The estimation of these liabilities for incurred claims is complex, and in the case of the automobile segment, it is significantly influenced by the projection methods used, the claim settlement periods, and the assumptions made by management. Due to the aforementioned considerations, the valuation of the liabilities for incurred claims in the automobile segment has been considered a key audit matter. See notes 3 and 11 of the attached consolidated annual accounts for the fiscal year 2024.	We have obtained an understanding of the process for estimating and recording the liabilities for incurred claims in the automobile segment, which has included an evaluation and verification of the internal control related to the most relevant information systems and assumptions. Our procedures, in which actuarial specialists have participated, have focused on aspects such as: • Understanding the calculation methodology for liabilities for incurred claims in accordance with the principles of IFRS 17. • Verification of the integrity, accuracy, and reconciliation of the base data used for the calculation of the liability for incurred claims. • Verification of the sufficiency of the liabilities for incurred claims at the end of the previous fiscal year. • Performing selective testing on a sample of incurred claims liability files, verifying the reasonableness of the valuation with the available information. • Verification through actuarial and statistical contrast tests regarding the reasonableness of the liabilities for incurred claims at the end of the period, including the non-financial risk adjustment. • Additionally, we have verified the adequacy of the information disclosed in the attached consolidated annual accounts. In our previous procedures, we have obtained adequate and sufficient audit evidence that supports management's estimates on this matter.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2024 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the consolidated statement of non-financial information, certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, have been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2024 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit committee for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent company's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's audit committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

Auditor’s responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.

- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent company's audit committee with a statement that we have complied with ethical requirements relating to independence and we communicate with the aforementioned those matters that may reasonably be considered to threaten our independence and, where applicable, the safeguards adopted to eliminate or reduce such threat.

From the matters communicated with the Parent company’s audit committee, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros and its subsidiaries for the 2024 financial year that comprise an XHTML file which includes the consolidated annual accounts for the financial year and XBRL files with tagging performed by the entity, which will form part of the annual financial report.

The directors of Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros are responsible for presenting the annual financial report for the 2024 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation). In this regard, the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration have been incorporated by reference in the consolidated management report.

Our responsibility is to examine the digital files prepared by the Parent company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the consolidated annual accounts included in the aforementioned digital files completely agrees with that of the consolidated annual accounts that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been effected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined completely agree with the audited consolidated annual accounts, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit committee of the Parent company

The opinion expressed in this report is consistent with the content of our additional report to the audit committee of the Parent company dated 28 February 2025.

Appointment period

The General Ordinary Shareholders' Meeting held on 11 April 2024 appointed us as auditors of the Group for a period of one year, for the year ended 31 December 2024.

Previously, we were appointed by resolution of the General Ordinary Shareholders' Meeting for a period of tres years and we have audited the accounts continuously since the year ended 31 December 2016.

Services provided

Services provided to the Group for services other than the audit of the accounts are disclosed in note 21 to the consolidated annual accounts.

PricewaterhouseCoopers Auditores S.L.

Original in Spanish signed by Enrique Anaya Rico

28 February 2025

Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros and its subsidiaries

Limited assurance report issued by a practitioner on the Consolidated Statement of Non-Financial Information and Sustainability Information for the year ended 31 December 2024

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Limited assurance report issued by a practitioner on the Consolidated Statement of Non-Financial Information and Sustainability Information

To the shareholders of Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros:

Limited assurance conclusion

Pursuant to article 49 of the Code of Commerce, we have conducted a limited assurance engagement on the accompanying Consolidated Statement of Non-Financial Information (hereinafter "SNFI") for the year ended 31 December 2024 of Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros (hereinafter the Parent company) and its subsidiaries (hereinafter the Group), which forms part of the Group's consolidated management report.

The SNFI includes information in addition to that required by current commercial regulations on non-financial information, specifically, it includes the Sustainability Information prepared by the Group for the year ended 31 December 2024 (hereinafter, the sustainability information) in accordance with the Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022, as regards corporate sustainability reporting (CSRD). This sustainability information has also been subject to limited assurance procedures.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that:

a) the Group's Statement of Non-Financial Information for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with current commercial regulations and in accordance with the selected criteria of the European Sustainability Reporting Standards (ESRS), as well as with those other criteria described as mentioned for each topic in the table "Requirements of Law 11/2018 regarding Non-financial Information" of Annex II of the aforementioned Statement;

b) the sustainability information as a whole is not prepared, in all material respects, in accordance with the sustainability reporting framework applied by the Group and which is identified in the subsection "BP-1. General basis for preparation of the sustainability statement" of section 1 accompanying note, including:

- That the description provided of the process for identifying the sustainability information included in note subsection "Impact, risk and opportunity management" of section 1 accompanying note 1 consistent with the process in place and enables the identification of the material information to be disclosed in accordance with the requirements of ESRS.

- Compliance with ESRS.

- Compliance with the disclosure requirements, included in subsection [indicate the subsection] of the environment section of the sustainability information with the provisions of article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments.

Basis for conclusion

We conducted our limited assurance engagement in accordance with generally accepted professional standards applicable in Spain and specifically in accordance with the guidelines contained in Guides 47 Revised and 56 issued by the *Instituto de Censores Jurados de Cuentas de España* on assurance engagements regarding non-financial information and considering the contents of the note published by the *Instituto de Contabilidad y Auditoría* (ICAC) dated 18 December 2024 (hereinafter, generally accepted professional standards).

In a limited assurance engagement, the procedures applied are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under these standards are further described in the *Practitioner's responsibilities* section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of the Parent company’s directors

The preparation of the SNFI included in the Group's consolidated management report, as well as its content, is the responsibility of the directors of Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros. The SNFI has been prepared in accordance with prevailing commercial regulations and in accordance with the ESRS criteria selected, as well as those other criteria described in accordance with the aforementioned for each topic in the table [indicate the table] in the aforementioned Statement.

This responsibility also encompasses designing, implementing and maintaining such internal control as is determined to be necessary to enable the preparation of the SNFI that is free from material misstatement, whether due to fraud or error.

The directors of Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the SNFI is obtained.

With regard to the sustainability information, the Parent company's directors are responsible for developing and implementing a process to identify the information that should be included in the sustainability information in accordance with the CSRD, ESRS and as set out in article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020, and for disclosing information about this process in the sustainability information itself in note [indicate the note]. This responsibility includes:

- understanding the context in which the Group's business activities and relationships are conducted, as well as its stakeholders, with regard to the Group's impacts on people and the environment;

- identifying the actual and potential impacts (both negative and positive), as well as the risks and opportunities that could affect, or could reasonably be expected to affect, the Group's financial position, financial results, cash flows, access to finance or cost of capital over the short, medium or long term;

- assessing the materiality of the impacts, risks and opportunities identified; and

- making assumptions and estimates that are reasonable under the circumstances.

The Parent company's directors are also responsible for the preparation of the sustainability information, which includes the information identified by the process, in accordance with the sustainability reporting framework applied, including compliance with the CSRD, compliance with ESRS and compliance with the disclosure requirements included in subsection "Taxonomy" of the environment section of the sustainability information in accordance with the provisions of article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

This responsibility includes:

- Designing, implementing and maintaining such internal control as the Parent company's directors consider to be relevant to enable the preparation of sustainability information that is free from material misstatement, whether due to fraud or error.

- Selecting and applying appropriate methods for the presentation of sustainability information and making assumptions and estimates that are reasonable in the circumstances about specific disclosures.

Inherent limitations in preparing the information

In accordance with ESRS, the Parent company's directors are required to prepare prospective information based on assumptions and hypotheses, which should be included in the sustainability information, regarding events that could occur in the future, as well as possible future actions, where appropriate, that the Group could take. Actual results may differ significantly from estimated results since they refer to the future and future events often do not occur as expected.

In determining disclosures relating to sustainability information, the Parent company's directors interpret legal and other terms that are not clearly defined and could be interpreted differently by others, including the legality of such interpretations and, consequently, they are subject to uncertainty.

Practitioner's responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the SNFI and sustainability information are free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of this information.

As part of a limited assurance engagement, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Design and perform procedures to assess whether the process for identifying the information included in both the SNFI and the sustainability information is consistent with the description of the process followed by the Group and enables, where appropriate, the identification of the material information to be disclosed in accordance with ESRS requirements.

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify the disclosures in respect of which material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control.

- Design and perform procedures responsive to where material misstatements are likely to arise in the disclosures included in the SNFI and sustainability information. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence to support our conclusions. The nature, timing and extent of procedures selected depend on professional judgement, including the identification of the disclosures where material misstatements are likely to arise, whether due to fraud or error, in the SNFI and in the sustainability information.

Our work consisted of enquiries of management as well as of various units and components of the Group that were involved in the preparation of the SNFI and sustainability information, of the review of the processes for compiling and validating the information presented in the SNFI and sustainability information and of the application of certain analytical procedures and review procedures on a sample basis, as described below:

In relation to the process of verifying the SNFI:

- Meetings with Group personnel to understand the business model, policies and management approaches applied and the main risks related thereto, and obtaining the information required for the external review.

- Analysis of the scope, relevance and completeness of the content of the SNFI for the 2024 year based on the materiality analysis performed by the Group and described in section "Impact, risk and opportunity management" of section 1 accompanying note, taking into account the content required under prevailing commercial legislation.

- Analysis of the processes to compile and validate the information presented in the SNFI for the 2024 year.

- Review of information concerning risks, policies and management approaches applied in relation to material matters presented in the SNFI for the 2024 year.
- Verification, by means of sample testing, of the information relating to the content of the SNFI for the 2024 year and its adequate compilation using data obtained from the information sources.

In relation to the process of verifying the sustainability information:

- Making enquiries of the Group's personnel:
  - in order to understand the business model, policies and management approaches applied and the main risks related thereto, and obtaining the information required for the external review.
  - in order to understand the source of the information used by management (for example, engagement with stakeholders, business plans and strategy documents); and the review of the Group’s internal documentation on its process.

- Obtaining, through enquiries of Group personnel, an understanding of the entity's relevant processes for collecting, validating and presenting information for the preparation of its sustainability information.

- Evaluating the consistency of the evidence obtained from our procedures on the process implemented by the Group for determining the information that should be included in the sustainability information with the description of the process included in such information, as well as the evaluation of whether the aforementioned process implemented by the Group enables the identification of material information to be disclosed according to ESRS requirements.

- Evaluating whether all the information identified in the process implemented by the Group for determining the information that should be included in the sustainability information is in fact included.

- Evaluating the consistency of the structure and presentation of the sustainability information with the requirements of ESRS and the rest of the regulatory framework on sustainability information applied by the Group.

- Making enquiries of relevant personnel and performing analytical procedures on the information disclosed in the sustainability information, considering such information in respect of which material misstatements are likely to arise, whether due to fraud or error.

- Performing, where appropriate, substantive procedures on a sample basis on the information disclosed in the selected sustainability information, considering such information in respect of which material misstatements are likely to arise, whether due to fraud or error.

- Obtaining, where applicable, the reports issued by accredited independent third parties appended to the consolidated management report in response to the requirements of European regulations and, in relation to the information to which they refer and in accordance with generally accepted professional standards, verifying only the practitioner’s accreditation and that the scope of the report issued is aligned with the requirements of European regulations.

- Obtaining, where appropriate, the documents that contain the information incorporated by reference, the reports issued by auditors or practitioners on such documents and, in accordance with generally accepted professional standards, verifying only that the document to which the information incorporated by reference refers meets the conditions described in ESRS for the incorporation of information by reference in the sustainability information.

- Obtaining a representation letter from the Parent company's directors and management in relation to the SNFI and sustainability information.

Other information

The Parent company's directors are responsible for the other information. The other information comprises the consolidated annual accounts and the rest of the information included in the consolidated management report, but does not include either the auditors' report on the consolidated annual accounts or the assurance reports issued by accredited independent third parties as required by European Union law on specific disclosures contained in the sustainability information and appended to the consolidated management report.

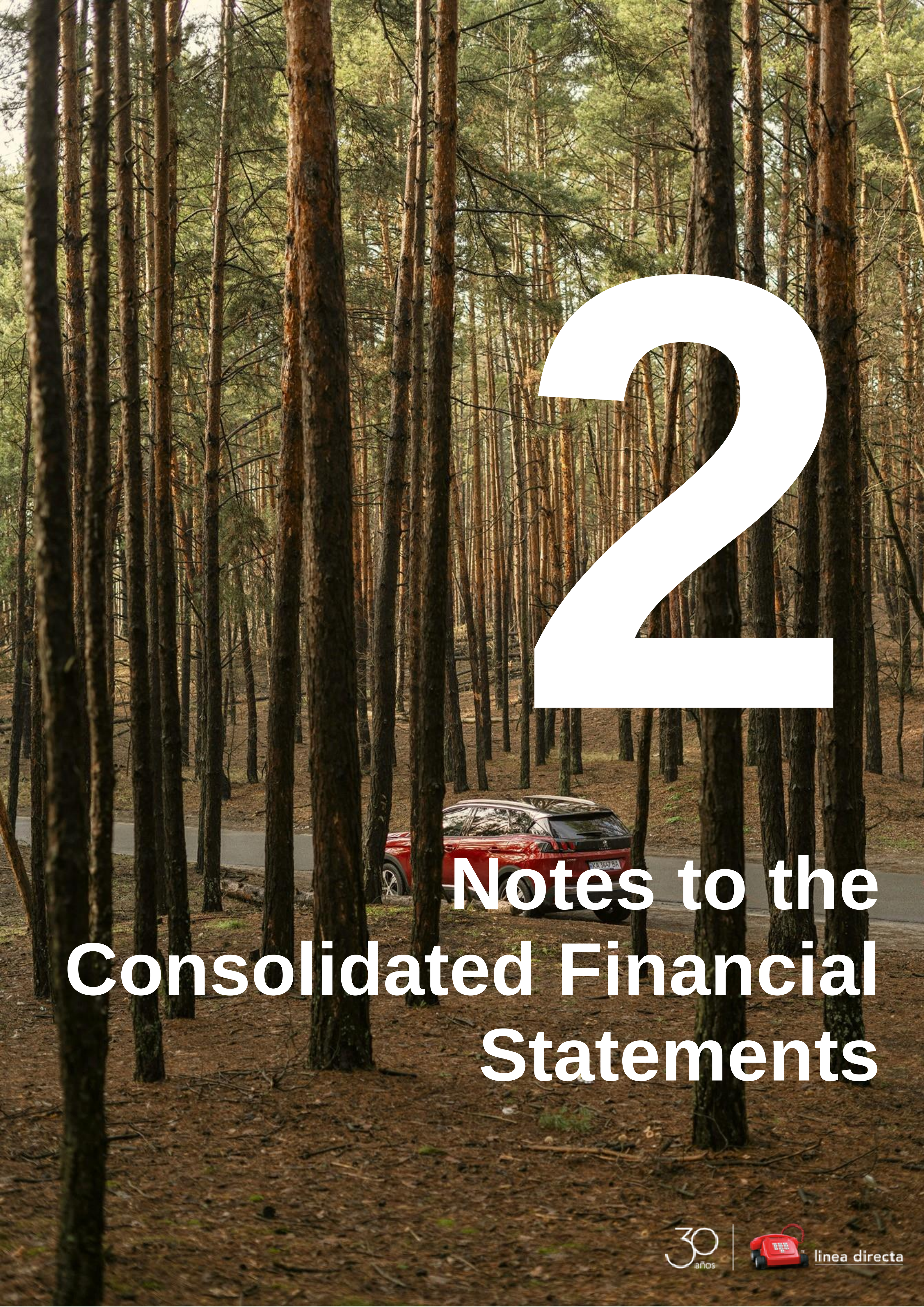
Our assurance report does not cover the other information, and we do not express any form of assurance conclusion thereon.

With regard to our assurance engagement regarding the sustainability information, our responsibility consists of reading the other information identified above and, in doing so, considering whether the other information is materially inconsistent with the sustainability information or the knowledge we have obtained during the assurance engagement, which may be indicative of the existence of material misstatements in the sustainability information.

PricewaterhouseCoopers Auditores S.L.

Original in Spanish signed by Enrique Anaya Rico

28 February 2025



2

Notes to the Consolidated Financial Statements

30 años
línea directa

Línea Directa Aseguradora S.A., Compañía de Seguros y Reaseguros and subsidiaries

Consolidated financial statements for the year ended 31 December 2024

Prepared in accordance with the International Financial Reporting Standards adopted by the European Union (EU-IFRS)

Línea Directa Aseguradora S.A. Compañía de Seguros y Reaseguros and subsidiaries

Consolidated balance sheet at 31 December 2024

(in thousand euro)

ASSETS	Notes	2024	2023
A-1) Cash and cash equivalents	**6**	**16,709**	**41,746**
A-2) Financial assets at fair value through profit or loss	**5 and 7a)**	**57,876**	**53,998**
I. Equity instruments		57,876	53,998
A-3) Financial assets at fair value through equity	**5 and 7a)**	**925,367**	**823,345**
I. Equity instruments		74,918	63,524
II. Debt securities		850,449	759,821
A-4) Financial assets at amortised cost	**5 and 7a)**	**34,341**	**15,456**
III. Deposits with credit institutions		23,013	4,209
VI. Receivables on reinsurance business		3,890	7,019
IX. Other receivables		7,438	4,228
1. Tax and social security receivable		1,181	1,041
2. Other receivables		6,257	3,187
A-5) Hedging derivatives	**7 a)**	**4,652**	**5,909**
A-6) Assets under reinsurance contracts	**11 a) and b)**	**34,097**	**31,939**
II. Non-life		34,097	31,939
2. Simplified approach (PAA)		34,097	31,939
2.1. Assets for remaining coverage		6,858	6,166
2.2. Assets for incurred claims		27,239	25,773
A-7) Property, plant and equipment and investment property	**8**	**100,807**	**101,600**
I. Property, plant and equipment		42,351	43,077
II. Investment property		58,456	58,523
A-8) Intangible assets	**9**	**45,345**	**29,188**
III. Other intangible assets		45,345	29,188
A-10) Tax assets	**13**	**12,246**	**14,635**
I. Current tax assets		2,667	805
II. Deferred tax assets		9,579	13,830
A-11) Any other assets		**4,696**	**7,506**
III. Accruals		4,283	4,881
IV. Other assets		413	2,625
TOTAL ASSETS		**1,236,136**	**1,125,322**

The accompanying Notes 1 to 22 form an integral part of the consolidated financial statements at 31 December 2024

Línea Directa Aseguradora S.A. Compañía de Seguros y Reaseguros and subsidiaries

Consolidated balance sheet at 31 December 2024
(in thousand euro)

LIABILITIES	Notes	2024	2023
A-2) Financial liabilities at amortised cost	**7.b)**	**77,315**	**65,313**
III. Due on direct insurance business		3,438	2,818
1. Due to policyholders		2,259	1,752
2. Due to agents, brokers and intermediaries		1,179	1,066
IV. Due on reinsurance business		346	1,351
IX. Other debts		73,531	61,144
1. Taxes and social security payable		16,745	15,221
3. Any other debts		56,786	45,923
A-4) Liabilities under insurance contracts	**11 a) and b)**	**767,466**	**715,311**
II. Non-life		767,466	715,311
2. Simplified approach (PAA)		767,466	715,311
2.1. Liabilities for remaining coverage		362,277	339,352
2.2. Liabilities for incurred claims		405,189	375,959
A-5) Non-technical provisions	**12**	**3,649**	**375**
III. Other non-technical provisions		3,649	375
A-6) Tax liabilities	**13**	**28,905**	**31,047**
I. Current tax liabilities		5,435	11,384
II. Deferred tax liabilities		23,470	19,663
A-7) Other liabilities		**484**	**241**
III. Other liabilities		484	241
TOTAL LIABILITIES		**877,819**	**812,287**
B-1) Equity	**14**	**366,829**	**330,087**
I. Share capital		43,537	43,537
1. Subscribed capital		43,537	43,537
III. Reserves		289,318	291,584
1. Legal and bylaw reserves		9,046	9,046
2. Other reserves		280,272	282,538
IV. (Own shares)		(243)	(644)
VII. Profit/(loss) for the year		64,217	(4,390)
VIII. (Interim dividend)	14	(30,000)	-
B-2) Valuation adjustments		**(8,512)**	**(17,052)**
Items that are not reclassified to profit or loss		**728**	**1,034**
I. Variations in the fair value of equity instruments measured at fair value through other comprehensive income		728	1,034
Items that can be reclassified subsequently to profit or loss		**(9,240)**	**(18,086)**
I. Changes in the fair value of debt securities measured at fair value with changes in other comprehensive income		(9,297)	(19,261)
IV. Insurance contracts		203	1,690
IV. Reinsurance contracts		(146)	(515)
TOTAL EQUITY		**358,317**	**313,035**
TOTAL LIABILITIES AND EQUITY		**1,236,136**	**1,125,322**

The accompanying Notes 1 to 22 form an integral part of the consolidated financial statements at 31 December 2024

Línea Directa Aseguradora S.A. Compañía de Seguros y Reaseguros and subsidiaries

Consolidated statement of profit or loss at 31 December 2024
(in thousand euro)

NON-LIFE STATEMENT OF PROFIT OR LOSS	Notes	2024	2023
INCOME FROM INSURANCE SERVICES	**16**	**991,329**	**960,266**
Income from contracts measured under the premium allocation approach (PAA)		**991,329**	**960,266**
EXPENSES OF INSURANCE SERVICES		**(934,704)**	**(995,577)**
Expenses for claims incurred	**16**	**(934,704)**	**(995,577)**
1. Claims and expenses incurred		(917,506)	(920,105)
2. Change in provision for claims incurred (+ / -)	**4**	(17,465)	(76,837)
3. Losses on onerous contract groups and reversals for such losses		267	1,365
RESULT OF INSURANCE CONTRACTS	**16**	**56,625**	**(35,311)**
Income from reinsurance recoverables		**18,831**	**20,575**
Reinsurance expenses		**(24,230)**	**(23,489)**
RESULT OF REINSURANCE CONTRACTS		**(5,399)**	**(2,914)**
INSURANCE TECHNICAL RESULT	**11 c)**	**51,226**	**(38,225)**
FINANCE INCOME	**7.a.3)**	**54,807**	**50,249**
1. Income from financial investments		37,201	27,900
2. Application of value adjustments for investments		10,845	13,631
3. Gains/(losses) on realisation of investments		1,578	2,743
4. Income from property, plant and equipment and investment property		4,293	5,927
5. Positive exchange rate and conversion differences		890	48
FINANCE COSTS	**7.a.3)**	**(15,157)**	**(16,257)**
6.1 Value adjustments for investments		(10,654)	(11,791)
6.2 Losses on investments		(2,873)	(2,579)
6.5 Expenses from property, plant and equipment and property investments		(1,308)	(1,527)
6.6 Negative exchange rate and conversion differences		(322)	(360)
NET INCOME FROM INVESTMENTS		**39,650**	**33,992**
FINANCIAL INCOME/(EXPENSES) FOR ISSUED INSURANCE AGREEMENTS		**(9,169)**	**(4,827)**
FINANCIAL INCOME/(EXPENSES) FROM REINSURANCE AGREEMENTS HELD		**486**	**181**
FINANCIAL RESULT		**30,967**	**29,346**
NET INCOME FROM INSURANCE AND INVESTMENTS		**82,193**	**(8,879)**

The accompanying Notes 1 to 22 form an integral part of the consolidated financial statements at 31 December 2024

Consolidated statement of profit or loss at 31 December 2024

(in thousand euro)

OTHER ACTIVITIES	Notes	2024	2023
INSURANCE RESULT		**82,193**	**(8,879)**
OTHER INCOME	**18**	**5,652**	**6,141**
Other income		5,652	6,141
OTHER EXPENSES		**(4,534)**	**(3,809)**
Other expenses		(4,534)	(3,809)
SUBTOTAL (PROFIT OR LOSS FROM OTHER ACTIVITIES)		**1,118**	**2,332**
PROFIT/(LOSS) BEFORE TAX		**83,311**	**(6,547)**
Income tax	**13**	**(19,094)**	**2,157**
PROFIT/(LOSS) FOR THE YEAR		**64,217**	**(4,390)**
Profit/(loss) attributable to the Parent Company		64,217	(4,390)
Profit/(loss) attributable to non-controlling interests		-	-
Basic earnings per share (in euro)	15	0.06	0.00
Diluted earnings per share (in euro)	15	0.06	0.00

The accompanying Notes 1 to 22 form an integral part of the consolidated financial statements at 31 December 2024

Consolidated statement of other comprehensive income for the year ended 31 December 2024
(in thousand euro)

	Notes	2024	2023
Profit/(loss) for the year		**64,217**	**(4,390)**
Other comprehensive income		**10,972**	**18,363**
Other comprehensive income – Items that will not be reclassified to profit or loss for the period – Financial assets at fair value through equity		**2,125**	**5,363**
Other income and expenses that will not be reclassified to profit or loss for the period		2,834	6,072
Income tax		(709)	(709)
Other comprehensive income – Items that can be reclassified later to profit or loss		**8,847**	**13,000**
Financial assets at fair value through equity		**13,287**	**21,250**
1. Gains/(losses) on valuation adjustments		14,545	21,026
2. Amounts transferred to the consolidated statement of profit or loss		(1,258)	224
Allocation of interest rate adjustments to equity for insurance and reinsurance contracts		**(1,491)**	**(4,770)**
1. Gains/(losses) on valuation adjustments		(1,491)	(4,770)
Income tax		**(2,949)**	**(3,480)**
Total other comprehensive income	**8**	**10,972**	**18,363**
Total comprehensive income for the year, net of tax		**75,189**	**13,973**

The accompanying Notes 1 to 22 form an integral part of the consolidated financial statements at 31 December 2024

Línea Directa Aseguradora S.A., Compañía de Seguros y Reaseguros and subsidiaries

Consolidated statement of changes in equity for the year ended 31 December 2024
(in thousand euro)

	Notes	Share capital (Note 14)	Reserves (Note 14 a))	Own shares (Notes 14 c and 22)	Consolidated profit or loss for the period	(Interim dividend) (Note 14 d))	Valuation adjustments (Note 14 f))	Total
Balance at 1 January 2023		**43,537**	**271,079**	**(1,018)**	**63,126**	**(52,481)**	**(23,912)**	**300,331**
IFRS 9 transition adjustments		**-**	**8,082**	**-**	**-**	**-**	**(8,265)**	**(183)**
Adjusted balance at 1 January 2023		**43,537**	**279,161**	**(1,018)**	**63,126**	**(52,481)**	**(32,177)**	**300,148**
Total recognised income/(expense)		**-**	**3,238**	**-**	**(4,390)**	**-**	**15,125**	**13,973**
Transactions with owners or mutual members		**-**	**-**	**374**	**(1,090)**	**-**	**-**	**(716)**
Distribution of dividends or payments due to mutual members	5	-	-	-	-	-	-	**-**
Transactions with own shares or holdings (net)		-	-	-	-	-	-	-
Capital increases or mutual fund		-	-	-	-	-	-	-
Other changes in equity		**-**	**9,185**	**-**	**(62,036)**	**52,481**	**-**	**(370)**
Payments based on equity instruments		-	(324)	-	-	-	-	(324)
Transfers between equity items		-	9,555	-	(62,036)	52,481	-	-
Other changes		-	(46)	-	-	-	-	(46)
Balance at 31 December 2023		**43,537**	**291,584**	**(644)**	**(4,390)**	**-**	**(17,052)**	**313,035**
Balance at 1 January 2024		**43,537**	**291,584**	**(644)**	**(4,390)**	**-**	**(17,052)**	**313,035**
Total recognised income/(expenses)		**-**	**2,432**	**-**	**64,217**	**-**	**8,540**	**75,189**
Transactions with owners or mutual members		**-**	**-**	**401**	**-**	**(30,000)**	**-**	**(29,599)**
Distribution of dividends or payments due to mutual members	5	-	-	-	-	(30,000)	-	**(30,000)**
Transactions with own shares or holdings (net)		-	-	401	-	-	-	401
Capital increases or mutual fund		-	-	-	-	-	-	-
Other changes in equity		**-**	**(4,698)**	**-**	**4,390**	**-**	**-**	**(308)**
Payments based on equity instruments		-	(273)	-	-	-	-	(273)
Transfers between equity items		-	(4,390)	-	4,390	-	-	-
Other changes		-	(35)	-	-	-	-	(35)
Balance at 31 December 2024		**43,537**	**289,318**	**(243)**	**64,217**	**(30,000)**	**(8,512)**	**358,317**

The accompanying Notes 1 to 22 form an integral part of the consolidated financial statements at 31 December 2024

Consolidated statement of cash flows for the year ended 31 December 2024
(in thousand euro)

	Notes	2024	2023
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES			
Insurance activities			
Proceeds from premiums on direct insurance, coinsurance and accepted reinsurance		1,017,133	969,982
Proceeds from ceded reinsurance		10,425	6,344
Reimbursements of claims		30,944	28,307
Other receipts from operating activities		2,081	(1,808)
Total proceeds from insurance activities		**1,060,583**	**1,002,825**
Payments for direct insurance, coinsurance and accepted reinsurance		(705,003)	(704,051)
Payments for ceded reinsurance		(13,737)	(14,090)
Payments for intermediaries		(15,986)	(13,468)
Other payments for operating activities		(237,984)	(216,622)
Total payments for insurance activities		**(972,710)**	**(948,231)**
Other operating activities			
Proceeds from other operating activities		9,036	6,376
Total proceeds from other operating activities		**9,036**	**6,376**
Payments for other operating activities		(2,714)	(1,031)
Total payments for other operating activities		**(2,714)**	**(1,031)**
Income tax			
Income tax collected/(paid)		(11,792)	2,550
Total income tax collected/(paid)		**(11,792)**	**2,550**
Total net cash flows from operating activities		**82,403**	**62,489**
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from investing activities			
Property, plant and equipment		73	-
Investment property		4,205	4,930
Intangible assets		14,262	1,478
Financial instruments		791,852	689,186
Interest received		36,815	29,367
Dividends collected		3,772	3,360
Total proceeds from investing activities		**850,979**	**728,321**
Payments for investing activities			
Property, plant and equipment		(3,051)	(1,482)
Investment property		(1,306)	(1,356)
Intangible assets		(19,606)	(20,210)
Financial instruments		(899,700)	(770,649)
Other payments for investing activities		(4,938)	(3,957)
Total payments for investing activities		**(928,601)**	**(797,654)**
Total net cash flows from investing activities		**(77,622)**	**(69,333)**
CASH FLOWS FROM /(USED IN) FINANCING ACTIVITIES			400
Proceeds from financing activities			
Disposal of own shares		401	-
Other proceeds from financing activities		-	400
Total proceeds from financing activities		401	**400**
Payments for financing activities			
Dividends to shareholders	15 d)	(30,000)	(1,090)
Acquisition of own and parent company securities	15 c)	(273)	(348)
Other payments for financing activities		(258)	(2,256)
Total payments for financing activities		**(30,531)**	**(3,694)**
Total net cash flows from/(used in) financing activities		**(30,130)**	**(3,294)**
Effects of exchange rate changes		312	223
Total increase/(decrease) in cash and cash equivalents		**(25,037)**	**(9,915)**
Cash and cash equivalents at beginning of year	**6**	41,746	**51,661**
Cash and cash equivalents at end of year	**6**	16,709	**41,746**
Components of cash and cash equivalents at end of year			
Cash and banks		16,709	38,941
Other financial assets		-	2,805
Total cash and cash equivalents at end of year	**6**	**16,709**	**41,746**

The accompanying Notes 1 to 22 form an integral part of the consolidated financial statements at 31 December 2024.

1. Overview of the Group

The Línea Directa Group consists of Línea Directa Aseguradora S.A., Compañía de Seguros y Reaseguros and its subsidiaries. Línea Directa Aseguradora S.A., Compañía de Seguros y Reaseguros (hereinafter, “the Parent Company”) was incorporated in Madrid on 13 April 1994 under the name “Bankinter Seguros Directos, S.A. Compañía de Seguros y Reaseguros”; on 6 July 1994, its name was changed to “Bankinter Aseguradora Directa, S.A. Compañía de Seguros y Reaseguros”. The decision was reached at the General Meeting of Shareholders of 26 January 1995 to change its name to “Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros”.

The Parent Company engages in insurance and reinsurance activities in the Motor, Home and other non-life segments, all of which it is authorised to carry out by the Spanish Directorate General of Insurance and Pension Funds. On 19 July 2017, the Directorate also granted authorisation to operate within the Health line of the Healthcare category. The Parent Company started selling Health insurance products in October 2017.

Its registered office is at Calle Isaac Newton 7, Tres Cantos (Madrid), Spain. The Parent Company operates entirely in Spain and Portugal.

With respect to Portugal, on 25 September 2017 the Group was authorised to operate in the Assistance line, which was included in the Other Insurance segment. As this line of business was residual and immaterial in 2024 and 2023, it has not been deemed relevant to break down the information by geographical area.

The Parent Company directs and manages its holdings in other entities by organising human and material resources accordingly. The Parent Company operates in the Motor, Home, Health and Other Insurance segments, as described in Note 3 b). Its business distribution channels are mainly telephone and internet sales.

The Parent Company's shares have been listed and traded on the continuous market of the Madrid Stock Exchange since 29 April 2021. Bankinter, S.A. holds a 17.4% stake in the Parent Company, while the remaining 82.6% was distributed among its shareholders by delivering one share in Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros for each Bankinter share held (Note 14).

The subsidiaries of Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros are Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros, Línea Directa Asistencia, S.L.U., Motoclub LDA, S.L.U. (until November 2024), Centro Avanzado de Reparaciones, S.L.U., Ambar Medline, S.L.U. and LDActivos, S.L.U., as described in Note 4, all of which are non-insurance support or investment companies.

In view of the Group's business activities, it has no environmental liabilities, expenses, assets, provisions or contingencies that could be material in respect of its equity, financial position or results.

The 2024 consolidated financial statements were authorised for issue by the Board of Directors on 27 February 2025 and are pending approval by shareholders at the Annual General Meeting. However, it is the understanding of the directors that such financial statements will be approved as presented.

2. Basis of presentation of the consolidated financial statements

a) Regulatory financial reporting framework applicable to the Group

These consolidated financial statements have been prepared in accordance with the applicable regulatory framework for financial reporting, which is as follows:

- The International Financial Reporting Standards adopted by the European Union in the form of EU Regulations, in accordance with Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002 and its subsequent amendments (EU-IFRS).

- Decisions of the IFRS Interpretations Committee (IFRS-IC).

- Regulatory provisions established by the Spanish Directorate General of Insurance and Pension Funds.

- The Spanish Commercial Code (Código de Comercio) and other commercial legislation.

- The Law and the Regulation on the Organisation, Supervision and Solvency of Insurance and Reinsurance Companies (hereinafter referred to by its Spanish acronym of “LOSSEAR” when referring to the Law, and as “ROSSEAR” when referring to the Regulation), as enacted by Law 20/2015 and Royal Decree 1060/2015, respectively, and other provisions issued by the Spanish Directorate General of Insurance and Pension Funds.

- The non-repealed articles of the Regulation on the Organisation and Supervision of Private Insurance (hereinafter, “ROSSP”, or the “Regulation”), enacted by Royal Decree 2486/1998, including all partial modifications thereto.

- Formatting and marking requirements set out in European Commission Implementing Regulation EU 2018/815.

All mandatory accounting principles with a significant impact on the consolidated financial statements have been duly applied.

b) True and fair view

The accompanying consolidated financial statements have been prepared from the Group’s accounting records and are presented in accordance with the applicable consolidated financial reporting framework and, in particular, with the accounting principles and criteria contained therein, so as to provide a true and fair view of the Group's consolidated equity, consolidated financial position, consolidated earnings and consolidated cash flows for financial year 2024.

c) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, with the following exceptions:

- Derivative financial instruments and financial assets at fair value through other comprehensive income and profit or loss.

- Non-current assets and disposable groups of elements held for sale are recorded at the lower of their carrying amount and fair value less costs of transfer or disposal by other means.

There has been no early adoption of any standards or interpretations that have been approved by the European Commission but that will not have come into force at year-end 2024.

d) Functional currency and presentation currency

The consolidated financial statements are presented in thousands of euro, rounded off to the nearest thousand, which is the functional and presentation currency of the Parent Company and its Subsidiaries.

e) Critical aspects regarding the valuation and estimation of uncertainty

The preparation of consolidated financial statements in accordance with IFRS-EU requires significant accounting estimates, judgments and assumptions to be made during the process of applying the Group's accounting policies. There follows a summary of the aspects that involved a higher degree of judgement or complexity or where assumptions and estimates were significant in drawing up the consolidated financial statements.

While these estimates have been made on the basis of the best information available in relation to the events analysed at the reporting date, it is possible that future events may require these estimates to be modified (upwards or downwards) in subsequent years. Any resulting changes would be reflected, as applicable based on the estimate concerned, either in the corresponding consolidated statements of profit or loss or under asset “Reserves” for the Group.

Below are the main estimates made by the Group's directors:

Assets and liabilities under insurance contracts (Note 3 l)):

Assets and liabilities under insurance contracts are recognised in accordance with the accounting policies set out in Note 3 l)). The Group also makes assumptions and estimates in the calculation of insurance contract liabilities.

On 29 December 2021, the Spanish Directorate General of Insurance and Pension Funds issued a resolution on the application for a change in the statistical method used in the Motor sector, in which it authorised the Group to calculate the technical provisions of claims in its Motor segment using the Merz & Wüthrich stochastic method, and the deterministic method of average cost required under local regulations as the contrast method. Following the entry into force of IFRS 17, the Group uses Best Estimate assumptions for the calculation of liabilities for claims incurred. The future cash flows projection complies with Solvency II risk regulations. In the Motor and Home business segments, the method used is the “Chain Ladder” method. In the Health segment, the claims payments projection is carried out based on historical payment patterns detected in the records of each segment.

Risk adjustment is calculated using a percentile method. In the Motor and Home segments, the Merz & Wüthrich stochastic method is used for the calculation. In the Health segment, the calculation is made using the standard deviation obtained by equating the 99.5% percentile to the sum of the Best Estimate and the SCR reserve module. In all cases, in 2024 and 2023 the Group decided to maintain an 85% percentile when calculating the risk adjustment.

Income tax and recovery of tax credits (Note 3 w)):

Under current legislation, taxes cannot be considered definitively settled until the duly submitted returns have been inspected by the tax authorities, or until the four-year limitation period has lapsed. In the opinion of the Group's directors, there are no contingencies that might result in any further significant liabilities for the Group.

Impairment losses on certain assets (Note 3 d), f), g) and h)):

The Group analyses annually whether there are any indications of impairment on its assets, which are tested for impairment if and when any such indications exist. In particular, the provision for bad debts is calculated based on the age of the invoices, with a different ratio applied for each age bracket. These have been determined based on the Group's experience and mandatory accounting standards for insurance. companies.

For debt securities classified as financial assets at fair value through equity, the Group carries out on each date of the balance sheet an estimate of the impairment for expected loss based on the above-mentioned assets' credit risk (Note 3 d.1)).

For assets classified as other intangible assets, the Group assesses their recoverable value on an annual basis using the discounted cash flow method with assumptions such as business plans, discount rate or growth rate (Note 3 h)).

Useful life of intangible assets; property, plant and equipment; investment property (Note 3 f) and h)):

The useful lives of these assets have been calculated on the basis of the Group's directors' best estimate of the period over which they will generate income, taking into account the depreciation and amortisation effectively incurred in their operation, use and enjoyment.

The fair value of certain non-listed assets and liabilities (Note 3 d)):

To determine the fair value of financial instruments when there is no price available in an active market, the Group's directors have made estimates using a valuation model or technique consistent with accepted market pricing methodology, while maximising the use of observable market data.

The assumptions and factors used to estimate non-technical provisions/contingencies (Note 3 n)).

To establish the present value of non-technical provisions associated with likely contingencies resulting from past events, the directors carry out a best estimate of the amount required to discharge the obligation based on the available information.

Determination of the lessee's incremental borrowing rate under IFRS 16:

The incremental borrowing rate has been used to determine the relevant rate for leases in which the Group acts as lessee. This is the rate of interest that a lessee would have to pay to borrow over a similar term (with similar conditions and levels of risk) the funds necessary to obtain an asset of a similar value to the right-of-use asset.

To determine the incremental borrowing rate, the Group:

- Employs a cumulative approach based on a risk-free interest rate adjusted to reflect credit risk for leases which have no recent third-party financing; and

- Makes specific adjustments to the lease, such as term, type, asset value and risk.

The Group is exposed to possible future increases in variable lease payments based on a Consumer Price Index (CPI). These changes are not included in the lease liability until they take effect. When the lease payments are eventually updated based on this index, the lease liability is revalued and adjusted against the right-of-use asset.

CPI change in leases in which the Group acts as lessee did not have a significant impact on the Group during the reference periods.

f) Comparison of information

The information contained in these consolidated financial statements at 31 December 2024 and 2023 is presented solely and exclusively for the purpose of comparison with the information relating to the year ended 31 December 2024.

g) Changes in accounting estimates

In 2024, the Company changed its estimating method to one involving the realisation of certain identifiable and exclusive internal expenses as intangible assets (Note 3 h)). This change was recorded prospectively, based on the new projects undertaken during the year that gave rise to these assets.

h) Changes in accounting standards

There were no changes in accounting standards during the year with respect to the consolidated financial statements for the year ended 31 December 2023.

Mandatory standards, amendments and interpretations for all annual periods beginning on or after 1 January 2024

IFRS 16 (Amendment) "Lease liability in a sale and leaseback": IFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place. However, it does not specify how to record the transaction after that date. This amendment explains how a company should account for a sale and leaseback after the date of the transaction.
This amendment is effective from 1 January 2024.

The impact of this amendment on the preparation of these financial statements is not significant.

IAS 1 (Amendment) "Classification of liabilities as current or non-current" and IAS 1 (Amendment) "Non-current liabilities with covenants": The amendments, adopted simultaneously by the European Union, clarify that liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting period. The classification is unaffected by the Company's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.
The new amendment also seeks to improve the information disclosed when the right to defer payment of a liability is subject to the fulfilment of covenants within 12 months of the reporting period.

This amendment is effective for financial years beginning on or after 1 January 2024 and is applied retrospectively in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors".

The impact of this amendment on the preparation of these financial statements is not significant.

IAS 7 (Amendment) and IFRS 7 (Amendment) "Supplier finance arrangements: The IASB has amended IAS 7 and IFRS 7 to improve disclosures of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The amendment meets investor concerns that some companies' supplier finance arrangements are not sufficiently transparent.
This amendment is effective for financial years beginning on or after 1 January 2024.

The impact of this amendment on the preparation of these financial statements is not significant.

Standards, amendments and interpretations that have not yet become effective but may be adopted early

IAS 21 (Amendment): "Lack of exchangeability": The IASB has amended IAS 21 by adding requirements to help entities determine whether a currency is exchangeable for another currency and the spot rate to be used when it is not. When a currency is not exchangeable for another currency, the spot exchange rate at a valuation date needs to be estimated so as to determine the rate at which an orderly exchange transaction would take place at that date between market participants under prevailing economic conditions.
When an entity first applies the new requirements, it is not permitted to restate comparative information. Instead, the amendment requires affected amounts to be translated at spot exchange rates estimated at the date of initial application of the standard, with an adjustment against reserves.
This amendment is effective for financial years beginning on or after 1 January 2025, although earlier adoption is permitted.

This amendment is not expected to have any impact on the Group.

Standards, amendments and interpretations to existing standards that cannot be adopted in advance or that have not been adopted by the European Union.

As of the date of preparation of these consolidated financial statements, the IASB and the IFRS Interpretations Committee had published the standards, amendments and interpretations detailed below, which are pending adoption by the European Union.

IFRS 10 (Amendment) and IAS 28 (Amendment) "Sale or contribution of assets between an investor and its associate or joint venture": These amendments clarify the accounting treatment of sales and contributions of assets between an investor and its associates and joint ventures, which will depend on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business." The investor will recognise the full gain or loss when the non-monetary assets constitute a "business." If the assets do not meet the definition of a business, the investor recognises the gain or loss to the extent of the interests of other investors. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture.

Originally, these amendments to IFRS 10 and IAS 28 were prospective and effective for annual periods beginning on or after 1 January 2016. However, at the end of 2015 the IASB took the decision to postpone the effective date of these amendments (without setting a new specific date), as it is currently planning a broader review that may ultimately simplify the accounting treatment of these transactions and other accounting aspects for associates and joint ventures.

This amendment is not expected to have any impact on the Group.

IFRS 18 "Presentation and disclosure in financial statements": The IASB has issued a new standard on presentation and disclosure in financial statements to replace IAS 1 "Presentation of financial statements". Although many of the principles of IAS 1 continue to apply, IFRS 18 introduces new key concepts relating to:

- The structure of the statement of profit or loss, such that certain specific totals and subtotals must now be included and the items in the statement of profit or loss must be classified under one of five categories: operating, investing, finance, income taxes and discontinued operations;
- The disclosures required in the financial statements for certain performance metrics reported in the financial statements (i.e. management-defined performance measures); and
- Improved aggregation and disaggregation principles applied to the main financial statements and to the notes in general.

IFRS 18 does not affect the recognition or valuation of items in companies' financial statements, but it could change what they report as their "operating result".
This new standard is effective for financial years beginning on or after 1 January 2027, including for interim financial statements, and must be applied retrospectively. Early implementation is permitted, although the standard is still pending approval by the European Union.

This amendment is not expected to have any impact on the Group.

IFRS 19 "Subsidiaries without public accountability: Disclosures": The aim of this new standard is to enable subsidiaries without public accountability whose Parent Company applies IFRS standards in its consolidated financial statements to apply IFRS standards with reduced disclosure requirements. IFRS 19 is a voluntary standard that can be used by eligible subsidiaries when preparing their own consolidated, separate or individual financial statements, where permitted by the applicable legislation. While continuing to comply with the recognition, valuation and presentation requirements stipulated in other IFRS standards, such subsidiaries will be allowed to apply reduced disclosure requirements in place of those stipulated in those standards.

The new standard is effective for financial years beginning on or after 1 January 2027. Early implementation is permitted, although the standard is still pending approval by the European Union.

This amendment is not expected to have any impact on the Group.

Amendments to IFRS 9 and IFRS 7 "Amendments to the classification and measurement of financial instruments": These amendments to IFRS 9 and IFRS 7 aim to:

1) Clarify the date of recognition and derecognition of some financial assets and liabilities, introducing a new exception for some financial liabilities settled through an electronic cash transfer system;
2) Clarify and add additional guidance to assess whether a financial asset complies only with the "solely payments of principal and interest" criterion;
3) Include new reporting requirements for certain instruments whose contractual terms may lead to changes in cash flows (such as some instruments with characteristics linked to the achievement of environmental, social and governance (ESG) objectives); and
4) Update the information to be disclosed in relation to equity instruments designated at fair value through other comprehensive income.

The amendments in section (b) are more relevant to financial institutions, whereas those in sections (a), (c) and (d) affect all organisations.

These amendments are effective for financial years beginning on or after 1 January 2026. Early implementation is permitted, although the amendments are still pending approval by the European Union.

This amendment is not expected to have any impact on the Group.

Annual Improvements to IFRS Accounting Standards – Volume 11: These amendments are effective for financial years beginning on or after 1 January 2026. The aim of the amendments is to avoid possible confusion due to inconsistencies in the wording of regulations by amending the following rules:

- IFRS 1 “First-time adoption of international financial reporting standards”;
- IFRS 7: “Financial instruments: Disclosures”;
- IFRS 9: “Financial instruments”;
- IFRS 10 “Consolidated financial statements”; and
- IAS 7 “Statement of cash flows”.

This amendment is not expected to have any impact on the Group.

Amendments to IFRS 9 and IFRS 7 “Contracts referencing nature-dependent electricity”: Nature-dependent electricity contracts help companies guarantee their electricity supply from sources such as wind and solar energy. The amount of electricity generated pursuant to such contracts may vary depending on factors beyond their control, such as weather conditions.
The amendments, which help companies reflect the effect of these contracts in their financial statements:

- Clarify the application of the “own use” requirements;
- Introduce the ability to apply hedge accounting if those contracts are used as hedging instruments; and
- Add new disclosure requirements to understand the effect of such contracts on a company's financial information.

These amendments are effective for financial years beginning on or after 1 January 2026. Early implementation is permitted, although the amendments are still pending approval by the European Union.

This amendment is not expected to have any impact on the Group.

3. Recognition and measurement standards

The measurement standards relied on when drawing up the accompanying consolidated financial statements are described below:

a) Subsidiaries

a.1) Acquisition of control

Subsidiaries are defined as entities over which the Parent Company exercises control, whether directly or indirectly through other subsidiaries. The Parent Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with that subsidiary and it has the ability to affect those returns through its power over the subsidiary. The Parent Company has power when it has substantive rights in force enabling it to direct relevant activities. The Parent Company is exposed, or has rights, to variable returns from its involvement with the subsidiary when the returns it earns from that involvement have the potential to vary as a result of the subsidiary's financial performance.

Acquisitions by the Parent (or another Group company) of control over a Subsidiary constitute a business combination accounted for using the acquisition method.

This method requires the acquirer to account, at the acquisition date, for the identifiable assets acquired and the liabilities assumed in a business combination, as well as any related goodwill or badwill on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation on the date on which control ceases.

The acquisition cost is determined as the sum of the acquisition-date fair values of the assets given, the liabilities incurred or assumed, and the equity instruments issued by the acquirer and the fair value of any contingent consideration that is contingent on future events or the fulfilment of certain conditions being met and that is required to be recognised as an asset, liability or equity according to its nature.

Expenses related to the issuance of the equity instruments or financial liabilities delivered are not part of the cost of the business combination and are recognised in accordance with the rules governing financial instruments. Fees paid to legal counsel or other professionals involved in the business combination are expensed as incurred. The cost of the combination does not include the expenses generated internally for these concepts, nor any such expenses incurred by the acquired entity.

Any excess, at the acquisition date, of the cost of the business combination above and beyond the proportional share of the value of the identifiable assets acquired less the liabilities assumed representing the equity interest in the acquired entity is recognised as goodwill. If this amount exceptionally exceeds the cost of the business combination, the excess is recognised as income in the consolidated statement of profit or loss.

a.2) Method of consolidation

The assets, liabilities, income, expenses, cash flows and other items in the financial statements of the Parent Company and the Subsidiaries are included in the consolidated financial statements of the Group, on the following basis:

– *Standard valuation*: The assets and liabilities, income and expenses and other items contained in the financial statements of the Group companies have been valued using uniform methods.

- *Aggregation*: The different items of the previously standardised individual financial statements have been aggregated by type.

- *Elimination of equity investment*: The book values of the Subsidiaries' equity instruments directly or indirectly held by the Parent Company are offset against the proportional share of the Subsidiary's equity items attributable to those holdings, generally on the basis of the values resulting from applying the acquisition method described above. In consolidations subsequent to the year in which control was acquired, the excess or deficit in equity generated by the Subsidiary since the date of acquisition that is attributable to the Parent Company is presented in the consolidated balance sheet within reserves or valuation adjustments, depending on their nature or type.

- *Eliminations of intra-group items*: Receivables and payables, income and expenses and cash flows between Group companies are eliminated in full. In addition, all results of internal transactions are eliminated and deferred until they are realised vis-à-vis third parties outside the Group.

b) Segment information

The Group is structured internally into operating segments, which have been defined according to the different categories of products and services provided by the Group. The earnings and results of these segments are regularly reviewed as part of the decision-making process to decide on the resources to be allocated to the segment and to assess its performance. The Group's Board of Directors, which includes the Chief Executive Officer, identifies the segments from a business perspective and is the supreme decision-making body when it comes to defining these segments. The segments are aligned with the Group's organisational structure and reflect the information provided to Management and the markets.

In the year ended 31 December 2024, the Group comprised the following operating segments in accordance with IFRS 8, with the following products, services and operations:

- Motor
- Home
- Health
- Other Insurance
- Other Activities

Inter-segment transactions are measured at fair value and eliminated on consolidation.

All segments are directly or indirectly related to the insurance business. The Motor, Home, Health and Other Insurance segments correspond to insurance-only activities.

- The Motor segment includes private motor insurance through a range of products including comprehensive, with and without excess, extended third party and standard third party, among others, motorbike insurance with products such as comprehensive with excess, third party with fire and theft, extended third party etc., or fleet insurance.

- The Home segment includes a variety of multi-risk home insurance products that include coverage such as theft damage, civil liability, fire damage and aesthetic damage.

- The Health segment includes insurance products in the Health line of the Healthcare category.

- The Other Insurance segment includes various products with stand-alone policies that are not linked to Motor, Home or Health insurance, such as roadside assistance for credit card holders and wellness insurance.

- The Other Activities segment relates mainly to ancillary insurance businesses and commissions from the sale of other insurers' insurance products. It also includes roadside assistance and vehicle repair services provided by subsidiaries to third parties outside the Group that are therefore not eliminated on consolidation. The income and expenses of this business segment correspond to “Other income” and “Other expenses” in the consolidated statement of profit or loss for other activities. These activities do not meet the quantitative criteria for separate presentation.

There are no differences in accounting policies, nature of activities, valuation and measurement of assets and liabilities between each of the operating segments and there have been no changes from previous years in relation to their management.

The Group's management strategy is to analyse the performance of each segment by its profit after tax. The Group performs virtually all of its business activities in Spain.

c) Cash and cash equivalents

This heading comprises cash in hand, bank current accounts, deposits and reverse repurchase agreements that meet all the following criteria:

- They are convertible into cash.

- At the time of acquisition, they mature within three months.

- They are not subject to a significant risk of change in value.

- They form part of the Group's normal cash management policy.

Other short-term, highly liquid investments are also included under this heading provided that they are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

d) Financial instruments

d.1) Financial assets

The Group, in accordance with IFRS 9, classifies its financial assets in the following categories:

- Financial assets at amortised cost

- Financial assets at fair value through equity

- Financial assets at fair value through profit or loss

The precise classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Assets at amortised cost

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are mainly bank deposits, outstanding insurance premium receipts, debt securities and reinsurance receivables Included in this category are claims on third parties arising from reinsurance operations.

These financial assets are initially measured at fair value, including directly attributable transaction costs, and subsequently at amortised cost. Accrued interest is recognised at the effective interest rate, which is defined as the discount rate that exactly discounts the carrying amount of the instrument to its total estimated cash flows through to maturity. However, trade receivables with a maturity of up to one year are measured, both at initial recognition and subsequently, at nominal value whenever the effect of not discounting the flows is not material.

At least at year end, the necessary impairment losses are recognised if there is objective evidence that not all the amounts owed will be recovered.

The amount of the impairment loss incurred is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate at initial recognition. Value adjustments, and any reversal thereof, are recognised in the consolidated statement of profit or loss. Reversal of impairment is limited to the carrying amount of the asset recognised at the date of the reversal and if the impairment had not been recorded.

If, in a subsequent period, the amount of the impairment loss decreases and the reduction can be objectively attributed to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit quality), the reversal of the previously recognised impairment is recognised in the consolidated statement of profit or loss.

Financial assets at fair value through other comprehensive income

In this category the Group includes those financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and where the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. To qualify under this business model, assets must pass the SPPI (solely payments of principal and interest) test.

Assets are measured at fair value which, unless there is evidence to the contrary, is equal to the asset's transaction price, registering changes directly in consolidated equity until the disposal of the asset. On disposal of debt securities, gains and losses accumulated in consolidated equity are carried to the consolidated statement of profit or loss, provided that the fair value of the asset can be determined. In the case of shares, the Company has opted to avail itself of the exception provided in IFRS 9, which allows the possibility (as an irrevocable option) of recognising gains or losses on the sale of these instruments directly in the Group's equity.

Expected loss

On each balance sheet date, the Group assesses the expected loss from debt securities classified as financial assets at fair value through equity. IFRS 9 emphasises the need to reflect the current and future conditions of financial instruments. This is why it advocates the use of a forward-looking approach whose estimates take macroeconomic effects into account. Using forward-looking models allows the mitigation of potential biases and subjectivities in the assessment of credit loss scenarios. Accordingly, this forward-looking approach has been used in the model based on default probabilities issued by external rating agencies to each of the instruments in its portfolio, under which the expectations regarding the various instruments and their current and future situations are considered implied.

The estimated expected loss comprises three risk parameters.

1. Probability of default (PD): The probability of default is the probability that an issuer or instrument will default on its credit obligations within a given period. In calculating the Expected Loss, the Group, in accordance with regulatory guidelines, applies two types of probability of default. These are:

   12-month probability of default: This is the estimated probability of a default occurring in the next 12 months of the instrument's life from the date of analysis.

   “Lifetime probability of default”: This is the estimated probability of occurrence of a default over the remaining life of an instrument, i.e. the maximum contractual period over which the entity is exposed to credit risk, which the standard considers the maximum period over which expected credit losses should be measured.

   The portfolio will be classified into different stages according to impairment risk:

   Stage 1: When valuing investment portfolio instruments that are in Stage 1, 12-month PDs need to be used. The PDs for these instruments have been obtained from the estimate tables provided by prestigious rating agencies for a one-year term, according to their rating at the time of valuation.

   Stage 2: When valuing instruments whose risks are significantly impaired at the reporting date, Stage 2 investments should be valued using the probability of default on the instruments over the entire life of the transaction. However, as there was not enough information to make any kind of internal estimation using the Company's databases, it was decided to use external information for the allocation of PDs. If an investment in Línea Directa's portfolio has been classified as Stage 2, estimates of expected loss must continue to use the PDs derived from the estimate table provided by prestigious rating agencies, taking the value corresponding to the remaining life of the transaction. Where the remaining term is longer than 15 years, the PD used will be that corresponding to a 15-year term, which is the maximum projection term used by agencies in their estimates.

   Stage 3: The Group has determined that all instruments in its investment portfolio that are in default or have undergone a specific individual analysis process that demonstrates objective evidence of impairment should be classified as Stage 3. The PD assigned to such assets should be recognised at 100%.

2. Loss given default (LGD): Loss given default is the Group's expected percentage of exposure in the event of a default on a financial instrument. In determining this parameter, the Group must calculate the recovery amount, net of associated expenses.

3. Exposure at default (EAD): This parameter refers to an instrument's level of exposure on the date of analysis. It is the amount to which the Group is exposed in

the event of a default. EAD is estimated using future flows from the investment updated at the valuation date.

Financial assets at fair value through profit or loss

A financial asset will be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. This category includes all financial assets that do not pass the SPPI test and all equity not recognised as shares.

Derecognition of financial assets

Financial assets are derecognised from the consolidated balance sheet when all the risks and rewards of ownership of the asset have been substantially transferred. In the specific case of accounts receivable, this is generally understood to occur if and when the risks of insolvency and default have been transferred.

Conversely, the Group does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received, on transfers of financial assets in which substantially all the risks and rewards of ownership are retained.

Derecognition of a financial asset entails the recognition, in the statement of profit or loss or in equity, depending on the type of asset, of the difference between the carrying amount of the financial asset and the consideration received, including attributable transaction costs. Any liabilities transferred other than the cash or asset assumed are also recognised.

Dividend distribution

Dividend income is recognised as income in the consolidated statement of profit or loss when the right to receive payment is established.

Measurement of financial instruments

On initial recognition of a financial asset, the Group measures it at fair value, adjusted for transaction costs that are directly attributable to the purchase or issue of the asset.

After initial recognition, the Group keeps measuring financial assets at fair value but does not deduct the transaction costs that may be incurred on sale, except for certain loans and receivables that are measured at amortised cost using the effective interest method.

The fair value of a financial instrument on a given date means the amount for which it could be bought or sold between knowledgeable, willing buyers and sellers on an arm's length basis. The most objective and common reference for the fair value of a financial instrument is the quoted prices of the instrument on an active market.

An active market is one in which the following conditions exist simultaneously:

– The goods or services exchanged in the market are homogeneous.

– Buyers or sellers for a given good or service can be found at virtually any time.

– The prices are known and readily accessible to the public. These prices must also reflect actual, current and regularly occurring market transactions.

There is no need for the market to be regulated, although it must be transparent and deep. Therefore, prices that are known and readily accessible to the public from financial information providers, and that reflect actual, current and regularly occurring market transactions will be considered as valid prices in an active market.

If no price can be found in an active market, the price must be estimated through a valuation model or technique consistent with the accepted methodology used in the market for pricing, while maximising the use of observable market data.

For this purpose, financial instruments have been classified into three tiers, depending on the inputs used to determine their fair value:

- Tier 1: The financial instrument is valued directly on the basis of its quoted price on active markets, to the extent that this price is observable and can be obtained from independent sources.

- Tier 2: For instruments for which there is no observable price, fair value is estimated using valuation techniques where all significant variables are based on observable market data (mainly interest rates and risk premiums).

- Tier 3: Valuation techniques relying on variables other than those obtained from observable market data.

Instruments may be moved between tiers following periodic control processes and verification of quoted prices, as follows:

- If the source of an asset's quoted price is no longer representative, it is moved from Tier 1 to Tier 2.

- Assets are moved from Tiers 2 and 3 to Tier 1 if and when a reasonable quoted price source is verified.

- Assets are moved to Tier 3 when observable market data is no longer available.

The Group recognises transfers between tiers in the fair value hierarchy at the date of the event or change in circumstances that warranted the transfer.

d.2) Financial liabilities

The Group classifies its financial liabilities according to the purpose for which they were acquired. Management determines the classification of its financial liabilities at initial recognition.

Debt and accounts payable

The Group uses this heading to show both trade and non-trade payables.

These debts are initially recognised at fair value adjusted for directly attributable transaction costs and are subsequently recognised at amortised cost using the effective interest method. The effective interest rate is the discount rate that exactly discounts the carrying value of the instrument to the expected flow of future payments through to maturity of the liability.

However, trade payables with a maturity of up to a year that do not have a contractual interest rate are measured, both initially and subsequently, at their nominal value if the effect of not discounting the cash flows is not material.

If existing debts are renegotiated, no substantial change to the financial liability will be deemed to exist when the present value of the cash flows of the new liability, including net commissions, does not differ significantly from the present value of the outstanding cash flows under the original liability, both discounted at the latter's effective interest rate.

Derecognition of financial liabilities

The Group derecognises a financial liability or part of one when it has discharged the underlying obligation or is otherwise legally released from the underlying responsibility, whether by virtue of a court ruling or by the creditor itself.

Derecognition of a financial liability entails the recognition, in the statement of profit or loss, of the difference between the carrying amount of the financial liability and the consideration paid, including attributable transaction costs. Any assets transferred other than the cash or liability assumed are also recognised.

e) Hedge accounting

Hedging derivatives are recognised under “Hedging derivatives” on the assets or liabilities side of the consolidated balance sheet, as appropriate.

Hedging derivatives are derivatives whose fair value or future cash flows are intended to offset changes in the fair value or future cash flows of hedged items.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the consolidated statement of profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedges

Cash flow hedges cover exposure to changes in interest flows attributable to a specific risk associated with interest rate fluctuations. The Group recognised no such hedging arrangements in 2024 or 2023.

Measuring hedge effectiveness

In relation to derivatives held by the Group that are classified as fair value hedges, the following steps are taken to measure the effectiveness of the hedge:

First, the Group defines the hedged item through a synthetic bond whose flows are equivalent to the hedged portion of each government bond (Note 7 b i)). The change in the fair value of the synthetic bond is calculated by discounting its flows using the standard Euribor 6m curve. Lastly, it is confirmed that the difference between this change and the change in the fair value of the hedging derivative is within the parameters marked as effective hedging (80% - 125%).

f) Property, plant and equipment and investment property

Land, natural assets and buildings that are held to obtain income, capital gains or both and that are not occupied by the Group qualify as real estate investments. Land, natural assets and buildings held for the provision of services or for administrative purposes for own use are treated as property, plant and equipment.

Property, plant and equipment and investment property are recognised at their acquisition price, which includes, in addition to the purchase price, all additional expenses incurred, including finance expenses, until the asset is put into operation.

Asset expansion and improvement costs are added to assets as an increase in the value of the asset only when they result in an increase in its capacity, floor area, or return, or when they lengthen its useful life, whereupon the carrying amount of the replaced items is derecognised. Under no circumstances does repair and maintenance work qualify as improvements.

These assets are depreciated systematically on a straight-line basis over their estimated useful life, considering the depreciation effectively sustained from their operation, use and enjoyment. The following rates are used to calculate depreciation:

Property, plant and equipment and investment property	**Rate**
Furniture and installations	4% - 10%
IT equipment	10% - 25%
Vehicles	25%
Other property, plant and equipment	12% - 15%
Buildings for own use	2%
Buildings for property investment	2%

The Group reviews the residual value, useful life and depreciation method of property, plant and equipment at the end of each reporting period. Changes in the criteria initially established are recognised as a change in estimates.

At year-end, the corresponding valuation adjustments, if any, are made to property, plant and equipment and investment property. For the purposes of impairment, the Group assesses whether there is any indication of impairment at least once a year if the asset's carrying amount exceeds its recoverable amount. If so, the carrying amount is immediately lowered to match the recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In the case of property, fair value is equal to the appraisal value determined by an appraisal company authorised to appraise property on the mortgage market, in accordance with the provisions of Order ECO/805/2003 of 27 March on rules for the appraisal of property and the rights granted for certain financial purposes.

Value in use is the present value of expected future cash flows through use in the normal course of business and, as the case may be, through disposal of the asset.

Order ECC 371/2013 of 4 March requires insurance companies to instruct an appraisal company to review the valuations of their property assets once two years have elapsed from the previous valuation.

Recoverable amount must be determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

At each reporting date, the Group assesses whether there is any indication that the impairment loss recognised in prior periods no longer exists or may have decreased. Impairment losses are reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. The reversal of the impairment loss is credited to profit or loss.

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However, the reversal of the loss cannot have the effect of increasing the carrying amount of the asset above the carrying amount it would have had, net of amortisation, had the impairment not been recognised.

g) Right-of-use assets and lease liabilities Identification of a lease

The Group assesses whether a contract contains a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The period of time during which the Group uses an asset includes both consecutive and non-consecutive periods of time. The Group only reassesses the terms and conditions of a contract when it is modified.

Lessee accounting

For contracts containing one or more lease and non-lease components, the Group allocates the contract consideration to each lease component according to the separate selling price of the lease component and the aggregate individual price of the non-lease components. Such treatment has not been applied to vehicles. Instead, the practical solution permitted by the standard has been applied, not separating the non-lease components and accounting for the lease component and any associated non-lease component as a single lease component.

Payments made by the Group that do not involve the transfer of goods or services from the lessor to the Group are not a separate component of the lease, but form part of the total lease consideration.

The Group has elected not to apply the accounting policies set out below for short-term leases and those where the underlying asset has a fair value of less than €5,000. For such contracts, the Group recognises the lease expense on a straight-line basis over the lease term.

The Group recognises a right-of-use asset and a lease liability at the inception of the lease. The right-of-use asset consists of the amount of the lease liability, any lease payments made on or before the commencement date, less incentives received, initial direct costs incurred and, as the case may be, an estimate of the dismantling or restoring costs to be incurred, as indicated in the accounting policy for provisions.

The Group measures lease liabilities at the present value of the lease payments outstanding at the commencement date. The Group discounts lease payments at the appropriate incremental borrowing rate unless it can reliably determine the lessor's implicit interest rate.

Lease payments payable consist of fixed payments, less any incentive receivable, variable payments that depend on an index or rate, initially measured at the index or rate applicable at the commencement date, amounts expected to be payable under residual value guarantees, the exercise price of the purchase option reasonably certain to be exercised and payment of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The Group measures right-of-use assets at cost, less accumulated amortisation and impairment losses, adjusted for any re-estimation of lease liabilities.

If the contract transfers ownership of the asset to the Group at the end of the lease term or the right-of-use asset includes the purchase option price, the amortisation criteria set out in section “f) Property, plant and equipment and investment property” are applied from the commencement date of the lease until the end of the useful life of the asset. Otherwise, the

Group depreciates the right-of-use asset from the commencement date to the earlier of the useful life of the underlying asset or the end of the lease term.

The useful life of right-of-use assets is between 10 and 1 years, with an average of 6 years. Useful life is determined based on the term of the lease in each contract, including the mandatory performance period together with the contractual renewal options that the Group is reasonably certain will be exercised.

The Group applies the impairment criteria for non-current assets described in section “f) Property, plant and equipment and investment property” to right-of-use assets.

The Group measures the lease liability by increasing it by the accrued finance expense, decreasing it by the payments made and re-estimating the carrying amount for lease modifications or to reflect updates of in-substance fixed payments.

In 2023 and 2024, the Group did not incur any expenses for variable lease payments.

Lessor accounting. Operating leases

For contracts containing one or more lease and non-lease components, the Group allocates the contract consideration as indicated in the accounting policy on income and expenses.

The Group classifies as finance leases contracts that at inception substantially transfer the risks and rewards inherent in ownership of the assets to the lessee. Otherwise, they are classified as operating leases.

The Group presents assets leased to third parties under operating leases according to their nature or type in accordance with the accounting principles described in section “f) Property, plant and equipment and investment property”.

The Group recognises income from operating leases, net of incentives granted, as income over the lease term on a straight-line basis, unless another systematic basis of allocation is more representative of the pattern in which benefit from the use of the asset diminishes.

Initial direct lease costs are included in the carrying amount of the leased asset and are recognised as an expense over the lease term using the same criteria as those used for income recognition.

The Group recognises variable payments as income when it is probable that they will be received, which is generally when the events that trigger their collection occur.

The Group recognises modifications to operating leases as a new lease from the effective date of the modification, considering any prepayments or deferred payments for the original lease as part of the lease payments for the new lease.

h) Intangible assets

Intangible assets are recognised at acquisition cost or, where applicable, at production cost, less the corresponding amortisation and accumulated impairment losses.

In particular, the following criteria apply:

Software

Includes amounts paid for ownership of, or the right to use, software where the term of the arrangement exceeds one year. These assets are amortised on a straight-line basis over a period of four to eight years.

In the case of these internally generated applications and developments, the Group realises the expenses associated with the production of identifiable and exclusive software controlled by the Group, i.e. the external expenses attributed to the development of such software, as well as directly attributable internal labour costs. Other expenses incurred in the development or maintenance of internal projects are recorded as expenses for the year of accrual.

Subsequent expenses are only capitalised when the future profits from these intangible assets to which they relate increase. Recurring costs accruing due to the modification or upgrading of software or IT systems or from global system reviews, as well as maintenance costs, are recorded in the statement of profit or loss as a higher expense in the year of accrual.

For the purposes of impairment, the Group assesses whether there is any indication of impairment at least once a year if the asset's carrying amount exceeds its recoverable amount. If so, the carrying amount is immediately lowered to match the recoverable amount.

The Group derecognises an intangible asset on disposal or when it does not expect to receive future economic benefits from its use or disposal. The date of disposal of an intangible asset is the date on which the buyer acquires control of the asset.

Other

The Group uses this category for all assets that do not qualify as software, such as acquired rights of use. Assets recorded in this category are considered to have an indefinite useful life.

For the purposes of impairment, the Group assesses whether there is any indication of impairment at least once a year if the asset's carrying amount exceeds its recoverable amount. If so, the carrying amount is immediately lowered to match the recoverable amount.

This assessment is an estimate based on the following methodology, parameters and assumptions:

- Cash flow projections based on the best available income and expense estimates according to budgets, industry forecasts and business performance. The projection period may be no longer than 5 years, unless there is evidence to the contrary, pursuant to the regulations applicable to intangible assets.

- A terminal value calculated as perpetual income growing at an annual rate (e.g. 1.9% in 2024) has been used from the last year in the forecast in accordance with the agreed long-term growth.

- These flows have been discounted based on a discount rate calculated as a cost of capital using the risk-free rate and a market risk premium weighted for the specific risk of comparable entities (a discount rate of 9.38% was used in 2024). The economic circumstances, particularly the trend in inflation variables, as well as the risk-free rate and risk premiums in the discount rate used, have been used for the forecasts and the choice of assumptions.

The Group derecognises an intangible asset on disposal or when it does not expect to receive future economic benefits from its use or disposal. The date of disposal of an intangible asset is the date on which the buyer acquires control of the asset.

i) Prepaid commissions and other capitalised acquisition expenses

Acquisition expenses on premiums, included in the liabilities for remaining coverage on the liability side of the consolidated balance sheet, are deferred subject to the limit established in the technical notes and the maturity of the policies.

j) Inventories

The inventories held by the Group include mainly car spare parts from the Subsidiary Centro Avanzado de Reparaciones, S.L.U. and batteries from Línea Directa Asistencia, S.L.U.

Inventories are stated at the lower of cost and net realisable value. When the net realisable value of inventories is lower than their cost, the appropriate valuation adjustments are made and recognised as an expense in the consolidated statement of profit or loss. If the circumstances that caused the adjustment cease to exist, this is reversed and recognised as income in the consolidated statement of profit or loss. The balance of inventories is shown under “Other assets” in the consolidated balance sheet.

k) Accrued income (assets)

This sub-heading mainly shows the cost of certain services paid in advance by the Group and accrued in the following year.

l) Liabilities under insurance contracts

IFRS 17 “Insurance Contracts” came into force on 1 January 2023. IFRS 17 provides a comprehensive approach to accounting for insurance and reinsurance contracts.

Separation of components

The Group analyses the products it sells to determine whether any of these components are non-insurance and whether they need to be separated and accounted for using other standards, such as IFRS 9 for investment components and IFRS 15 for service components. The Group has not identified any components that should be separated, meaning that all components are identified as insurance and will therefore be accounted for under IFRS 17.

Level of aggregation of insurance contracts

The standard requires entities to identify portfolios of insurance contracts separately, such that a portfolio comprises contracts subject to similar risks and managed together. Contracts within a product line can be assumed to have similar risks and, therefore, to be in the same portfolio if they are managed together.

The Group determines that similar risks exist based on the characteristics of the coverage of each product, in view of the boundaries of the contracts. The Group considers that a group of contracts is jointly managed in a manner consistent with the segment grouping envisaged in IFRS 8: Segment Information.

Likewise, at initial recognition the Group does not include contracts issued more than one year apart in the same group. Therefore, if necessary, the Group will separate contracts on the basis of the year of issue, i.e. into annual cohorts. As the Group does not sell mutualised contracts on an intergenerational basis, or contracts with cash flow matching, it does not qualify for the exemption from the annual cohort requirement allowed by the standard for EU entities.

Each contract portfolio is further broken down into three groups of contracts.

- Onerous contracts at initial recognition.
- Contracts that at initial recognition have no significant possibility of subsequently becoming onerous.
- Other contracts.

Each group of contracts in the portfolio is assigned a measurement model based on its characteristics and the criteria set out in applicable regulations.

The Group assesses whether contracts that are not onerous at initial recognition have no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in relevant facts and circumstances.

In the case of reinsurance, the groups of contracts consist of each individual reinsurance contract.

The Group, based on an analysis of the level of aggregation required by the standard, has segmented the portfolios of contracts into Motor, Home, Health and Other Insurance.

Based on the prevailing facts and circumstances at the current date, the Group has opted to treat only the Health contract portfolio as onerous.

Recognition of future cash flows and contract boundaries

The Group recognises groups of insurance contracts issued by it from the earliest of the following dates:

a) The start of the coverage period for the group of contracts;
b) The date on which the first payment is due from a policyholder in the group; and
c) In the case of onerous groups of contracts, the date on which the group becomes onerous.

If there is no contractual due date, the policyholder's first payment is considered due when it is received.

When measuring a group of insurance contracts, the Group counts all future cash flows within the boundaries of each contract in the group.

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or in which the Group has a substantive obligation to provide the policyholder with insurance contract services, i.e. has the practical ability to reassess the risks of the particular policyholder.

Measurement models for contracts issued

IFRS 17 requires consistent accounting for all insurance contracts based on the valuation models provided for in the standard, which will use calculation assumptions updated at each reporting date (such as the discount rate, actuarial assumptions and other financial variables).

With the aim of standardising international insurance accounting practices, IFRS 17 envisions three measurement models for insurance contracts:

- General measurement model (Building Block Approach, or BBA), which is the default method.

- Variable Fee Approach (VFA), which is a variant of the general model (BBA) and should be applied to contracts with significant direct participation features.

- Premium Allocation Approach (PAA), which is essentially a simplification of the general model.

Measurement method for contracts under the Premium Allocation Approach

The standard simplifies the measurement of a group of insurance contracts through the Premium Allocation Approach if, and only if, at the beginning of the group:

a) The Group reasonably expects that such simplification will result in a measurement of the group's liability for remaining coverage that is not materially different from that which would be obtained by applying the requirements of the general model;

b) The coverage period of each group contract is one year or less.

The Group's insurance contracts currently have a duration of one year or less, thus allowing the Group to apply the Premium Allocation Approach (PAA) measurement model to all groups of insurance contracts issued.

Amendment and derecognition of an insurance contract

If the terms of an insurance contract are amended, the Group derecognises the original contract and recognises the modified contract as a new contract, applying IFRS 17 or other applicable standards, if, and only if, any of the following conditions are satisfied:

a) If the amended terms were foreseen at the inception of the contract:

   I. If the amended contract is outside the scope of IFRS 17.
   II. If different components of the main insurance contract have been split, giving rise to a different insurance contract to that to which IFRS 17 would have applied.
   III. If the limits of the amended contract are substantially different.
   IV. If the amended contract has been included in a different group of contracts.

b) If the original contract meets the definition of an insurance contract with direct participation features but the amended contract no longer qualifies for that definition, or vice versa;

c) If the Premium Allocation Approach applies to the terms of the original contract but, as a result of the amendments, the contract no longer meets the conditions for its application.

The Group will therefore derecognise an insurance contract either when the obligation indicated in the contract expires or has been satisfied or cancelled, or when the contract is substantively different due to any of the circumstances described in the preceding paragraph.

Liabilities for remaining coverage

Under the Premium Allocation Approach, at initial recognition the liabilities for remaining coverage consist of:

- Premiums received on initial recognition correspond to premiums written minus premium receipts receivable and premium instalments to be issued.
- Less cash flows from the acquisition of the insurance at that date.
- Plus, or minus any amount arising from the derecognition at that date of the asset or liability recognised for the cash flows from the acquisition of the insurance.

The components that make up the liabilities for remaining coverage are not adjusted for the time value of money and the effect of financial risk, as the cash flows to be paid or received are less than one year.

As all insurance contracts issued have a coverage period not exceeding one year, the Group may elect to recognise insurance acquisition cash flows as an expense when incurring or capitalising them. The Group has chosen to allocate insurance acquisition cash flows to groups of insurance contracts by reducing the liabilities for remaining coverage using a systematic method over the period of coverage of the contracts.

If, at any time during the coverage period, the prevailing facts and circumstances indicate that a segment has become onerous in nature, the Group calculates the difference between the carrying amount of the liabilities for remaining coverage and the cash flows arising from performance related to the remaining coverage of the group. If cash flows from compliance exceed the carrying amount, the Group recognises a loss in profit or loss for the year and increases the liabilities for remaining coverage.

Loss component

A loss component is provided for those groups of contracts that the Company considers to be onerous. This is included in the liabilities for remaining coverage. The Group assesses onerousness based on the facts and circumstances observed during the current and subsequent financial years, considering that there are indications of onerousness when the segment has a combined ratio of more than 100%. If this is the case, an onerousness test is carried out and the possibility of providing a loss component is considered based on experience and future prospects.

The loss component is obtained by applying an onerousness ratio to income from insurance contracts measured using the PAA, based on the estimated income and expenses allocated to the group of contracts.

Liabilities for incurred claims

Liability for incurred claims comprises cash flows from the fulfilment of incurred claims that have not been paid. It also includes incurred but not reported claims. These flows are adjusted for the time value of money and the effect of financial risk. The non-financial risk adjustment is also incorporated into this liability for incurred claims. However, the effect of changes in the discount curve and part of the interest credit will be recognised in equity. The components of liabilities for incurred claims are as follows:

– Estimating future cash flows: The Group estimates future cash flows based on a Best Estimate assumption and in line with Solvency II regulations. Future cash flow projections are based on past statistical information to which statistical methods based on the Group's expert judgement are applied.

– Risk adjustment for non-financial risk: Risk adjustment for non-financial risk: The Group adjusts its estimation of the present value of future cash flows through risk adjustment to compensate for any uncertainty regarding the amount and timing of cash flows arising from non-financial risk. The Group has agreed to use a percentile methodology to calculate risk adjustments. In the Motor and Home segments, the calculation is made using the Merz & Wüthrich stochastic methodology. For groups of contracts in the Health segment, the calculation is made using the standard deviation obtained by equating the 99.5% percentile to the sum of the Best Estimate and the capital requirements for the reserve module. Both in 2024 and 2023, the Group chose to maintain for all segments a risk adjustment corresponding to the 85% percentile under the Value-at-Risk methodology.

  In the case of the risk adjustment for liabilities for remaining coverage, it does not currently apply since, as mentioned above, the Group uses the Premium Allocation Approach (PAA) for all insurance and reinsurance contracts.

– Discount rate: The Group measures the financial effect by the time effect, using discount rates that reflect the liquidity characteristics of the insurance contracts and the characteristics of the cash flows, consistent with current market prices and excluding any factors that could influence the market prices of the reference assets but do not affect the flows of the insurance contracts.

  The Group calculates the discount rate using the bottom-up approach based on the risk-free curve, and relying on the curve published monthly by EIOPA (European Insurance and Occupational Pensions Authority).

  The components of the remaining coverage provision are not discounted using the discount rate, as they are less than one year, while the cash flows and risk adjustment that make up the liability for incurred claims are discounted using the discount rate because they have a time horizon of more than one year.

  The Group has opted to recognise financial expenses or income arising from the difference between the year of occurrence of the claims and the current rate in “Other comprehensive income” under “Valuation adjustments” in equity in the consolidated balance sheet.

m) Assets under reinsurance contracts

The Group evaluates and measures reinsurance contracts held separately from the related underlying insurance contracts.

The Group divides portfolios of reinsurance contracts based on whether or not they are onerous, applying the same criteria as for direct insurance contracts, except that references to onerous contracts in those paragraphs are replaced by references to contracts with a net gain on initial recognition.

The Group recognises reinsurance contracts held from the earliest of the following dates:

a) the beginning of the coverage period of the reinsurance contracts held;

b) the date on which the Group recognises an onerous group of underlying insurance contracts, if the Group entered into the related reinsurance contract held on or before that date.

However, the Group defers recognition of a group of reinsurance contracts held that provide proportional coverage until the date of initial recognition of any underlying contract, if that date is after the beginning of the coverage period of the group of reinsurance contracts held.

The measurement methods for reinsurance contracts held are the same as for insurance contracts, as are the requirements for applying the simplified Premium Allocation Approach. With the exception of one proportional reinsurance contract in the Health segment, all reinsurance contracts held have a duration of one year or less, and the Group has therefore decided to apply the simplified model in their case. The Group has performed an eligibility test for the above-mentioned multi-year proportional contract, confirming that the application of the simplified model results in a measurement of the Group's liabilities for remaining coverage that does not differ significantly from the measurement that would have been obtained by applying the general approach. Therefore, the Group has decided to apply the PAA model to this reinsurance contract too.

The Group includes the effect of any risk of default by the issuer in its estimates of the present value of the future cash flows from reinsurance contracts held, including the effects of collateral and losses resulting from litigation.

Reinsurance contracts held measured under the Premium Allocation Approach

All reinsurance contracts are valued using the Premium Allocation Approach. Under the Premium Allocation Approach, the asset is initially measured at the reinsurance premium paid. The Group measures the amount relating to the remaining coverage by allocating the premium paid over the period of the group's coverage.

When reinsurance contracts held cover a group of onerous underlying insurance contracts, the Group adjusts the asset value for the remaining coverage and recognises a gain when, in the same period, it reports a loss on initial recognition of an onerous group of underlying insurance contracts, or on additional losses on a previously onerous group of underlying contracts. The recognition of this gain results in the recognition of the loss recovery component of the asset for the remaining coverage of a group of reinsurance contracts held. This component is subsequently adjusted for any applicable changes.

n) Provisions and contingencies

Contingent liabilities are possible obligations arising from past events whose materialisation is conditional upon the occurrence or non-occurrence of one or more future events beyond the Group's control. These contingent liabilities are not recognised in the accounts, although any such liabilities will be disclosed in the notes to the financial statements. However, if the Group considers that there may be tax liabilities of this type, they will generally be recognised.

Provisions are recognised for obligations such as litigation in progress, compensation or other obligations of undetermined amount or timing when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation based on a reliable estimate of the amount of the obligation.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the available information on the event and its consequences. Any adjustments arising from the updating of these provisions are recognised as a financial expense as it accrues. If the liabilities mature within one year, they are recognised at the nominal value of the obligation.

Meanwhile, compensation to be received from a third party at the time the obligation is settled – provided there is no doubt that such reimbursement will be received – is recognised as an asset, except where there is a legal relationship through which part of the risk has been outsourced and by virtue of which the Group is not liable. In this situation, the compensation will be considered when estimating the amount at which the corresponding provision, if any, should be posted.

o) Equity

The share capital is represented by common shares. The costs of issuing new shares are charged directly to equity, as a reduction in reserves.

Where the Parent Company's own shares are acquired, the consideration paid, including any directly attributable incremental costs, is deducted from consolidated equity until the shares are redeemed, reissued or otherwise disposed of. When these shares are sold or subsequently reissued, any amount received, net of any directly attributable incremental costs of the transaction, is taken to consolidated equity.

As part of its capital management policy, the Línea Directa Group aims to maintain a strong capital position.

The Board of Directors is ultimately responsible for the control and management of the Group's risks and solvency, and therefore monitors the Group's capital position, solvency requirements and available solvency.

Capital management is aimed at ensuring that the Group has sufficient capitalisation to meet its financial obligations; optimising its capital structure through an efficient allocation of resources and managing capital adequacy considering the economic and accounting information, as well as capital requirements and targets set in the risk appetite framework.

To achieve this, the Group carries out an annual Own Risk and Solvency Assessment (ORSA), based on the outlook for the Group's business and the market. This allows the Group to prospectively project its assets and liabilities and earnings, which in turn can be used to evaluate the likely future performance of the various risks under management, quantify them and estimate changes in solvency and available solvency requirements based on the expected results.

The Parent Company is required to quantify its solvency ratio, meaning the ratio between available own funds and the solvency capital requirement. The Group is not required to calculate a solvency ratio at Group level as it does not qualify as a group under the Solvency Directive for the purposes of these obligations.

The calculation of the Solvency Capital Requirement is regulated by Directive 2009/138 of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), as implemented by Commission Delegated Regulation 2015/35 of 10 October 2014 supplementing Directive 2009-138 EC and its subsequent amendments.

The Solvency Capital Requirement is calculated for the following sub-risks which are the main sub-risks of an insurance company: underwriting risk, market risk, counterparty risk and operational risk.

The aim is to maintain an adequate level of solvency. The risk profile, the results of capital planning for the coming years at the Company at an individual level, the minimum levels required by the regulations and the existing criteria and regulations for optimal capital management were all taken into consideration when determining the adequate level of solvency. The Parent Company's solvency ratio was 185% in 2024 and 180% in 2023.

p) Non-attributable income and expenses

Non-attributable income

The Group has other revenue not derived from the insurance business, such as roadside assistance services or vehicle repairs and appraisals, all of which are provided to third parties outside the Group, as well as commissions on the sale of insurance products of other entities, remuneration for call forwarding and income from credit card surcharges.

This revenue, in accordance with IFRS 15, is recognised as the performance obligation identified in the customer contract is fulfilled. The Group recognises this income at the fair value of the consideration received or receivable to which it expects to be entitled for the goods or services transferred.

Non-attributable income and expenses are recognised as they accrue and taking into account the correlation between the income generated and its related expenses.

q) Income and expenses

Income is recorded at the fair value of the consideration to be received and represents the amounts receivable for goods delivered and services rendered in the ordinary course of the Group's business, less discounts and value added tax. Expenses are recognised as they accrue and considering the correlation between the income generated and the corresponding expenses.

However, the Group only records profits that have been realised by year-end, while foreseeable risks and possible losses arising in the year or in a previous year are recorded as soon as they become known.

Financial income and expenses arising from investments related to insurance activity are recognised in the statement of profit or loss for the non-life insurance business. The remainder is recorded in the statement of profit or loss for other activities.

Other income and expenses are distributed by segment based on net premiums earned, except claims-related expenses, which are recognised based on the provision for claims.

Direct insurance

Business premiums are recognised as income over the term of the contracts based on the time elapsed and are accrued by posting the provision for current risks.

Reinsurers' share

Premiums from ceded reinsurance are recognised based on the reinsurance contracts underwritten and by applying the same criteria used for direct insurance.

Reclassification of expenditure by destination, eligible and non-eligible

Under IFRS 17, expenses that are directly attributable to both the groups of contracts and the insurance business should be allocated to the groups of contracts.

The reclassification of expenses by type to expenses by purpose has been made on the basis of the following criteria:

- Purpose-specific costs incurred have been classified directly as such.
- Staff expenses are distributed according to the percentage of estimated dedication to each of the purposes.
- Costs that cannot be charged directly are distributed according to the estimated percentage of staff dedication to each purpose.

The following purposes have been established:

- Expenses attributable to claims provision
- Acquisition expenses
- Administration expenses

Expenses have been allocated to each segment based on the origin of the activity.

r) Compensation on dismissal

In accordance with current legislation, the Group is obligated to pay compensation to those employees whose employment relationship is terminated under certain conditions. Therefore, compensation on dismissal that can be reasonably quantified is recognised as an expense in the year in which the decision is taken and a valid expectation is created vis-à-vis third parties regarding the dismissal. A liability is recognised under the sub-heading “Other non-technical provisions” when the disbursement has not been made.

s) Employee benefits

The Group has post-employment pension obligations classified as defined contribution plans and as defined benefit plans.

The Group's obligations with its employees regarding retirement or similar pension plans are fully outsourced, in compliance with the legislation in force regarding the outsourcing of pension obligations (Royal Decree 1588/1999 of 15 October, approving the Regulations on the outsourcing of company pension obligations with employees and beneficiaries).

The aforementioned insurance policies are considered “plan assets”. This is because they are not owned by the Group but by a legally separate third party that is not a related party, they are only available to pay or finance employee remuneration, and they cannot return to the Group unless the assets attached to the plan are sufficient to honour all the obligations.

The collective bargaining agreement for the industry also includes coverage for death and disability of employees during the period in which they remain in active service.

Defined contributions

The current General State Collective Agreement for Insurance, Reinsurance and Occupational Accident Mutual Societies ushers in a new employee benefits system implemented through a collective life insurance policy suitable for the outsourcing of pension commitments in accordance with the provisions of Royal Decree 1588/1999, of 29 November. The Group will contribute an annual premium per employee of 1.9% of their base salary to this insurance policy by no later than 30 September of each year, bearing in mind that employees who have worked for the same company for three years or more will be entitled to have their vested rights recognised in the insurance policy.

This insurance policy will apply to employees hired from 1 January 2017 onward and those who have voluntarily opted to transfer to this new option. For employees adhered to the old plan who opted to avail themselves of this option, there was a transfer of the mathematical reserve.

The Group has also assumed a retirement commitment with certain executives, which has been outsourced in the form of an insurance policy.

The Group records the contributions to be made to defined contribution plans progressively as employees render their services. The amount of accrued contributions is recorded as an employee benefits expense and as a liability after deducting any amounts already paid. In the event that the amounts paid exceed the accrued expense, the corresponding assets are only recognised to the extent that they can be applied to reductions in future payments or result in a cash refund.

Defined employee benefit plans

Employees hired prior to 1 January 2017 chose between the system described above and a financial incentive for retirement whereby, if an employee asks to retire in the month in which he or she reaches the normal retirement age stipulated by Social Security legislation to be eligible for a retirement pension, the Company will pay, in a lump sum, an amount equal to one month of salary for every five years of service, capped at 10 months, for up to 30 years of service at the company from which the employee is retiring.

The Group includes in defined employee benefit plans those funded through the payment of insurance premiums where there is a legal or implied obligation to pay the agreed benefits directly to employees when they fall due or to pay additional amounts if the insurer fails to pay the applicable benefits for services rendered by employees in that or previous years.

The liability for defined employee benefits recognised in the consolidated balance sheet corresponds to the present value of the Company's obligations under defined employee benefits existing at the reporting date, minus the plan assets' fair value at that date.

The expense or income relating to defined employee benefit plans is recognised under employee benefits expenses and is obtained by adding the net amount of the cost of services in the current year and the net cost of interest on the net liability or asset from defined benefits. The remeasured amount of the net liability or asset from the defined employee benefit is recognised in other comprehensive income. This amount comprises actuarial gains and losses, the net return on plan assets and any changes in the effects of the asset ceiling, excluding amounts included in the net interest on the liability or asset. The cost of administering the assets under the plans and all taxes applicable to the plans other than those included in the actuarial assumptions are deducted from the net return of the plan assets. Deferred amounts in other comprehensive income are reclassified to accumulated profit reserves in the same year.

In addition, if the plan assets include eligible insurance policies whose cash flows correspond exactly in both amount and payment schedule to some or all of the employee benefits payable under the plan, their fair value is equal to the present value of the related payment obligations.

Payments for share-based services and goods

The Group’s Chief Executive Officer and members of the Management Committee are party to an extraordinary share-based remuneration plan under which the Parent Company is the parent company, following its stock market listing. The purpose of this plan, which was approved at the General Meeting held on 18 March 2021, is to offer beneficiaries the possibility of receiving a certain number of shares over the three years following the Parent Company's IPO (Note 21 c)).

The Group recognises services received in a transaction with share-based payments at the time such services are received. Since the services are settled in equity instruments, a decrease in equity is recognised.

The Group recognises transactions with share-based payments settled through the Group's equity instruments for the fair value of the goods or services received, unless such fair value cannot be reliably estimated, in which case the value is determined by reference to the fair value of the equity instruments delivered.

Deliveries of equity instruments in consideration of services provided by employees of the Group or third parties providing similar services are valued by reference to the fair value of the equity instruments offered.

t) Related-party transactions

As a general rule, transactions between related parties are initially recognised at fair value. If the agreed price differs from the fair value, the difference is recorded to reflect the economic reality of the transaction. These transactions are subsequently measured in accordance with the relevant standards.

u) Foreign currency transactions

The functional currency at all Group companies is the euro. Consequently, transactions in non-euro currencies are deemed to be denominated in foreign currency and are recognised at the exchange rates prevailing on the relevant transaction date.

At year-end, monetary assets and liabilities denominated in foreign currency are converted into euro at the exchange rate prevailing at the consolidated balance sheet date. The profit or loss for the year is taken to the consolidated statement of profit or loss.

Changes in the fair value of money instruments denominated in foreign currency classified as available for sale, exchange differences resulting from changes in the amortised cost of the security and other changes in the carrying amount are analysed. The exchange difference is recognised in consolidated profit and loss and other changes in the carrying amount in consolidated equity.

v) Income tax

The corporate income tax expense is the amount accruing in the year for that tax, comprising both the current and deferred tax expenses.

Both current and deferred tax expense are recognised in the consolidated statement of profit or loss. However, the tax effect related to items that are recorded directly in consolidated equity is recognised in consolidated equity.

Current tax assets and liabilities are measured at the amounts expected to be paid to, or recovered from, the tax authorities in accordance with the legislation in force or approved and pending publication at year-end.

If the Group believes that the tax authority is likely to accept an uncertain tax treatment, the Group will determine the tax gain (tax loss), tax bases, unused tax losses, unused tax credits or tax rates in a manner consistent with the tax treatment used or expected to be used in its income tax returns.

If the Group believes that it is not probable that the tax authority will accept an uncertain tax treatment, the Group will reflect the effect of the uncertainty when calculating the related tax gain (tax loss), tax bases, unused tax losses or unused tax credits or tax rates. The Group will reflect the effect of the uncertainty of each uncertain tax treatment using the most likely amount or the expected value of the probability-weighted amounts, as applicable in each case.

In accordance with IFRS 23, the Group recognises under current and deferred tax assets and liabilities the amounts that the entity estimates to reflect contingencies arising from litigation with the tax authorities in relation to corporate income tax.

Deferred taxes are calculated, using the liability method, on the temporary differences arising between the tax bases of the assets and liabilities and their carrying amounts.

Deferred tax is determined by applying the tax regulations and rates approved or about to be approved at the consolidated balance sheet date and that are expected to apply when the corresponding deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that future taxable gains against which the temporary differences can be utilised are likely to be available. Deferred tax is recognised on temporary differences arising on investments in Subsidiaries, except where the Parent Company is able to control the timing of the reversal of the temporary differences and the reversal is unlikely to occur in the foreseeable future.

w) Statement of cash flows

The Group uses the following classification criteria when drawing up its consolidated statement of cash flows:

- Cash flows: inflows and outflows of cash and cash equivalents (i.e. short-term, highly liquid investments which are subject to an insignificant risk of changes in value). Cash and cash equivalents means the balances included under “Cash and cash equivalents” in the accompanying consolidated balance sheet.

- Operating activities: typical activities of insurance institutions, as well as other activities that cannot be classified as investing or financing activities.

- Investing activities: the acquisition, sale and disposal of long-term assets and other investments not included in cash equivalents.

- Financing activities: activities that result in changes in the size and composition of equity and liabilities that do not form part of operating activities.

4. Scope of consolidation

Subsidiaries are all the companies over which the Parent Company exercises direct or indirect control (see Note 3 a)). Subsidiaries are considered from the date on which control is transferred to the Parent Company and are excluded from consolidation on the date on which control ceases.

The list of entities included in the scope of consolidation is as follows:

Company name	% direct holding	Relationship	Method of consolidation	Activity	Address	Auditor
Línea Directa Asistencia, S.L.U.	100%	Subsidiary	Fully consolidated	Valuations, vehicle inspections and roadside assistance	Madrid	Pricewaterhouse Coopers Auditores S.L.
Moto Club LDA, S.L.U. (liquidated)	100%	Subsidiary	Fully consolidated	Services for motorcycle users	Tres Cantos, Madrid	Pricewaterhouse Coopers Auditores S.L.(*)
Centro Avanzado de Reparaciones, S.L.U.	100%	Subsidiary	Fully consolidated	Vehicle repairs	Torrejón de Ardoz, Madrid	Pricewaterhouse Coopers Auditores S.L.
Ambar Medline, S.L.U.	100%	Subsidiary	Fully consolidated	Insurance brokerage	Tres Cantos, Madrid	PricewaterhouseCoopers Auditores S.L.(*).
LDActivos, S.L.U.	100%	Subsidiary	Fully consolidated	Asset management on behalf of insurance companies	Tres Cantos, Madrid	PricewaterhouseCoopers Auditores S.L.(*)

(*) Limited review of condensed financial statements.

All significant balances and transactions between consolidated companies have been eliminated in the consolidation process.

In November 2024, the Subsidiary Moto Club LDA, S.L.U. ceased trading. Its effect on the consolidated balance sheet at 31 December 2024 is therefore nil, and its accumulated result for the year is included in the Group's consolidated statement of profit or loss for the year.

In 2023, the Subsidiary LDA Reparaciones S.L.U. ceased trading. Its effect on the consolidated balance sheet at 31 December 2024 and 2023 is therefore nil, and its accumulated result for the year is included in the Group's consolidated statement of profit or loss for 2023.

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5. Risk management

The organisational structure of risk management and control at Línea Directa Aseguradora is based upon the principles of independence and segregation of duties between business units and risk monitoring and control units.

The Board of Directors is the body responsible for the administration, governance and representation of the Company in accordance with the duties assigned to it by law, the Bylaws and the Board Regulations. Its members have the appropriate professional qualifications, expertise and experience and likewise meet the requirements of good repute required under Law 20/2015, of 14 July, on the regulation, supervision and solvency of insurance and reinsurance companies, and by Línea Directa Aseguradora's own Fitness and Propriety Policy.

The Board of Directors is ultimately responsible for determining the risk control and management policy, including tax risks, and for overseeing internal reporting and control systems. It also establishes and defines the risk appetite, sets limits for the identified risks, and sees to it that they are properly monitored and managed.

The Board of Directors has two advisory committees: the Audit and Compliance Committee; and the Appointments, Remuneration and Corporate Governance Committee.

The Audit and Compliance Committee is composed of members with accounting, auditing and risk management expertise. Its main functions include reporting on the Company's control status and the work carried out by the Committee, proposing the appointment of external auditors and ensuring their independence. It also assesses the integrity of the Company's financial and non-financial information, as well as of the risk management and control systems for both the Company and its group. This includes operational, technological, cybersecurity, legal, social, environmental, political and reputational risks. Furthermore, the Committee oversees the preparation and presentation of the non-financial information, ensuring that all applicable regulations and policies are complied with. It leads the process of selecting and hiring the third party in charge of independently verifying the sustainability information and liaises with such third party to obtain information about the work carried out. It reports to the Board of Directors on related-party transactions and oversees the provision of economic-financial and non-financial information and communications with shareholders and investors. Finally, it ensures compliance with the Internal Code of Conduct in the Securities Market, the Code of Ethics and other internal codes of conduct and oversees the whistleblowing procedure. The Committee also oversees the work relating to risk management, internal control and verification of compliance with regulations and actuarial requirements at the Company and its subsidiaries.

The main functions of the Appointments, Remuneration and Corporate Governance Committee are to propose the appointment and remuneration of directors, assess the skills and diversity of the members of the Board, report on its work and oversee the Company's corporate governance and sustainability. It also sets the criteria to be applied to the annual sustainability report and reviews the remuneration policies for senior management.

In line with best good governance practices and with the provisions of the current regulatory framework, Internal Audit at Línea Directa is an independent department within the organisation. In accordance with the Bylaws and the Rules and Regulations of the Board of Directors, the Internal Audit unit is functionally attached and reports to the Audit and Compliance Committee and is administratively subordinate to the Chairman of the Board of Directors.

Internal Audit seeks to ensure that the Company complies with regulatory requirements and achieves its strategic objectives and works to make the risk management processes and internal control framework more effective and efficient by providing a systematic and disciplined risk-based approach. The scope of these activities, which must be carried out by the Internal Audit unit, as well as its own strategic objectives, are decided by the Internal Audit Department, subject to the Audit Committee's approval as an independent department within the Group.

Línea Directa Aseguradora has a Corporate Risk Department that brings together in a single department all the other key functions required under Solvency II: Risks, Compliance and Actuarial Function. The Risk Management department also features Financial Reporting Control (ICFR) teams. The mission of the department is to build a global risk map of the Company and optimise the control environment so as to ensure the reliable assessment and identification of risks and their integration into forecasts and decision-making.

To ensure adequate management and control of each risk, the Company has built various levels of management or defence:

- A management unit directly responsible for the day-to-day or current management of such risks, acting as the first line of defence.

- A set of committees, each responsible for identifying, managing and reporting on risks. Due to their composition and functions, these are executive committees, in that they make decisions in relation to the risks they manage.

- Control functions as the second line of defence, meaning the Risk Management function, the Actuarial function, the Compliance function and ICFR.

- An oversight function as the third line of defence, in the form of the Internal Audit unit.

Without prejudice to the functions ascribed to the Board of Directors and its committees in the Board Regulations, Línea Directa Aseguradora has established a system of committees to support the achievement of the Company's strategic objectives and provide the Board of Directors, either directly or through its committees, with all the information needed for decision-making.

The various committees are responsible for ensuring the proper implementation, maintenance and monitoring of the risk management system in accordance with the guidelines set out by the Board of Directors.

The most important committees when it comes to risk management are:

Standing Risk Committee: responsible for facilitating and monitoring the implementation of effective risk management practices at the Línea Directa Aseguradora Group through the reporting of risks by the first lines of defence. It is tasked with risk control and monitoring tasks, ensuring that Línea Directa has an adequate level of internal control that is compatible with the Group's standards and compliant with applicable regulations.

Claims and Reserves Committee: This is a body with information, discussion and decision-making functions in all areas affected by the management of claims and the suitability of the reserves determined by the Board and its committees. It regularly reports to the Audit and Compliance Committee.

The Investment Committee is governed by the Investment Policy, as approved by the Board of Directors. It is chaired by the Chief Executive Officer and its functions include, among others, ensuring that investments are made in accordance with the Investment Objectives approved by Línea Directa's Board of Directors and with the Investment Policy.

The Investment Committee reports to the Board of Directors through the Chief Financial Officer In any case, the Audit and Compliance Committee will be regularly informed of all investment transactions approved by the Investment Committee or, as the case may be, by the Chief Financial Officer, thus helping the committee oversee the process of drawing up the financial and non-financial information and ensure its integrity.

This structure ensures:

- Adequate control, management and reporting of all risks at various levels of “defence”.

- The monitoring and reporting of risks, both vertically and horizontally, by both dependent bodies and independent control teams.

- Adequate escalation of reporting, control and decision-making.

- There are various levels of responsibility for and knowledge and control of risks, up to the Group's highest governance level.

The Group Risk Map is the tool that charts all identified risks, and sets out the measures used to assess and control them.

As part of its risk management efforts, the Parent Company carries out an Own Risk and Solvency Assessment (ORSA), which shows the risk profile of Línea Directa Aseguradora S.A. and is essentially a risk management tool that helps to provide a full and comprehensive view of all the risks inherent in the business. Decision-useful stress scenarios are defined as part of this process. The Audit and Compliance Committee steers the process and verifies and approves the results. The ORSA report contains a projection of capital consumption and available capital for the three-year time horizon.

Risk reporting and information mechanisms

The Corporate Risk Department collates all of the Group’s risk information for regular reporting to the Audit and Compliance Committee. It also reports the status of the key risk indicators (KRI scorecard) to enable proper oversight by the Group's management bodies.

The regular risk reports are as follows:

- The **Corporate Risk Department** reports monthly to the Management Committee on the status of the Group’s risks, the results of control tests and any key risk indicators (KRIs) that exceed the established thresholds.

- The **Audit and Compliance Committee** is informed by the Corporate Risk Department of the most significant risks present on the Group's Risk Map, the control tests carried out, the status of recommendations and the performance of the KRIs.

- The **Internal Audit unit** attends Audit and Compliance Committee meetings as a guest and reports to that committee on a quarterly basis.

The main risks that may affect the achievement of the Group's objectives can be broken down as follows:

a) Credit risk

The Group views credit risk as the threat of possible loss or adverse change in financial conditions resulting from fluctuations in the solvency or creditworthiness of issuers of securities, counterparties and any debtors to which the Group is exposed.

Given the nature of the Group's activities, its exposure to credit risk arises from the following factors:

- Reinsurance (credit risk exposure with reinsurance entities).
- Premium financing (credit risk exposure with customers).
- Investment and lending activities (credit risk exposure with security issuers).

The counterparties with which the Group acquires or may acquire significant positions must invariably undergo a prior scoring process. These counterparties include companies that provide insurance for large vehicle fleets, and particularly reinsurance companies. For the latter, a minimum credit rating of “A-” is required as a prerequisite for inclusion within the reinsurance programme. Exceptions to this solvency threshold, together with the reinsurance table for each year, are expressly approved by the Board of Directors.

	2024	2023
Cash and cash equivalents	16,709	41,746
Debt securities with changes in equity	850,449	759,821
Assets at amortised cost	34,341	15,456
Total	**901,499**	**817,023**

When it comes to investments, the Investment Committee approves new investment lines and verifies compliance with the Investment Guidelines.

The rating of debt securities and cash and cash equivalents is an average rating of that assigned to the issuer by three of the main rating agencies (Moody's, Fitch and DBRS). It presented the following classification at the end of 2024 and 2023:

	2024	2023
AAA	34,652	55,512
AA	103,057	55,624
A	393,938	324,000
BBB	312,988	305,885
BB	5,814	12,740
B	-	-
N/R	-	6,060
Total debt securities with changes in equity	**850,449**	**759,821**

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Unrated positions are mainly composed of debt securities of an issuer that does not have a rating, but which nevertheless have an issue rating appropriate to the Group's investment policies.

	2024	2023
A	16,690	41,733
BBB	13	10
BB	-	-
N/R	6	3
Total cash and cash equivalents	**16,709**	**41,746**

The impairment losses recognised at year-end 2024 and 2023 are described in Note 7a) i).

At year-end 2024 and 2023, there were no non-performing balances that were not impaired.

The Group estimates a provision to cover possible non-payment of outstanding premium receipts and unissued premium receipts. It is included on the consolidated balance sheet, as part of the provision for outstanding coverage, reducing its amount. These estimated amounts are as follows:

	2024	2023
Receipts pending collection and fractions to be issued	65,255	62,782
Provision for premiums receivable and to be issued	(1,049)	(1,181)
	64,206	**61,601**

The impairment of premiums receivable and to be issued is calculated on the part of the tariff premiums accrued in the year net of the loading for contingencies which, foreseeably and based on previous years' experience, is not going to be collected. This will depend on the age of the premiums and, where applicable, on the current status of the court claim. Note that certain premium receipts may require special treatment due to their unique characteristics or features.

b) Liquidity risk

The Group treats liquidity risk as the potential temporary inability to honour its payment obligations within the agreed timeframes, due to such obligations maturing before receivables from customers fall due or before financial investments reach maturity. The Group generates daily liquidity from premium income.

The Group manages liquidity risk prudently. The Group is committed at all times to having sufficient liquidity to be able to honour its payments to suppliers, policyholders and counterparties in due course. Consequently, cash management is always carried out with the utmost prudence, avoiding at all times any possible overdraft or overlimit situation. Therefore, forecasts are systematically drawn up of expected cash generation and cash requirements, which enable the Group's liquidity position to be determined and monitored on an ongoing basis.

In 2023 and 2024, it distributed several interim dividends (Note 14 d)), which has had an impact on the Company’s liquidity.

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The debts shown under the heading "Liabilities at amortised cost" fall due in less than one year for both 2024 and 2023.

The maturities of lease liabilities at 31 December 2024 and 2023 are described in Note 9 b).

The table below shows the estimated timing of disbursements for insurance liabilities recognised at 31 December 2024 and 2023:

2024

	Estimated cash outflows in the periods							Closing balance
	2025	2026	2027	2028	2029	2030 to 2034	Subsequent periods	
Liabilities for incurred claims	261,627	76,143	34,650	17,285	8,637	6,847	-	405,189
Due on direct insurance business and coinsurance	3,438	-	-	-	-	-	-	3,438
Due on reinsurance business	346	-	-	-	-	-	-	346
Total	**265,411**	**76,143**	**34,650**	**17,285**	**8,637**	**6,847**	**-**	**408,973**

2023

	Estimated cash outflows in the periods							Closing balance
	2024	2025	2026	2027	2028	2029 to 2033	Subsequent periods	
Liabilities for incurred claims	247,844	63,759	30,861	15,301	8,024	10,170	-	375,959
Due on direct insurance business and coinsurance	2,818	-	-	-	-	-	-	2,818
Due on reinsurance business	1,351	-	-	-	-	-	-	1,351
Total	**252,013**	**63,759**	**30,861**	**15,301**	**8,024**	**10,170**	**-**	**380,128**

For the Motor and Home segments, the Group projects claim provision payments using the Merz & Wüthrich stochastic methodology, an actuarially accepted run-off triangle-based method commonly used for the projection of claims. For the other business segments, the projection of claims provision payments is made on the basis of payment patterns on the historical experience of each segment.

The table below shows the estimated timing of disbursements for the hedging derivatives recognised at 31 December 2024 and 2023:

2024

	2025	2026	2027	2028	2029	Subsequent periods	Total
Hedging derivatives	1,513	407	208	386	400	1,738	4,652
Total	**1,513**	**407**	**208**	**386**	**400**	**1,738**	**4,652**

2023

	2024	2025	2026	2027	2028	Subsequent periods	Total
Hedging derivatives	2,075	503	315	339	392	2,284	5,908
Total	**2,075**	**503**	**315**	**339**	**392**	**2,284**	**5,908**

The classification of financial assets by maturity (for those with a specific or determinable maturity) is as follows:

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2024

	2025	2026	2027	2028	2029	Subsequent periods	Total
Financial assets at fair value through other comprehensive income	189,614	111,065	74,146	58,343	72,146	345,136	850,449
Debt securities	189,614	111,065	74,146	58,343	72,146	345,136	850,449
Financial assets at amortised cost	34,341	-	-	-	-	-	34,341
Total	**223,955**	**111,065**	**74,146**	**58,343**	**72,146**	**345,136**	**884,790**

2023

	2024	2025	2026	2027	2028	Subsequent periods	Total
Financial assets at fair value through other comprehensive income	232,943	89,424	91,011	47,578	41,616	257,250	759,821
Debt securities	232,943	89,424	91,011	47,578	41,616	257,250	759,821
Financial assets at amortised cost	15,456	-	-	-	-	-	15,456
Total	**248,399**	**89,424**	**91,011**	**47,578**	**41,616**	**257,250**	**775,277**

c) Market risk

The Group views market risk as the risk of loss or of adverse change in its financial situation resulting directly or indirectly from fluctuations in the level and volatility of market prices of assets, liabilities and financial instruments.

The level of assumable risk for the financial investments undertaken by the Group is explained in the Investment Guidelines approved by the Board of Directors. This document describes the types of permitted assets for investment purposes, along with the maximum proportion of these assets within the portfolio, and authorises the Group's Investment Committee to undertake investments.

The Investment Committee, which meets monthly, is responsible for analysing the portfolio's performance, verifying compliance with the investment policy, approving new lines of investment, verifying compliance with the Investment Guidelines and keeping the Board of Directors regularly informed.

The Group's activities are exposed to fair value interest rate risk arising from fixed-income instruments. The Group enters into fixed-to-floating interest rate swaps to hedge this risk (Note 7 a) 1)).

From the beginning of 2022, the impact of the war in Ukraine, rising interest rates and higher inflation have led to capital losses on the investments held by the Group, although these were significantly smaller in 2023 and 2024.

The following table provides significant information on the interest rate exposure of the Group's financial assets:

Portfolio	**Fixed interest rate**		**Floating interest rate**		**Not exposed to risk**		**Total**	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Financial assets at fair value through equity								
Debt securities	746,974	697,234	56,215	16,842	47,260	45,745	850,449	759,821
Total	**746,974**	**697,234**	**56,215**	**16,842**	**47,260**	**45,745**	**850,449**	**759,821**

Assets not exposed to risk are subject to hedging through derivatives.

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If interest rates at 31 December 2024 had been 100 basis points higher with all other variables remaining constant, other comprehensive income would have been €25,813 thousand, gross of tax (€20,584 thousand in 2023) lower, mainly due to a decrease in the fair value of fixed-rate financial assets classified as available for sale.

If interest rates at 31 December 2024 had been 100 basis points lower with all other variables remaining constant, other comprehensive income would have been €27,942 thousand, gross of tax (€22,228 thousand in 2023) higher, mainly due to an increase in the fair value of fixed rate financial assets classified as available for sale.

The Group's activities are also exposed to equity risk, meaning the risk of a reduction in the return on equity investments due to changes in the market price of shares or share-based indices or financial instruments.

	2024	2023
Equity instruments	132,794	117,522

One of the standard metrics for measuring market risk is Value at Risk (VaR), which is based on a variance-covariance methodology using the historical volatility of stock index prices, exchange rates and yield curves, and the correlation between them, as the main inputs.

This risk metric measures the maximum potential loss of financial instruments due to adverse movements in share prices, exchange rates and interest rates within a fixed period and with a specified confidence level (probability).

The Group uses this indicator as additional baseline information in conjunction with the other regular risk controls it runs on its investment portfolios. In its own calculations, the Group uses a confidence level of 99.5% and a 12-month period, meaning that there is a 0.5% probability of underestimating the maximum potential loss for the next 12 months.

	2024	2023
Fixed income duration (exc. Cash)	3.25	3.13
Fixed income modified duration	3.51	3.22
VaR	1.43%	1.35%

According to sensitivity calculations, a 10% fall in the market prices of the equity instruments included in “Financial assets at fair value through profit or loss” and “Financial assets at fair value through equity” at 31 December 2024 and 2023, with all other variables remaining constant, would have an impact on the Group's total equity and profit or loss of €7,082 thousand in 2024 and €5,937 thousand in 2023.

In 2016, Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) entered into force for insurance undertakings. This Directive regulates the solvency calculation of insurance undertakings to measure their ability to meet their future obligations. The result compares eligible own funds under Solvency II with the Solvency Capital Requirement (SCR). The Solvency Capital Requirement includes all risks to which the undertaking is exposed (underwriting and non-life health, market, counterparty and operational). The calculation is standardised at European level and is not an accounting ratio. The Parent Company's solvency ratio was 185% in 2024 and 180% in 2023.

The main sensitivities that have been performed on financial market risk are as follows:

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- A 10% decline in equity instruments would have an impact on the solvency ratio of -1.8% in 2024 and -2.5% in 2023.
- A 30% decline in equity instruments would have an impact on the solvency ratio of -7.6% in 2024 and -7.9% in 2023.
- A 10% decline in the value of property assets would have an impact on the solvency ratio of -3.2% in 2024 and -3.2% in 2023.
- A combination of two of these scenarios, that is, a 10% decline in equities and a 10% decline in property assets, would have an impact on the solvency ratio of -5.1% in 2024 and -5.8% in 2023.

Given the results of these solvency sensitivity analyses, the target solvency ratio of 150% set by the Company's governing body is not considered to be at risk.

d) Insurance risk

Insurance business risk focuses on non-life and health underwriting risk, comprising mainly premium sub-risk (premium adequacy risk) and reserve sub-risk (insurance liability adequacy risk) for the Motor, Home, Health and Other Insurance segments. These risks are managed differently in each segment. Underwriting and health risks also include catastrophe risk and lapse risk, with a lower impact than premium and reserve risks.

The Group analyses the risks inherent to the insurance for each segment, both in terms of premiums and reserves, depending on the unique characteristics of each segment.

In the Motor and Home segments, the technical rules and standards are constantly changing, and underwriting is adapted accordingly through automatic and preventive mechanisms through which the various products are analysed to establish the adequacy of premiums and insurance liabilities. Policy performance and returns are also monitored to analyse possible deviations.

The Motor segment has longer times between the opening and closing of claims than the Home segment, mainly because civil liability guarantees last longer than other guarantees. The Health segment is heavily influenced by seasonality, with higher levels of policy renewal at the beginning of the year.

The Group relies on reinsurance as the primary tool for mitigating the premium, reserve and catastrophe sub-risks. Reinsurance also forms part of counterparty risk due to the risk of default of the amounts recoverable from reinsurance companies.

Reinsurance policy

The reinsurance system followed by the Group is based mainly on an Excess of Loss (XL) structure applied to each business segment to protect against serious or catastrophic losses and events caused by natural phenomena not covered by the Insurance Compensation Consortium, using reinsurance to provide stability against such events, which are random in terms of both their likelihood and the extent of the resulting loss, as well as the proportional quota share reinsurance arrangement for the Health insurance segment signed in 2017.

On 1 September 2017, the Company entered into a quota share reinsurance contract for its Health insurance business, which expires on 31 December 2029 and comes with a two-year renewal option. This contract includes an assignment of 50% of the premium income and claims cost of most of the policies of the Health segment.

Until 2022, the contract also included a table of fixed and variable reinsurance commissions payable to the Group. The fixed commission was calculated as a percentage of the premium ceded and as a fixed amount until 2022. The variable commission was calculated on the basis of the premiums assigned during the term of the contract of the year, and the performance of the claims ratio during the agreed years from 2022 onward. These commissions were capped. However, an addendum to the contract agreeing that there would be no exchange of commissions between the parties was signed in 2023. A new addendum to clarify whether a commission for management costs will be paid was signed in 2024.

It also envisions profit sharing at the Group based on whether positive technical results are obtained.

In the event of early termination, compensation due to cancellation by any of the parties will be paid if they are unable to reach an agreement or in any other situation that frustrates the continuation and normal performance of the contract. However, early termination clauses that may pose a threat to the effective transfer of risks and rewards relate in all cases to extremely remote situations.

The performance of the technical result and the credit recognised by the Group will depend on the changes in the main technical aggregates, such as premiums, claims incurred, and acquisition and administrative expenses. There may therefore be differences in respect of the business plan defined by the Group.

The criterion used to establish the reinsurance table requires at least an “A-” rating for reinsurance companies. However, a deposit clause will be included in contracts with reinsurance companies with an S&P rating below AA-. Any exception is approved by the Board of Directors.

The ratings of the various entities in the reinsurance network are reviewed on a quarterly basis, monitoring the credit risk ratings published by prestigious rating agencies, to control any changes in the probability of default of the commitments undertaken.

Premium sub-risk

The Technical Department of Línea Directa Aseguradora is responsible for modifying products and prices in accordance with the Group's general strategy for the Motor, Home and Other

Insurance segments. All these modifications are supported by actuarial analyses documented in the related technical notes and approved by the Technical Committee, which is the body responsible for managing this sub-risk. The Health segment is monitored by the Technical Health Department.

The Technical Committee takes operational decisions that affect prices and risk underwriting terms for the products offered by Línea Directa Aseguradora, ensuring that they are consistent with the strategy and objectives established by the Board of Directors. To do so, it considers the proposals presented by the Technical Department, also taking into account data on the position of the business and the outlook provided by the relevant business areas for each segment.

Reserve sub-risk

In accordance with IFRS 17, and as explained in the note on valuation methods, the Company calculates the incurred claims provision by performing a Best Estimate calculation discounted to the risk-free curve, based on the Company’s experience and expert judgement with a risk margin thereon.

To estimate the provision for claims in the assistance and health risk segments and healthcare, the Group analyses each claim on its merits.

The Claims and Reserves Committee is responsible for managing the Group's reserve risk and reinsurance credit risk. It is entrusted with monitoring the Group's reserves and insurance liabilities to ensure adequate coverage of claims, and with approving changes in the policies for the opening and provisioning of claims for all the different levels of coverage and guarantee, thus ensuring the adequacy of reserves, in accordance with the guidelines approved by the Group’s Board of Directors.

Furthermore, to ensure that the Group complies with its obligations under Additional Provision 18 of Law 20/2015 of 14 July, and so that the technical provisions shown in the consolidated balance sheet effectively reflect the obligations arising from the contracts concluded, the controls listed below have been put in place for the posting of provisions for claims:

- Analysis of the trend in subsequent periods of cost deviations of claims occurring before the end of each period. The analysis is carried out on the basis of claims incurred and reported at the end of the reference period. Its purpose is to check and correct any possible cost deviations in “long tail” claims, which are caused as a result of not having sufficient information at the reporting date to properly assess them.

- Performance of monthly and quarterly forecasts of claim costs.

- The Group's reserves position is also analysed by independent external consultants at least once a year and the findings are presented to the Board of Directors.

Insurance risk concentrations

The Group's insurance business is located mainly within Spain, with no particularly significant concentration in any given geographical area.

The concentration of insurance contracts for those autonomous communities in Spain showing a concentration of more than 5% for 2024 and 2023 is detailed below:

	2024	2023
Andalusia	23.67%	23.36%
Catalonia	21.44%	21.17%
Madrid	12.02%	12.46%
Valencian Community	11.87%	12.11%
Murcia	4.70%	4.73%
Other	26.29%	26.17%
Total	**100.00%**	**100.00%**

The Group's business focuses on non-life segments (mainly motor risks), with the following distribution:

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	2024				
	Total	**Motor risk**	**Home multi-risk**	**Other Insurance**	**Health risks**
Revenue from contracts measured under the premium allocation approach (PPA)	991,329	804,392	153,448	1,124	32,365
Revenues from recoveries of reinsurance	18,831	5,320	1,257	2	12,252

	2023				
	Total	**Motor risk**	**Home multi-risk**	**Other Insurance**	**Health risks**
Revenue from contracts measured under the premium allocation approach (PPA)	960,266	782,686	146,847	784	29,949
Revenues from recoveries of reinsurance	20,575	6,138	3,717	-	10,720

Sensitivity to insurance risk

At 31 December 2024 and 2023, the Group performed a mixed sensitivity analysis on certain key business parameters. Based on expert judgement and experience of the most sensitive business parameters, the effect of a 1% increase in the cost of claims and of a 1% increase in the combined ratio on profit or loss for the year, net of tax, of each segment (Motor, Home, Health and Other Insurance), and therefore on consolidated equity, was analysed as a measure of sensitivity to insurance risk.

Impact on profit or loss of a 1% increase in the cost of claims by segment:

	2024	2023
Motor	(5,969)	(6,529)
Home	(900)	(941)
Health	(146)	(143)
Other insurance businesses	(4)	(5)
Total	**(7,020)**	**(7,618)**

With the same tax rate as the consolidated financial statements, the change in net profit and consequently in consolidated equity would be €4,707 thousand for 2024 and €5,108 thousand for 2023.

Impact on profit or loss of a 1% increase in the combined ratio by segment:

	2024	2023
Motor	(7,990)	(7,776)
Home	(1,491)	(1,420)
Health	(179)	(164)
Other Insurance businesses	(11)	(8)
Total	**(9,671)**	**(9,368)**

With the same tax rate as the consolidated financial statements, the change in net profit and consequently in consolidated equity would be €6,485 thousand for 2024 and €6,282 thousand for 2023.

Combined ratio = (Claims provision paid + change in incurred claims liabilities + net operating expenses - reinsurance recoveries received - change in ceded incurred claims liabilities) / (Insurance contract income measured under PAA – Allocation of reinsurance contract premiums measured under PAA).

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The combined ratio measures the impact of management costs and claims incurred in a financial year on the premiums for that year.

These sensitivity analyses show no direct impact on the solvency ratio due to the Group's shareholder dividend policy, except for the impact associated with the increase in the claims ratio due to the increase in the combined ratio.

e) Reputational risk

The Group views reputational risk as the potential loss of customers, reduction in income or legal proceedings that the Group may incur due to loss of reputation, bad image or negative publicity with stakeholders.

The Group's stakeholders – at whom it targets its corporate reputation actions and for whom the impact of reputational risk is included in the risk management system – are customers, employees, suppliers, public institutions, shareholders, society, the community, consumers, the media and the wider industry.

The Group attaches great importance to reputational risk management and therefore includes reputational risk management within the organisation's overall risk management system and has specific units in place to perform this function.

Thus, reputational risk management falls upon the shoulders of the People and Communication Department, General Secretary's Office and Finance Department through the External Communication, Corporate Reputation and Risk Management and Internal Control departments, respectively.

As this is a non-regulatory risk, the quantitative estimation is carried out by the External Communication department, which carries out an ORSA using an in-house methodology based on expert judgement.

f) Legal risk

The Group distinguishes between the following two main types of legal risk:

- Regulatory risk: regulatory risk is the possibility that the Group's processes and operations may become obsolete or non-compliant with prevailing laws and regulations in the event of legal or regulatory changes or new developments.

- Regulatory compliance risk: regulatory compliance risk is the possibility that changes in the Group's processes and operations may result in non-compliance with current regulations.

As they are both non-regulatory risks, the quantitative estimate is carried out through an ORSA using an in-house methodology based on expert judgement for regulatory risk, and through a qualitative analysis and a quantitative assessment based on the legal compliance risk map for the compliance risk.

g) Operational risk

The Group treats operational risk as the potential loss due to inadequate or failed internal processes, people and systems or due to external events.

The Group considers losses caused by operational risks to be all the ways in which these risks may affect the Parent Company and its subsidiaries, such as economic losses, reputational damage, non-compliances with the law, technological or security failures or degradation of business processes or impact on customers or employees.

The Group's operational risk management system is structured as a cyclical continuous improvement process with the following stages (Identification, Assessment/Measurement, Mitigation and Monitoring and Control).

h) Currency risk

At 31 December 2024, the Group had a foreign currency position of €25,250 thousand (€23,184 thousand at 31 December 2023). These are direct investments in financial instruments traded in these currencies: there is no currency hedging in any case.

The following table shows the Group's exposure to foreign currency risk at 31 December 2024 and 2023. The following table shows the carrying amount of the Group's financial instruments or classes of financial instruments denominated in foreign currency:

	2024		2023	
	Assets	**Liabilities**	**Assets**	**Liabilities**
US dollar	11,336	-	10,596	-
Pound sterling	9,975	-	8,742	-
Swiss franc	2,157	-	2,020	-
Danish krona	-	-	-	-
Other	1,782	-	1,826	-
Total	25,250	-	23,184	-

The Group has no significant exposure to any foreign currency.

i) Environmental, social and governance risks

The governing bodies receive information at least quarterly on the key risks to which the Group is exposed and the capital resources available to manage them, as well as on compliance with the limits set out in the risk appetite.

The Risk department, together with the Group's other divisions, periodically analyses the factors that could impact the business if they were to occur, including environmental, social and governance (ESG) factors. Based on this analysis, an assessment of the Group's key risks is made, taking into account prevention and mitigation measures.

The Group has established the management model, processes and methodology for assessing ESG risks. The ESG risk management model is a qualitative assessment with KPIs that help to identify risks that could be considered as more immediate threats and regular monitoring to help ensure the exchange of information between the departments with responsibility and the Group's Risk Department.

The Group's ESG risk map shows the risks to which it is exposed, each of them linked to the Sustainable Development Goals (SDGs) and other reporting frameworks (GRI or Spanish Law 11/2018, on non-financial information).

Although the Group does not operate in any critical sector in terms of climate change, it has specific policies and measures that allow it to manage resource consumption efficiently with the aim of minimising its impact on the environment.

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The Group also has protocols and concrete measures in place to unlock its employees' full potential by fostering diversity and inclusion, offering the best solutions to maintain employability and promoting a safe working environment and employee health.

2023-2025 Sustainability Plan

Línea Directa's Sustainability Plan, in force for the 2023-2025 period, is aligned with the United Nations sustainable development strategy and is articulated through the ESG dimensions. The plan consists of 6 objectives, 15 strategic lines developed in 26 blocks of actions.

In 2024, Línea Directa achieved 95% of the Plan, carrying out 20 of the 21 actions planned. The action that was not achieved concerned preparing for an information security certification that was finally modified. The implementation of the NIST standardisation model for cybersecurity management has been included in the actions planned for 2025. The actions achieved include a total of 5 in the environmental pillar, 5 in the social pillar and 10 in the Good Governance pillar.

In 2024, with the continued involvement of the entire workforce in the Sustainability Plan, the variable remuneration of part of the workforce (39%) was once again linked to the achievement of the key actions planned in the area of sustainability in Q3 2024, and 30% of the variable remuneration of the CEO and the management was linked to the achievement of the key actions of the Plan for 2023.

In 2024, the Company achieved a number of milestones that it hopes to consolidate and that can provide a springboard to boost and achieve its current and future Sustainability Goals. The environmental actions carried out include, among others, approving an internal carbon price, continuing to establish a method for the internal calculation of the emissions in its motor portfolio, and setting reduction targets for Scopes 1 and 2 for SBTi validation.

As for the environmental plans for the coming year, the Company is hoping to work closely with new analysts to provide the market with more information on its environmental performance. It will also continue to approve interim emission reduction targets under SBTi methodology for 2030, update the TCFD performance data and start to develop the climate change transition plan based on EFRAG guidance.

It is worth noting that the Company publishes the information on the three scopes of the Group's carbon footprint in its Consolidated Statement of Non-Financial Information and Sustainability Report for 2024. 99% (market-based) of its emissions are from Scope 3. The areas that indirectly generate the most emissions in its business are categories 1 "Purchased goods and services" (38.7%) and 15 "Investments" (58%). Methodological changes with respect to previous years have been applied to the calculation.

Furthermore, the Group has published its energy consumption mix, which reveals that 48.5% of the energy it consumes is from renewable sources. The Parent Company offsets 100% of its Scope 1 carbon emissions through absorption projects and does not generate any Scope 2 emissions, as it uses 100% renewable electricity with guarantee of origin.

The goals in the environmental pillar also include preparing the Group's subsidiaries to comply with environmental and energy efficiency management certification standards and achieving the target of consuming 15% less energy in the three-year period in 2025 compared to 2022.

As regards the social pillar, in 2024 the Group carried out framework actions for the financial inclusion of disadvantaged or neglected groups. It approved the Social Impact and Financial

Inclusion Policy, which includes commitments in this area, and launched a video interpreting service for deaf people in partnership with the CNSE Foundation (the Spanish Confederation for Deaf People). In addition, the Group supports the Línea Directa Foundation's efforts to increase road safety in Spain.

Next year, actions in the social arena will include, among others, completing the implementation of NIST CSF 2.0 for the management of cybersecurity and information security for financial institutions. As well as this, the three-year project to provide sustainability training to 80% of the workforce of Línea Directa Aseguradora will be completed.

In the field of sustainability, the Group is planning to make a new sustainable product, coverage or service available to customers to supplement its offering, with the aim of providing value to insured parties in a way that is compatible with having a positive environmental or social impact on the environment in which it operates.

Finally, the Group will continue to work on initiatives for disadvantaged and neglected groups, giving substance to its Social Impact and Financial Inclusion Policy and working in accordance with its commitments.

The main actions carried out under the Governance pillar in 2024 included reviewing the Sustainable Investment Policy and increasing the Group's commitment to acting in accordance with responsible investment criteria by complying with PRI (Principles for Responsible Investment).

An external audit of the whistleblowing channel to ensure it is managed in a transparent and effective manner was also carried out.

Under the Governance pillar for 2025, Línea Directa Aseguradora has set itself the goal, pursuant to its EU Taxonomy reporting obligations, of maintaining its investment portfolio alignment and eligibility indicators at a difference of 2% and 1% respectively.

It will continue to examine the ESG performance of Línea Directa Aseguradora's value chain, as it has done in previous years, under the 2023-2025 Sustainability Plan. It thus plans to have 80% of its purchase volume assessed centrally by the department that manages them.

In addition and among other actions, the Group will start applying the Internal Control over Sustainability Reporting (ICSR) system to the sustainability information reported by the Group so that it is ready to improve it and meet potential reasonable assurance requirements in future years. In 2024, the Board of Directors approved a policy and methodology defining and laying down the details of the Internal Control over Sustainability Reporting system.

Finally, the Línea Directa Group reports the eligibility percentages of its premiums and assets (i.e. of its investment portfolio and investment properties). The percentage of eligible premiums and taxonomy-aligned premiums is thus 1.7%. Furthermore, it has eligible investment portfolios by turnover and CAPEX of 12.9% and 13.3% respectively. The EU Taxonomy-aligned investment portfolio by turnover and by CAPEX is 3.5% and 5.0% respectively.

j) Internal control system

Under article 46 of the Solvency Directive and article 66 of Spanish Law 20/2015 on the management, supervision and solvency of insurance companies, the Group is required to have an effective internal control system in place. The system must include at least administrative and accounting procedures, an internal control framework, appropriate reporting arrangements at all levels of the undertaking and a compliance function.

The control activities must be proportionate to the risks arising from the activities and processes being controlled.

It must ensure that the internal control system's control and reporting mechanisms provide the administrative, management and control bodies with the information needed for decision-making processes.

Internal Control Framework

The Group has the necessary processes for the continuous identification, measurement, control, management and reporting of all the risks to which it is exposed or may be exposed in the future, at both individual and aggregate levels and always in accordance with the principle of proportionality.

The Group has a risk map of the business processes that include all of its potentially serious inherent risks and the residual risk level based on the effectiveness of existing controls. This covers specific significant transactions and the risks associated with each process.

Through the risks identified and the key risk indicators (KRIs) defined, the risk management system underpins the Group's process for defining strategies and decision-making, as these KRIs are included in the Group's scorecard, enabling the proactive management of these risks by management.

This report is made available to the Board through reporting to the Audit and Compliance Committee and the Management Committee.

The Group has an effective risk management system that determines how to manage each risk category and area, and any risk aggregation. The risk management system assesses the overall solvency needs identified in the Group's prospective assessment of its own risks (based on the ORSA principles), its legal capital requirements and risk tolerance limits, as well as the description of the frequency and content of the regular stress tests and situations that require specific stress tests. Policies defining the risk categories and their measurement methods are in place.

The Board has set the risk profile and overall risk tolerance limits and supervises the committees established to monitor and manage potentially serious risks, through the Audit and Compliance Committee.

The internal control environment is therefore considered to have the control and notification mechanisms required to provide the Board of Directors with relevant and accurate information for decision-making. The controls are proportional to the risks and cover all of the Group's areas and lines of business.

The degree to which the risk culture and risk management system have been embedded makes it easier to understand the implications of decisions taken by the Board and management, depending on the level of risk they are willing to assume.

Risk reporting and information mechanisms

The Corporate Risk Department collates all of the Group's risk information for regular reporting to the Audit and Compliance Committee. It also reports the status of the key risk indicators (KRI scorecard) to enable proper oversight by the Group's management bodies.

The regular risk reports are as follows:

- The Corporate Risk Department reports monthly to the Company's Management Committee on the status of the Group's risks, on the results of control tests and on any key risk indicators (KRIs) that exceed the established thresholds.

- The Audit and Compliance Committee is informed by the Risk Department of the most significant risks in the Group's Risk Map, as well as of the results of controls tests, the status of recommendations and the performance of the KRIs.

The Internal Audit function reports quarterly to the Audit and Compliance Committee on the follow-up of audits carried out.

6. Cash and cash equivalents

The composition of cash and cash equivalents at credit institutions, cheques and cash on hand at 31 December 2024 and 2023, in thousand euro, is as follows:

	2024	2023
Cash at credit institutions	13,403	38,938
Cash on hand	6	3
Financial instruments maturing within 3 months	3,300	2,805
Total	**16,709**	**41,746**

Of the balance of cash at credit institutions at 31 December 2024 and 2023, €13,135 thousand and €30,169 thousand respectively correspond to balances with Bankinter, S.A. (see Note 20).

At 31 December 2024 and 2023, the Group held a current account that had been pledged to a reinsurer for a total of €2,100 thousand to secure compliance with certain contractual obligations. The remaining amount of cash and cash equivalents is subject to no further restriction on its use and disposal.

The interest rate on the Company’s current accounts is negotiated with each bank. In 2024, the current account in dollars earned an average yield of 5.22% (4.80% in 2023) and the current account with Bankinter earned a yield of 2.6% (2.03% in 2023).

The Group held euro-denominated cash only at year-end 2024 and 2023. Accrued interest is recorded under the sub-heading “Income from financial investments” in the consolidated statement of profit or loss.

7. Financial instruments

a) Financial assets

a.1) Balances of financial assets

The classification of financial assets by category and class at year-end 2024 and 2023 is as follows:

	2024	2023
Financial assets at fair value through profit or loss		
Available-for-sale financial assets		
Equity instruments	57,876	53,998
Listed	8,597	8,029
Non-listed	49,279	45,970
Total financial assets at fair value through profit or loss	**57,876**	**53,998**
Financial assets at fair value through other comprehensive income		
Available-for-sale financial assets	-	-
Equity instruments	74,918	63,524
Listed	59,493	63,524
Non-listed	15,425	-
Debt securities	850,449	759,821
Listed	850,449	759,821
Total financial assets at fair value through other comprehensive income	**925,367**	**823,345**
Hedging derivatives	**4,652**	**5,909**
Financial assets at amortised cost		
Loans and receivables	34,341	15,456
Debt securities	-	-
Deposits with credit institutions	23,013	4,209
Receivables on direct insurance business – policyholders	-	-
Receivables on reinsurance business	3,890	7,019
Other receivables	7,438	4,228
Total financial assets at amortised cost	**34,341**	**15,456**
Total financial assets	**1,022,236**	**898,709**

Financial assets break down as follows:

Equity instruments

The “Equity instruments” sub-heading at year-end 2024 was made up of €74,918 thousand in shares classified under “Financial assets through equity” (€63,524 thousand in 2023) and shares in investment and private equity funds amounting to €57,876 thousand (€53,998 thousand in 2023) classified under “Financial assets through profit or loss”. Total investment in shares in 2024 includes a total of €28,765 thousand in two listed real estate investment companies (SOCIMIS – Spanish REITs) (€29,532 thousand in 2023).

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Debt securities

This sub-heading includes €850,449 thousand in 2024 (€759,821 thousand in 2023) corresponding to fixed-income securities and their accrued interest receivable, of which €6,965 thousand related to significant shareholders at 31 December 2024 (€4,747 thousand at 31 December 2023).

In 2024, accrued interest receivable on these investments amounted to €7,589 thousand (€5,820 thousand in 2023). The average return on the fixed income portfolio in 2024 was 2.79% (2.60% in 2023) and 5.62% on equity instruments (5.01% in 2023).

There were no impairment losses on these debt securities beyond the expected loss (Note 7 a.3)) at year-end in either 2024 or 2023.

The breakdown of financial assets at amortised cost is as follows:

Assets at amortised cost

Deposits with credit institutions

At year-end 2024, the Group held long-term deposits of €23,013 thousand (€4,209 thousand at year-end 2023) with Banco Santander.

Receivables on reinsurance business

The “Receivables on reinsurance business” sub-heading shows receivables from reinsurers under reinsurance arrangements.

On 1 September 2017, the Group entered into a quota share reinsurance contract for the Health segment, maturing on 31 December 2025 and with a two-year renewal option, which was subsequently extended to 2029. This contract includes a cession of 50% of most of the policies of the business covered.

At year-end 2024 and 2023, the balances in this sub-heading of the accompanying consolidated balance sheet were €3,890 thousand and €7,019 thousand, respectively, mainly for health quota share reinsurance.

Hedging derivatives

The “Hedging derivatives” heading includes 1 swap contract in 2024 (1 swap contract in 2023). In both 2024 and 2023, the swap was recognised as an asset.

The balance at year-end 2024 and 2023 and the changes during the year were as follows:

2024

	Closing value at 31/12/2023	Valuation adjustment	Purchases / Sales	Closing value at 31/12/2024
SWAP	5,909	(1,257)	-	4,652
Total	5,909	(1,257)	-	4,652

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2023				
	Closing value at 31/12/2022	**Valuation adjustment**	**Purchases / Sales**	**Closing value at 31/12/2023**
SWAP	7,808	(1,899)	-	5,909
Total	7,808	(1,899)	-	5,909

The breakdown by type of contract at year-end 2024 and 2023 is as follows:

					2024		
Type of asset	**Counterparty**	**Number of contracts**	**Book value**	**Market value**	**Nominal value**	**Rate**	**Currency**
Current account	BBVA S.A.	1	(773)	(773)	(773)	Eonia	EUR
Current account subtotal							
			(773)	**(773)**	**(773)**	**Eonia**	**EUR**
Swap	**BBVA S.A.**	**1**	**4,652**	**4,652**	**4,652**		**EUR**
Subtotal – Swap			**4,652**	**4,652**	**4,652**		**EUR**
Total			**3,879**	**3,879**	**3,879**		**EUR**

					2023		
Type of asset	**Counterparty**	**Number of contracts**	**Book value**	**Market value**	**Nominal value**	**Rate**	**Currency**
Current Account	BBVA S.A	1	(1,356)	(1,356)	(1,356)	Eonia	**EUR**
Current account subtotal			**(1,356)**	**(1,356)**	**(1,356)**	**Eonia**	**EUR**
Swaps	BBVA S.A.	**1**	**5,909**	**5,909**	**5,909**		**EUR**
Subtotal – Swap			**5,909**	**5,909**	**5,909**		**EUR**
Total			**4,553**	**4,553**	**4,553**		**EUR**

The collateral swaps current account is not offset against the value of the swap and is therefore recorded separately.

Fair value is calculated as the present value of the outstanding flows between the two parties.

For these swaps, the risk arises from the underlying securities' own interest rate or market risk. The derivative product associated with the underlying securities is also exposed to these same risks.

The hedged item consists of coupon payments of 2.45% on a BTPS bond on €50,000 thousand until it matures on 1 September 2033. In exchange, the Company receives payments of Euribor 6M+1.03% on €50,000 thousand of the BTPS bond until it matures on 1 September 2033.

Other receivables

The balances comprising the “Other receivables” sub-heading at the end of 2024 and 2023, and related impairment adjustments, are as follows:

	2024	**2023**
Bonds and deposits	256	269
Sundry receivables	3,841	2,628
Receivable from Group companies and associates	(497)	416
Impairment allowance on other receivables	(102)	(126)

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Right-of-use assets	2,759	-
Total	**6,257**	**3,187**

The rest of this heading is composed of Receivables from public authorities, for €1,181 thousand at 31 December 2024 (€1,041 thousand at 31 December 2023).

"Sundry receivables" mainly includes the monthly settlement with TIREA for the agreement modules.

a.2) Classification under SPPI criteria

The fair value of financial assets based on the SPPI approach as at 31 December 2024 and 2023 and the change in fair value during each year are provided below. According to the SPPI approach, assets are classified into two categories:

– **SPPI**: financial assets whose cash flows represent solely payments of principal and interest on the outstanding principal, excluding any asset that is classified as held for trading under IFRS 9 or that is managed and whose performance is assessed on a fair value basis.

– **Other**: all financial assets not included in the SPPI category:

  • whose contractual terms do not give rise to cash flows at specified dates that are solely payments of principal and interest on the outstanding principal;

  • classified as held for trading under IFRS 9 or that are managed and whose performance is assessed on a fair value basis.

Financial assets	**2024**	**2023**
Financial assets at fair value with changes in other comprehensive income and profit and loss	983,243	877,343
Equity investments	57,876	53,998
Other	57,876	53,998
Equity instruments	74,918	63,524
Other	74,918	63,524
Debt securities	850,449	759,821
SPPI	850,449	759,821
Financial assets at amortised cost		
Derivatives	4,652	5,909
Other	4,652	5,909
Loans and receivables		
Debt securities	-	-
SPPI	-	-
Deposits with credit institutions	23,013	4,209
SPPI	23,013	4,209
Reinsurance receivables	3,890	7,019
SPPI	3,890	7,019
Other receivables	6,257	3,187
SPPI	6,257	3,187
Total financial assets	**1,021,055**	**899,659**

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The credit rating of fixed income issuers and deposits held at credit institutions at 31 December 2024 and 2023 is as follows:

2024							
Rating	**AAA**	**AA**	**A**	**BBB**	**Below investment grade**	**No rating**	**Total**
Public fixed income							
SPPI	12,880	64,793	160,521	122,082	**1,031**	**-**	**361,307**
Private fixed income							
SPPI	21,772	38,264	233,417	190,906	4,783	-	**489,142**
Total fixed income	**34,652**	**103,057**	**393,938**	**312,988**	**5,814**	**-**	**850,449**
% fixed income	4%	12%	46%	37%	1%	**-**	100%
Deposits with credit institutions	**-**	**-**	**23,013**	**-**	**-**	**-**	**23,013**
SPPI	-	-	23,013	-	-	-	**23,013**

2023							
Rating	**AAA**	**AA**	**A**	**BBB**	**Below investment grade**	**No rating**	**Total**
Public fixed income							
SPPI	44,868	30,084	146,486	158,196	**1,031**	**-**	**380,665**
Private fixed income							
SPPI	10,644	25,541	177,514	147,688	11,709	6,060	**379,156**
Total fixed income	**55,512**	**55,625**	**324,000**	**305,884**	**12,740**	**6,060**	**759,821**
% fixed income	7%	7%	43%	40%	2%	1%	100%
Deposits with credit institutions							
SPPI	-	-	4,209	-	-	-	**4,209**

The credit rating follows the scales used by the main international credit rating agencies.

a.3) Income and expenses from financial assets

The amount of net gains and losses by category of financial assets at year-end 2024 and 2023 is as follows:

	2024			
	Financial assets at amortised cost	**Financial assets at fair value through other comprehensive income**	**Financial assets at fair value through profit or loss**	**Other financial assets**
Interest on bank deposits	1,754	-	-	-
Income from premium instalments	7,606	-	-	-
Fixed income expected loss	-	34	-	-
Net losses on swap valuation	-	-	-	(7,032)
Losses on valuation of equity instruments	-	-	(3,524)	-
Losses on realisation of investments	-	(2,826)	(47)	-
Interest on fixed-income securities	-	22,307	-	-
Income on equity instruments	-	4,325	-	-
Net valuation gains on fixed income securities covered by swap	-	-	-	7,032
Gains/(losses) on realisation of investments	-	1,568	10	-
Gains/(losses) on valuation of investments	-	-	3,813	-
Positive exchange differences	-	890	-	-
Negative exchange differences	-	(41)	(281)	-
Other expenses	-	-	-	1,077
Net result in profit and loss	**9,360**	**26,257**	**-29**	**1,077**
Change in fair value OCI	**-**	9,658	-	-
Net result in other comprehensive income	**-**	**9,658**	**-**	**-**

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	2023			
	Financial assets at amortised cost	**Financial assets at fair value through other comprehensive income**	**Financial assets at fair value through profit or loss**	**Other financial assets**
Interest on bank deposits	1,596	-	-	-
Income from premium instalments	4,738	-	-	-
Expected loss on fixed income securities	-	(40)	-	-
Net losses on swap valuation	-	-	-	9,026
Losses on valuation of equity instruments	-	-	(2,724)	-
Losses on realisation of investments	-	(2,519)	-	-
Interest on fixed-income securities	-	16,854	-	-
Income on equity instruments	-	3,010	-	-
Net valuation gains on fixed income securities covered by swap	-	-	-	(9,026)
Gains/(losses) on realisation of investments	-	2,683	-	-
Gains/(losses) on valuation of investments	-	-	4,530	-
Positive exchange differences	-	48	-	-
Negative exchange differences	-	(139)	(223)	-
Other expenses	-	-	-	3,107
Net result in profit and loss	**6,334**	**19,897**	**1,583**	**3,107**
Change in fair value OCI	-	24,084	-	-
Realisation of equity instruments OCI	-	3,237	-	-
Net result in other comprehensive income	**-**	**27,321**	**-**	**-**

In both 2024 and 2023, financial derivatives have been classified as financial assets due to their valuation.

The amounts of fair value hedge adjustments made to the hedged item recognised in the statement of profit or loss are as follows:

				2024	
31 December 2024	**Nominal**	**Book value**	**Heading of the consolidated balance sheet**	**Changes in fair value used as the basis for recognising ineffectiveness in the period**	**Ineffectiveness reported**
Hedging derivatives	50,000	4,652	Hedging derivatives	(1,256)	-

				2024	
31 December 2024	**Nominal**	**Book value**	**Heading of the consolidated balance sheet**	**Cumulative fair value adjustment of the hedged item**	**Changes in fair value used as the basis for recognising ineffectiveness in the period**
Fixed-income instruments	50,000	47,260	Debt securities	1,515	(1,256)

				2023	
31 December 2023	**Nominal**	**Book value**	**Heading of the consolidated balance sheet**	**Changes in fair value used as the basis for recognising ineffectiveness in the period**	**Ineffectiveness reported**
Hedging derivatives	50,000	5,909	Hedging derivatives	(1,899)	-

				2023	
31 December 2023	**Nominal**	**Book value**	**Heading of the consolidated balance sheet**	**Cumulative fair value adjustment of the hedged item**	**Changes in fair value used as the basis for recognising ineffectiveness in the period**
Fixed-income instruments	50,000	45,745	Debt securities	4,861	(1,899)

Expected loss

On the IFRS 9 transition date, the Group calculated expected loss at -€286 thousand. The changes in this expected loss during 2024 and 2023 and in the allocation of stages of debt securities (not including coupon accruals) were as follows:

Consolidated Financial Statements 2024 (expressed in thousand euro)

	2024					
	Stage 1		Stage 2		Total	
	Market value	Expected loss	Market value	Expected loss	Market value	Expected loss
Balance at 1 January 2024	**754,284**	**(285)**	**-**	**-**	**754,284**	**(285)**
Transfer to Stage 2	-	-	-	-	-	-
Expected loss originated or due to purchases	355,580	(105)	-	-	355,580	(105)
Maturities or sales	(259,994)	61	-	-	(259,994)	61
New measurements	(6,721)	43	-	-	(6,721)	43
Change in expected loss	**-**	**(1)**	**-**	**-**	**-**	**(1)**
Balance at 31 December 2024	**843,149**	**(286)**	**--**		**843,149**	**(286)**

	2023					
	Stage 1		Stage 2		Total	
	Market value	Expected loss	Market value	Expected loss	Market value	Expected loss
Balance at 1 January 2023	**612,672**	**(244)**	-	-	**612,672**	**(244)**
Transfer to Stage 2	-	-	-	-	-	-
Expected loss originated or due to purchases	276,278	(60)	-	-	276,278	(60)
Maturities or sales	(182,140)	17	-	-	(182,140)	17
New measurements	47,474	2	-	-	47,474	2
Change in expected loss	**-**	**(41)**	**-**	**-**	**-**	**(41)**
Balance at 31 December 2023	**754,284**	**(285)**	**-**	**-**	**754,284**	**(285)**

a.4) Fair value breakdown

Details of financial assets at fair value by valuation level are as follows:

		2024		
	Book value	Fair value		
		Tier 1	Tier 2	Tier 3
Financial assets at fair value through changes in equity	**925,367**	**854,115**	**55,826**	**15,425**
Equity instruments	74,918	59,493	-	15,425
Listed	59,493	59,493	-	-
Non-listed	15,425	-	-	15,425
Debt securities	850,449	794,623	55,826	-
Listed	850,449	794,623	55,826	-
Non-listed	-	-	-	-
Total	**925,367**	**854,115**	**55,826**	**15,425**

		2024		
	Book value	Fair value		
		Tier 1	Tier 2	Tier 3
Financial assets at fair value through changes in P&L	**57,876**	**8,597**	**-**	**49,279**
Equity instruments	57,876	8,597		
Listed	8,597	8,597	-	-
Non-listed	49,279	-	-	49,279
Debt securities	-	-	-	-
Listed	-	-	-	-
Non-listed	-	-	-	-
Total	**57,876**	**8,597**	**-**	**49,279**

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		2023		
	Book value	Fair value		
		Tier 1	Tier 2	Tier 3
Financial assets at fair value through changes in equity	**823,345**	**756,174**	**51,632**	**15,541**
Equity instruments	63,524	47,984	-	15,541
Listed	47,984	47,984	-	-
Non-listed	15,541	-	-	15,541
Debt securities	759,821	708,190	51,632	-
Listed	759,821	708,190	51,632	-
Non-listed	-	-	-	-
Total	**823,345**	**756,174**	**51,632**	**15,541**

		2023		
	Book value	Fair value		
		Tier 1	Tier 2	Tier 3
Financial assets at fair value through changes in P&L	**53,999**	**8,029**	**28**	**45,942**
Equity instruments	53,999	8,029	28	45,942
Listed	8,029	8,029	-	-
Non-listed	45,970	-	28	45,942
Debt securities	-	-	-	-
Listed	-	-	-	-
Non-listed	-	-	-	-
Total	**53,999**	**8,029**	**28**	**45,942**

The fair values of short-term loans and receivables have not been included because their carrying amounts are a reasonable approximation of fair value.

To determine Tier 2 fair values for the years 2024 and 2023, a model has been used in which future cash flows, including the redemption value, are discounted from a yield curve with two main components:

- Zero coupon swap curve of the currency in which the issue is denominated, which is considered to be the best approximation of the risk-free interest rate.

- Additional risk spread, which will be the spread added or deducted from the zero-coupon swap curve reflecting the risks inherent in the issuance being assessed, such as credit risk, illiquidity and optionality.

The following table shows the valuation methods used in 2024 and 2023 to determine Tier 3 fair values, as well as the unobservable variables used and the relationship between key variables and fair value:

Consolidated Financial Statements 2024 (expressed in thousand euro)

Rate	Valuation method	Variables used (unobservable)	Interrelationship between key variables and fair value
Net asset value of investments in private equity funds with renewable energy generating assets as the underlying asset	Discounted cash flows: the most widely accepted method, which treats the investment as a cash flow generator. To obtain its value, this method calculates the present value of the future cash flows taking into account the implicit risk of achieving them. Thus, the discounted cash flow method estimates the cash flows that the asset / investment will generate in the future, and then discounts them at an appropriate discount rate, depending on the risk associated with achieving those cash flows. The discount rate used is based on the resulting WACC (weighted average cost of capital), according to the different sources of financing (equity vs debt) and their respective weights. For the 2024 valuations, the ranges of these discount rates are between 4.22% and 6.52%. For the 2023 valuations, the ranges of this discount rate are between 4.65% and 7%.	WACC and return on investment	The higher the WACC, the lower the fair value; and the higher the return on investment, the higher the fair value (bearing in mind that income depends on prevailing regulations).
Net asset value of the underlying funds	As funds of funds, the value of each unit is calculated as the sum of the net asset values provided by each of the underlying funds. Valuation as per the amounts communicated by the fund management companies, which are compared with the net asset values included in the financial statements. All fund management companies are filed and registered with the CNMV. In each fund, fair value is calculated in accordance with the valuation reports and financial statements provided by each investee.	Net asset value of each fund % holding in the portfolio of each fund	The higher the net asset value of the underlying funds, the higher their value. The higher the percentage holding in the underlying funds, the greater the proportional value of that fund to the investing funds.
Net asset value of shares	Relates to shares held in SOCIMIs (Spanish REITs). The valuation methodology is based on the standards and techniques recommended by RICS, using the relevant methods of comparison (comparable transactions) and cash flow discounts (based on the estimated income and expenses of the asset over a 10-year period).	Market data on returns, discount rates and annual valuation by an independent expert.	The higher the value of the property investments, the higher the net asset value of the Company.
Net asset value of loans	The manager of the BNY Mellon fund conducts a daily valuation of the fund. In carrying out this calculation, the fund manager relies on public sources to obtain the daily price of the loans. These public sources are independent price providers, such as Bloomberg, Markit and Reuters. These price providers generate their information from actual transactions supplied to them by the trading desks of the main financial institutions, on the basis of cross-trading during the day and the level of supply and demand for each loan during the day.	Quotations provided by the trading desks of the main financial institutions. Specialist sources, Markit Partners/LoanX and IDC/Reuters.	Prices calculated on the basis of the information supplied to them by the trading desks of the main financial institutions.

The Investment Committee exercises powers relating to the oversight and control of investments and the financial results from such investments, economic and financial information and compliance with the Investment Guidelines that the Group is required to comply with.

Changes in financial assets measured in accordance with valuation techniques based on unobservable data (Tier 3) are as follows:

Equity investments	**Non-listed**
Balance at 31 December 2022	**55,960**
Purchases	7,561
Sales	(2,639)
Tier transfers	-
Realised gains/(losses)	1,153
Changes in valuation through profit or loss	(552)
Balance at 31 December 2023	**61,483**
Purchases	5,108
Sales	(1,803)
Tier transfers	-
Realised gains/(losses)	167
Changes in valuation through profit or loss	(250)
Balance at 31 December 2024	**64,704**

The amounts recognised under “Other comprehensive income” have been recorded under the sub-heading “Gains/(losses) on valuation adjustments” of the consolidated statement of other comprehensive income.

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During the years ended 31 December 2024 and 2023, there were no tier transfers of financial assets. The Group considers tier transfers to occur on the date of the event or change in circumstances that caused the reclassification (IFRS 13.95).

b) Financial liabilities

b.1) Balances of financial liabilities

The classification of financial liabilities by category and class at year-end 2024 and 2023 is as follows:

	2024	2023
Financial liabilities at amortised cost		
Debt and accounts payable		
Due on insurance business with policyholders	2,259	1,752
Due on insurance business with brokers	1,179	1,066
Due on reinsurance business	346	1,351
Taxes and social security payable	16,745	15,221
Other debts	56,786	45,923
Total financial liabilities at amortised cost	77,315	65,313
Total financial liabilities	77,315	65,313

The details of financial assets at amortised cost are as follows:

Due on reinsurance business

The “Due on reinsurance business” sub-heading shows the debts owed to reinsurers. The balances comprising this sub-heading of the accompanying consolidated balance sheet at year-end 2024 and 2023, by type of reinsurance, are as follows:

	2024	2023
Reinsurance fines and other guarantees	782	878
XL reinsurance	(436)	473
Total	**346**	**1,351**

Other debts

Details of the “Other payables” sub-heading at year-end 2024 and 2023 are as follows:

	2024	2023
Suppliers of goods and services	48,617	39,490
Right-of-use liabilities	2,826	2,041
Outstanding remunerations	5,343	4,392
Total other debts	**56,786**	**45,923**

The “Outstanding remunerations” sub-heading includes recurring annual, quarterly and monthly incentives that are pending payment, which amounted to €5,343 thousand at 31 December 2024 (€4,392 thousand at December 2023).

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Lease liabilities

Details of movements in lease liabilities during the years ended 31 December 2024 and 2023 are as follows:

	2024	2023
Balance at the beginning of the year	2,041	3,768
Additions	2,519	-
Disposals	(316)	(294)
Finance expenses	(108)	(39)
Payments	(1,310)	(1,394)
Balance at the end of the year	**2,826**	**2,041**

The contractual maturities of undiscounted lease liabilities (i.e. including future interest payable) for 2024 and 2023 are as follows:

	2024	2023
Less than one year	1,750	1,865
Between 1 and 5 years	1,221	257
Beyond 5 years	-	-
Total future payments	**2,971**	**2,122**

The discount rate used by the Group is the incremental borrowing rate, which is the rate at which the Group could obtain finance under comparable terms and conditions.

The weighted average incremental borrowing rate was 1.62% and 1.29% for 2024 and 2023, respectively.

b.3) Fair value breakdown

The fair value of derivatives is calculated through the use of valuation techniques. Valuation techniques maximise the use of available observable market data and rely as little as possible on entity-specific estimates.

As all significant variables required to calculate their fair value are observable, swaps are included in Tier 2. Fair value has been calculated as the present value of estimated future cash flows based on estimated interest rate curves.

For current debts and payables, details of fair values have not been provided because their carrying amounts are a reasonable approximation of fair value.

During the years ended 31 December 2024 and 2023, there were no transfers of financial liabilities between the different tiers.

Consolidated Financial Statements 2024 (expressed in thousand euro)

8. Property, plant and equipment and investment property

a) Property, plant and equipment

At 31 December 2024 and 2023, the balance of this sub-heading of the accompanying consolidated balance sheet, as well as its change over the aforementioned years, breaks down as follows:

	Land	Buildings	Plant	IT equipment	Furniture and other property, plant and equipment	Assets in course of construction	Total property, plant and equipment
Cost at 31/12/2022	**19,630**	**25,259**	**22,505**	**13,379**	**6,095**	**260**	**87,127**
Additions	-	-	356	1,115	26	57	1,554
Disposals	(300)	(3)	-	(2,060)	(2)	(55)	(2,420)
Transfers	-	14	248	-	(6)	(262)	(6)
Cost at 31/12/2023	**19,330**	**25,270**	**23,109**	**12,434**	**6,113**	**-**	**86,255**
Additions	-	-	319	2,022	21	195	2,557
Disposals	-	-	-	(1,134)	(17)	-	(1,151)
Transfers	-	-	-	-	-	-	-
Cost at 31/12/2024	**19,330**	**25,270**	**23,428**	**13,322**	**6,116**	**195**	**87,661**
Accumulated depreciation at 31/12/2022	**-**	**(7,625)**	**(16,804)**	**(10,384)**	**(4,694)**	**-**	**(39,508)**
Additions	-	-	(1,153)	(154)	(326)	-	(1,633)
Disposals	-	(504)	-	716	2	-	214
Transfers	-	-	-	-		-	-
Accumulated depreciation at 31/12/2023	**-**	**(8,129)**	**(17,957)**	**(9,822)**	**(5,018)**	**-**	**(40,927)**
Additions	-	(507)	(1,049)	(1,377)	(317)	-	(3,250)
Disposals	-	-	-	1,101	17	-	1,118
Transfers	-	-	-	-	-	-	-
Accumulated depreciation at 31/12/2024	**-**	**(8,636)**	**(19,006)**	**(10,098)**	**(5,319)**	**-**	**(43,059)**
Impairment provision at 31/12/2022	**(2,251)**	**-**	**-**	**-**	**-**	**-**	**(2,251)**
Impairment provision at 31/12/2023	**(2,251)**	**-**	**-**	**-**	**-**	**-**	**(2,251)**
Impairment provision at 31/12/2024	**(2,251)**	**-**	**-**	**-**	**-**	**-**	**(2,251)**
Carrying amount at 31/12/2022	**17,379**	**17,634**	**5,701**	**2,994**	**1,400**	**260**	**45,368**
Carrying amount at 31/12/2023	**17,079**	**17,141**	**5,152**	**2,611**	**1,094**	**-**	**43,077**
Carrying amount at 31/12/2024	**17,079**	**16,634**	**4,422**	**3,224**	**798**	**195**	**42,351**

The main additions at 31 December 2024 and 2023 are for IT equipment and the acquisition of a car park.

During 2024 and 2023, the Group derecognised fully depreciated items of property, plant and equipment amounting to €1,134 thousand and €2,054 thousand, respectively.

At 31 December 2024 and 2023, no impairment losses had been recognised.

The Group has taken out insurance policies with third parties to cover risks that could affect its property, plant and equipment. The coverage provided under these policies is considered sufficient.

The following table provides a breakdown of the fair value at 31 December 2024 and 2023 of the properties included under property, plant and equipment, as determined by an authorised property valuation company (see Note 3 f)):

Consolidated Financial Statements 2024 (expressed in thousand euro)

			2024		
Description	**Cost value**	**Accumulated depreciation**	**Impairment**	**Net book value**	**Market value**
Land and buildings at I. Newton, 7 (Tres Cantos)	11,578	(7,120)	-	4,458	11,700
Land and buildings at I. Newton, 9 (Tres Cantos)	9,943	(3,887)	(734)	5,323	5,518
Land and buildings at Ronda Europa, 7 (Tres Cantos)	29,781	(11,476)	(1,275)	17,031	17,754
Land and Buildings at Torres Quevedo, 1 (Tres Cantos)	8,970	(1,693)	(106)	7,171	7,900
Lands and buildings at Avda. El Sol, 9 (Torrejón de Ardoz)	2,347	371	(138)	1,923	1,996
C/ Einstein, 1 (Tres Cantos)	1,425	-	-	1,425	1,430
Total	**64,044**	**(23,805)**	**(2,253)**	**37,331**	**46,298**

			2023		
Description	**Cost value**	**Accumulated depreciation**	**Impairment**	**Net book value**	**Market value**
Land and buildings at I. Newton, 7 (Tres Cantos)	5,394	(2,015)	-	3,379	11,314
Land and buildings at I. Newton, 9 (Tres Cantos)	7,371	(1,500)	(734)	5,137	5,457
Land and buildings at Ronda Europa, 7 (Tres Cantos)	21,853	(4,003)	(1,273)	16,577	17,413
Land and Buildings at Torres Quevedo, 1 (Tres Cantos)	6,199	(269)	(106)	5,824	7,860
Lands and buildings at Avda. El Sol, 9 (Torrejón de Ardoz)	2,347	(342)	(138)	1,867	1,911
C/ Einstein, 1 (Tres Cantos)	1,425	-	-	1,425	1,425
Total	**44,589**	**(8,129)**	**(2,251)**	**34,209**	**45,380**

Market value is based on the comparison method (based on the replacement principle), which values property assets by comparison with other property values on the market and uses concrete information on actual transactions and firm offers to derive current cash purchase prices for these properties on the basis of homogenisation coefficients (Tier 2).

b) Investment property

The Group's investment property comprises property assets held for lease. In 2024, rental income from investment property owned by the Group amounted to €4,329 thousand (€4,591 thousand in 2023), as recognised under "Income from property, plant and equipment and investment property" in the consolidated statement of profit or loss.

Activity recognised under this sub-heading for 2024 and 2023 has been as follows:

	Land	**Buildings**	**Plant**	**Total investment property**
Cost at 31/12/2022	**32,409**	**38,396**	**292**	**71,097**
Additions	502	-	-	502
Disposals	(1,961)	(4,941)	-	(6,902)
Cost at 31/12/2023	**30,950.00**	**33455**	**292**	**64697**
Additions	73	-	576	648
Cost at 31/12/2024	**31,023**	**33,455**	**868**	**65,345**
Accumulated depreciation at 31 December 2022	**-**	**(6,284)**	**(137)**	**(6,421)**
Additions	-	(669)	(15)	(684)
Disposals	-	931	-	931
Accumulated depreciation at 31 December 2023	**-**	**(6,022)**	**(152)**	**(6,174)**
Additions	-	**(670)**	**(46)**	**(716)**
Disposals	-	**-**	**-**	**-**
Accumulated depreciation at 31 December 2024	**-**	**(6,692)**	**(198)**	**(6,890)**
Carrying amount at 31/12/2022	**32,409**	**32,112**	**155**	**64,676**
Carrying amount at 31/12/2023	**30,950**	**27,433**	**140**	**58,523**
Carrying amount at 31/12/2024	**31,023**	**26,763**	**670**	**58,456**

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At year-end 2024 and 2023, there were no restrictions whatsoever on the realisation of new investment property, the collection of income therefrom or the proceeds of any possible sale or disposal. Furthermore, no investment property was subject to warranties or reversion.

The depreciation rates used are described in Note 3 f) in these notes to the consolidated statements.

No investment property was disposed of in 2024. On 5 December 2023, the building located at Calle José Echegaray 9 was sold, resulting in a realised gain of €1,417 thousand in profit or loss.

At 31 December 2024 and 2023, no impairment losses had been recognised.

All properties were insured against the risk of fire and third-party liability in 2024 and 2023.

The following table provides a comparison between the carrying amount and the fair value of investment property (land and buildings), as determined by an authorised property valuation company (see Note 3 f)), at 31 December 2024 and 2023:

			2024		
Description	**Cost value**	**Accumulated depreciation**	**Impairment**	**Net book Value**	**Fair value**
C/ Chamberí 8 (Madrid)	43,466	(3,877)	-	39,589	49,561
Avda. de Bruselas 22 (Madrid)	21,881	(3,014)	-	18,868	22,193
Total	**65,347**	**(6,891)**	**-**	**58,456**	**71,754**

			2023		
Description	**Cost value**	**Accumulated depreciation**	**Impairment**	**Net book Value**	**Fair value**
C/ Chamberí 8 (Madrid)	42,524	(3,323)		39,201	52,574
Avda. de Bruselas 22 (Madrid)	21,881	(2,699)		19,182	25,345
Total	**64,405**	**(6,022)**		**58,383**	**77,919**

Fair value was obtained using the rental income discount method, which discounts expected future profits (expected cash flows from rent or associated economic activity) and uses unobservable inputs such as current occupancy and the probability of future occupancy and/or current or expected delinquency of collections (Tier 2).

Future receivables from undiscounted operating leases for 2024 and 2023 are as follows:

	2024	2023
Between 1 and 5 years	2,873	4,329
Beyond 5 years	2,835	4,290
Total future receivables	-	-
	5,708	**8,619**

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9. Intangible assets

a) Detail of intangible assets

At 31 December 2024 and 2023, the balance of this heading related entirely to software. Changes in 2024 and 2023 are as follows:

	External software	Internal software	External assets under construction	Internal assets under construction	Other	Total intangible assets
Cost at 31/12/2022	**96,943**		**4,976**		**-**	**101,919**
Additions	2,396		3,948		12,386	18,730
Disposals	(7,777)		-		-	(7,777)
Transfers	3,903		(3,903)		-	-
Cost at 31/12/2023	**95,465**	**-**	**5,021**	**-**	**12,386**	**112,872**
Additions	5,071	189	9,015	2,035	3,646	19,956
Disposals	-	-	-	-	-	-
Transfers	4,001	-	(4,001)	-	-	-
Cost at 31/12/2024	**104,537**	**189**	**10,035**	**2,035**	**16,032**	**132,828**
Accumulated amortisation at 31 December 2022	**(87,437)**		**-**		**-**	**(87,437)**
Additions	(13)					(13)
Disposals	3,766					3,766
Accumulated amortisation at 31 December 2023	**(83,684)**	**-**	**-**	**-**	**-**	**(83,684)**
Additions	(2)	-	-	-	-	(2)
Disposals	(3,796)	(1)	-	-	-	(3,797)
Accumulated amortisation at 31 December 2024	**(87,482)**	**(1)**	**-**	**-**	**-**	**(87,483)**
Carrying amount at 31/12/2022	**9,506**	**-**	**4,976**	**-**	**-**	**14,482**
Carrying amount at 31/12/2023	**11,781**	**-**	**5,021**	**-**	**12,386**	**29,188**
Carrying amount at 31/12/2024	**17,055**	**188**	**10,035**	**2,035**	**16,032**	**45,345**

Additions recognised in 2024 largely related to software and/or software licences, while those recognised in 2023 related to the acquisition of software licences and other rights of use.

There were no Disposals in 2024. The Disposals made in 2023 were mostly due to the deregistration of software licences.

At 31 December 2024 and 2023, there were no intangible assets subject to guarantees or reversals.

The Group considers rights of use to be an intangible asset with an indefinite useful life, and they will therefore be subject to an annual impairment test in accordance with IAS 38.

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10. Other assets

The following table provides a breakdown of this heading at 31 December 2024 and 2023:

	2024	2023
Accruals	4,283	4,881
Other assets	413	2,625
Total	**4,696**	**7,506**

At 31 December 2024, the "Accruals" sub-heading includes the cost of certain services prepaid by the Group that will accrue in 2025 amounting to €4,243 thousand (€4,822 thousand in 2023).

Right-of-use assets

The breakdown and changes by asset class for right-of-use assets in 2024 and 2023 are as follows:

	Buildings	Furniture and other property, plant and equipment	Total right-of-use assets
Cost at 31/12/2022	**3,437**	**8,322**	**11,759**
Additions	486	-	486
Disposals	-	(2,365)	(2,365)
Cost at 31/12/2023	**3,923**	**5,957**	**9,880**
Additions	-	1,841	1,841
Disposals	(252)	-	(252)
Cost at 31/12/2024	**3,671**	**7,798**	**11,469**
Accumulated amortisation at 31 December 2022	**(2,366)**	**(5,772)**	**(8,138)**
Additions	(635)	-	(635)
Disposals	-	885	885
Accumulated amortisation at 31 December 2023	**(3,001)**	**(4,887)**	**(7,888)**
Additions	-	(581)	(581)
Disposals	(241)	-	(241)
Accumulated amortisation at 31 December 2024	**(3,242)**	**(5,468)**	**(8,710)**
Carrying amount at 31/12/2022	**1,071**	**2,550**	**3,621**
Carrying amount at 31/12/2023	**922**	**1,070**	**1,992**
Carrying amount at 31/12/2024	**429**	**2,330**	**2,759**

"Buildings" includes mainly offices and car parks leased by the Group to third parties. The average duration of these contracts is 6 years. The lease term has been determined as the non-cancellable period together with the contractual renewal options that the Group is reasonably certain to exercise.

"Furniture and other property, plant and equipment" mainly shows the leasing of replacement vehicles which the Group offers to insured customers while their vehicle is under repair. The average duration of these vehicle leasing contracts is 3 years. The lease term has been determined as the non-cancellable period on the basis of the vehicle leasing contracts.

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As indicated in note 3 g), the Group has chosen not to recognise in the balance sheet lease liabilities and right-of-use assets relating to short-term leases (leases for a period of one year or less) or leases of low-value assets (up to €5 thousand).

The expense associated with such exemptions is classified in the consolidated statement of profit or loss by purpose and in the statement of cash flows under the sub-heading “Payments for other operating activities”. The total lease expense subject to IFRS 16 treatment but exempted due to term or amount amounted to €4 thousand in 2024 (€5 thousand in 2023).

In 2024 and 2023, the Group did not incur any expenses for variable lease payments.

11. Assets and liabilities under insurance and reinsurance contracts

a) Amounts recognised in the balance sheet

The breakdown of reinsurance contract assets and insurance contract liabilities by business segment at the end of 2024 and 2023 is as follows:

31 December 2024	Motor	Home	Health	Other	Total
Assets under reinsurance contracts held	**15,576**	**6,910**	**11,609**	2	**34,097**
Assets for remaining coverage	**-**	**-**	**6,858**	**-**	**6,858**
Assets for remaining coverage under PAA	**-**	**-**	**6,858**	**-**	**6,858**
Assets for remaining coverage	-	-	5,447	-	5,447
Recovery component	-	-	1,411	-	1,411
Assets for incurred claims	**15,576**	**6,910**	**4,751**	**2**	**27,239**
FCF present value estimates	14,567	5,972	4,514	2	25,055
Risk adjustment	1,009	938	237	-	2,184
Liabilities under insurance contracts	**665,573**	**91,134**	**10,188**	570	**767,466**
Liabilities for remaining coverage	**302,606**	**58,799**	**501**	**370**	**362,277**
Liabilities for remaining coverage under PAA	**302,606**	**58,799**	**501**	**370**	**362,277**
Liabilities for remaining coverage	302,606	58,799	(2,321)	370	359,455
Loss component	-	-	2,822	-	2,822
Liabilities for incurred claims	**362,967**	**32,335**	**9,687**	**200**	**405,189**
FCF present value estimates	339,009	27,828	9,167	200	376,204
Risk adjustment	23,958	4,507	520	-	28,985

31 December 2023	Motor	Home	Health	Other	TOTAL
Assets under reinsurance contracts held	**12,354**	**9,249**	**10,336**	-	**31,939**
Assets for remaining coverage	**-**	**-**	**6,166**	**-**	**6,166**
Assets for remaining coverage under PAA	**-**	**-**	**6,166**	**-**	**6,166**
Assets for remaining coverage	-	-	4,621	-	4,621
Recovery component	-	-	1,545	-	1,545
Assets for incurred claims	**12,354**	**9,249**	**4,170**	**-**	**25,773**
FCF present value estimates	11,382	8,655	3,985	-	24,022
Risk adjustment	972	594	185	-	1,751
Liabilities under insurance contracts	**621,613**	**85,311**	**8,153**	234	**715,311**
Liabilities for remaining coverage	**284,233**	**55,307**	**(221)**	**33**	**339,352**
Liabilities for remaining coverage under PAA	**284,233**	**55,307**	**(221)**	**33**	**339,352**
Liabilities for remaining coverage	284,233	55,307	(3,310)	33	336,263
Loss component	-	-	3,089	-	3,089
Liabilities for incurred claims	**337,380**	**30,004**	**8,374**	**201**	**375,959**
FCF present value estimates	311,721	27,902	8,000	201	347,824
Risk adjustment	25,659	2,102	374	-	28,135

b) Movement in insurance and reinsurance assets and liabilities

b.1) Movement in insurance assets and liabilities

Movement in insurance assets and liabilities at 31 December 2024 and 2023 is as follows:

Consolidated Financial Statements 2024 (expressed in thousand euro)

2024

MOVEMENT IN INSURANCE ASSETS AND LIABILITIES	Liabilities for remaining coverage (excluding onerous contracts)	Liabilities for remaining coverage (onerous contracts) Loss component	Liabilities for incurred claims		Total
			Estimated present value of future cash flows	Risk adjustment	
Opening balance of assets					
Opening balance of liabilities	336,263	3,089	347,824	28,135	715,311
Opening net balance	**336,263**	**3,089**	**347,824**	**28,135**	**715,311**
Insurance income	**(991,329)**				**(991,329)**
Insurance expenses (*)	**184,412**	**(268)**	**750,471**	**88**	**934,703**
Claims and other expenses for incurred claims			748,347		748,347
Changes related to past services			2,124	88	2,212
Losses and reversal of losses on onerous contracts		(268)			(268)
Amortisation of acquisition expense	184,412				184,412
Total income from insurance services	**(806,917)**	**(268)**	**750,471**	**88**	**(56,626)**
Net financial result recognised in the statement of profit or loss			8,513	656	9,169
Net financial result recognised in equity			1,381	106	1,487
Total changes in profit or loss and OCI	**-**	**-**	**9,894**	**762**	**10,656**
Premiums collected	1,017,133				1,017,133
Claims and other expenses paid (including investment components)			(731,985)		(731,985)
Acquisition expenses paid	(187,024)				(187,024)
Total cash flows	**830,109**	**-**	**(731,985)**	**-**	**98,124**
Closing balance of assets					
Closing balance of liabilities	359,455	2,822	376,204	28,985	767,465
Closing net balance	**359,455**	**2,822**	**376,204**	**28,985**	**767,466**

(*) Insurance expenses take into account expenses attributable to claims incurred.

2023

MOVEMENT IN INSURANCE ASSETS AND LIABILITIES	Liabilities for remaining coverage (without onerous contracts)	Liabilities for remaining coverage (onerous contracts) Loss component	Liabilities for incurred claims		Total
			Estimated present value of future cash flows	Risk adjustment	
Opening balance of assets	**-**	**-**	**-**	**-**	**-**
Opening balance of liabilities	320,603	4,453	264,742	20,484	610,282
Opening net balance	**320,603**	**4,453**	**264,742**	**20,484**	**610,282**
Insurance income	**(960,266)**	**-**	**-**	**-**	**(960,266)**
Insurance expenses (*)	**183,554**	**(1,365)**	**806,411**	**6,977**	**995,577**
Claims and other expenses for incurred claims	-	-	775,777	-	775,777
Changes related to past services	-	-	30,634	6,977	37,611
Losses and reversal of losses on onerous contracts	-	(1,365)	-	-	(1,365)
Amortisation of acquisition expenses	183,554	-	-	-	183,554
Total income from insurance services	**(776,712)**	**(1,365)**	**806,411**	**6,977**	**35,311**
Net financial result recognised in the statement of profit or loss	-	-	4,480	347	4,827
Net financial result recognised in equity	-	-	4,225	327	4,552
Total changes in profit or loss and	**-**	**-**	**8,705**	**674**	**9,379**
Premiums collected	969,982	-	-	-	969,982
Claims and other expenses paid (including investment components)	-	-	(732,034)	-	(732,034)
Acquisition expenses paid	(177,610)	-	-	-	(177,610)
Total cash flows	**792,372**	**-**	**(732,034)**	**-**	**60,338**
Closing balance of assets	-	-	-	-	-
Closing balance of liabilities	336,263	3,089	347,824	28,135	715,310
Closing net balance	**336,263**	**3,089**	**347,824**	**28,135**	**715,311**

(*) Insurance expenses take into account expenses attributable to claims incurred.

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b.2) Movement in reinsurance assets and liabilities

The movements in reinsurance assets and liabilities at 31 December 2024 and 2023 are as follows:

2024

MOVEMENT IN CEDED REINSURANCE ASSETS AND LIABILITIES	Liabilities for remaining coverage (without onerous contracts)	Liabilities for remaining coverage (onerous contracts)	Liabilities for incurred claims – Contracts under the simplified approach		Total
			Estimated present value of future cash flows	Risk adjustment	
Opening balance of assets	4,621	1,545	24,022	1,751	31,939
Opening balance of liabilities	-	-	-	-	-
Opening net balance	**4,621**	**1,545**	**24,022**	**1,751**	**31,939**
Income from ceded reinsurance contracts	**1,170**	**(134)**	**17,292**	**502**	**18,830**
Expenses from ceded reinsurance contracts	**(24,230)**	**-**	**-**	**-**	**(24,230)**
Total expenses from ceded reinsurance contracts	**(23,060)**	**(134)**	**17,292**	**502**	**(5,400)**
Net financial result recognised in the statement of profit or loss	-	-	(447)	(39)	(486)
Net financial result recognised in equity	-	-	(339)	(30)	(369)
Total changes in profit or loss and OCI	**-**	**-**	**(786)**	**(69)**	**(855)**
Premiums ceded	25,056	-	-	-	25,056
Cash flows received	(1,170)	-	(15,472)	-	(16,642)
Total cash flows	**23,886**	**-**	**(15,472)**	**-**	**8,413**
Closing balance of assets	5,447	1,411	25,055	2,184	34,097
Closing balance of liabilities	-	-	-	-	-
Closing net balance	**5,447**	**1,411**	**25,055**	**2,184**	**34,097**

2023

MOVEMENT IN CEDED REINSURANCE ASSETS AND LIABILITIES	Liabilities for remaining coverage (without onerous contracts) Excluding loss component	Liabilities for remaining coverage (onerous contracts) Loss component	Liabilities for incurred claims – Contracts under the simplified approach		Total
			Estimated present value of future cash flows	Risk adjustment	
Opening balance of assets from ceded reinsurance cont.	4,553	1,913	14,497	993	21,956
Opening balance of liabilities from ceded reinsurance cont.	-	-	-	-	-
Opening net balance	**4,553**	**1,913**	**14,497**	**993**	**21,956**
Income from ceded reinsurance contracts	**114**	**(368)**	**20,073**	**756**	**20,575**
Expenses from ceded reinsurance contracts	**(23,489)**	**-**	**-**	**-**	**(23,489)**
Total expenses from ceded reinsurance contracts	**(23,375)**	**(368)**	**20,073**	**756**	**(2,914)**
Net financial result recognised in the statement of profit or loss	-	-	(169)	(12)	(181)
Net financial result recognised in equity	-	-	204	14	218
Total changes in profit or loss and OCI	**-**	**-**	**35**	**2**	**37**
Premiums ceded	23,555	-	-	-	23,555
Cash flows received	(112)	-	(10,583)	-	(10,695)
Total cash flows	**23,443**	**-**	**(10,583)**	**-**	**12,860**
Closing balance of assets	-	-	-	-	-
Closing balance of liabilities	4,621	1,545	24,022	1,751	31,939
Closing net balance	**4,621**	**1,545**	**24,022**	**1,751**	**31,939**

Consolidated Financial Statements 2024 (expressed in thousand euro)

c) Income and expenses from insurance services

The following table provides a breakdown of insurance income and expenses at 31 December 2024 and 2023:

	2024	2023
Insurance contract revenue measured under PAA	**991,329**	**960,266**
Premiums allocated to the period	991,329	960,266
Premiums written	1,019,606	973,281
Change in liabilities for remaining coverage	(28,277)	(13,015)
Expenses for claims incurred and other expenses	**934,704**	**995,577**
Claims paid and expenses incurred	917,506	920,105
Claims paid	577,289	578,387
Attributable expenses	340,217	341,718
Claims expenses	125,074	127,364
Other attributable expenses	215,143	214,354
Change in liabilities for incurred claims	17,465	76,837
Losses and reversals on onerous contracts and adjustments for losses	(267)	(1,365)
RESULT OF INSURANCE CONTRACTS (A)	**56,625**	**(35,311)**

d) Financial income and expenses from insurance services

The following table provides a breakdown of financial income and expenses from insurance contracts at 31 December 2024 and 2023, including changes in equity:

	2024	2023
Financial income/(expenses) from insurance contracts issued	**(10,656)**	**(9,378)**
Credited interest	(9,169)	(4,827)
Effect of changes in OCI	(1,487)	(4,551)
Financial income/(expenses) from reinsurance contracts held	**855**	**(37)**
Credited interest	486	181
Effect of changes in OCI	369	(218)
Financial income/(expenses) from insurance and reinsurance contracts	**(9,801)**	**(9,415)**

Consolidated Financial Statements 2024 (expressed in thousand euro)

e) Changes in claims incurred

Information on the development of direct insurance claims incurred, including liabilities for claims incurred and excluding reinsured warranties and travel assistance, as well as recoveries certain and agreed (which are already recognised as liabilities from incurred claims in accordance with IFRS 17), from the year of occurrence of the claims until the end of 2024, is provided below:

Year of occurrence	Item	Year of occurrence	Trend in claims in the years following year of occurrence									
			1 year later	2 years later	3 years later	4 years later	5 years later	6 years later	7 years later	8 years later	9 years later	More than 9 years later
2014 and prior	Provision pending	1,290,920	442,494	239,174	146,587	146,587	58,713	37,404	26,954	17,338	10,220	6,803
	Accumulated payments	1,946,899	2,970,750	3,450,620	3,835,680	3,835,680	4,394,786	4,568,965	4,691,623	4,787,323	4,866,512	4,927,411
	Total cost	**3,237,819**	**3,413,244**	**3,689,794**	**3,982,267**	**3,982,267**	**4,453,499**	**4,606,369**	**4,718,577**	**4,804,662**	**4,876,732**	**4,934,214**
2015	Provision pending	190,121	57,242	26,438	13,941	13,941	3,430	2,171	1499.78117	533.01534	422.43108	
	Accumulated payments	247,882	329,431	345,672	352,475	352,475	359,078	359,748	360,467	362,119	362,195	
	Total cost	**438,003**	**386,673**	**372,111**	**366,416**	**366,416**	**362,508**	**361,919**	**361,967**	**362,652**	**362,618**	
2016	Provision pending	213,455	80,001	43,518	16,746	16,746	5,860	3,505	2,369	1241.48476		
	Accumulated payments	254,659	337,478	359,317	373,382	373,382	383,274	385,570	388,356	389,676		
	Total cost	**468,114**	**417,479**	**402,834**	**390,128**	**390,128**	**389,134**	**389,075**	**390,726**	**390,918**		
2017	Provision pending	220,134	75,241	33,156	17,451	17,451	5,135	3,584	2,899			
	Accumulated payments	274,877	375,942	401,271	412,754	412,754	420,845	422,286	423,086			
	Total cost	**495,011**	**451,183**	**434,427**	**430,205**	**430,205**	**425,980**	**425,870**	**425,985**			
2018	Provision pending	209,500	62,410	37,441	16,940	16,940	10,073	7,667				
	Accumulated payments	302,136	413,245	440,681	452,983	452,983	460,872	463,376				
	Total cost	**511,636**	**475,654**	**478,122**	**469,923**	**469,923**	**470,945**	**471,042**				
2019	Provision pending	223,591	87,557	40,244	20,679	20,679	9,349					
	Accumulated payments	338,329	453,502	478,415	490,900	490,900	505,789					
	Total cost	**561,920**	**541,058**	**518,659**	**511,579**	**511,579**	**515,138**					
2020	Provision pending	179,537	61,587	30,598	20,553	20,553						
	Accumulated payments	279,694	365,270	384,127	392,863	392,863						
	Total cost	**459,231**	**426,858**	**414,725**	**413,415**	**413,415**						
2021	Provision pending	229,585	74,071	37,703	23,211							
	Accumulated payments	339,130	452,836	479,833	491,000							
	Total cost	**568,716**	**526,907**	**517,535**	**514,210**							
2022	Provision pending	253,580	96,428	52,802								
	Accumulated payments	371,682	508,544	533,462								
	Total cost	**625,262**	**604,972**	**586,264**								
2023	Provision pending	301,994	112,783									
	Accumulated payments	407,103	555,145									
	Total cost	**709,097**	**667,928**									
2024	Provision pending	287,816										
	Accumulated payments	391,373										
	Total cost	**679,189**										

Consolidated Financial Statements 2024 (expressed in thousand euro)

12. Non-technical provisions

Non-technical provisions are based on the valuation criteria set forth in Note 3 n) and contain provisions relating to Group personnel and other potential tax liabilities (see Note 13).

Changes in other non-technical provisions in 2024 and 2023 are as follows:

	2024	2023
Balances at the beginning of the year	375	780
Allocations	3,649	375
Amounts utilised	(375)	(780)
Balance at the end of the year	**3,649**	**375**

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13. Tax position

Following the IPO of Línea Directa Aseguradora, S.A. Compañía de Seguros y Reaseguros in April 2021, Bankinter, S.A. ceased to be the Parent Company for VAT purposes of the Insurance Group comprising Línea Directa Aseguradora, S.A. Compañía de Seguros y Reaseguros, S.A. and several of its subsidiaries (Línea Directa Asistencia S.L.U., Centro Avanzado de Reparaciones, CAR, S.L.U. and Ambar Medline, S.L.U.), leading to the departure of this Insurance Group from VAT Group 128/09. Simultaneously and without interruption, the Boards of Directors of these companies agreed to re-qualify, with an effective date of 1 April 2021, for the Special Regime of Chapter IX of the Title of Law 37/1992 on Value Added Tax, thus forming the new VAT Group 0130/21, whose Parent Company is Línea Directa Aseguradora, S.A. Compañía de Seguros y Reaseguros.

On 22 April 2015, Línea Directa Aseguradora, S.A. notified the tax authorities of the decision to file consolidated tax returns, as permitted under the Spanish Corporate Income Tax Law, thus forming and becoming the parent of a new consolidated tax group (Tax Consolidation Group No. 486/15) comprising the following companies:

Parent Company	**Tax ID**
Línea Directa Aseguradora, S.A. Compañía de Seguros y Reaseguros	A80871031
Subsidiaries Tax ID	
LDActivos, S.L.U.	B86322880
Línea Directa Asistencia, S.L.U.	B80136922
Centro Avanzado de Reparaciones CAR, S.L.U.	B84811553
Ambar Medline, S.L.U.	B85658573
Moto Club LDA, S.L.U.	B83868083

Law 27/2014 of 27 November on Corporate Income Tax sets (among other things) the tax rate payable by the Group in 2024 and 2023 at 25%.

The reconciliation between accounting profit and taxable income for income tax purposes for 2024 and 2023 is as follows:

Consolidated Financial Statements 2024 (expressed in thousand euro)

	2024		2023	
	Statement of profit or loss	**Income and expenses recognised directly in equity**	**Statement of profit or loss**	**Income and expenses recognised directly in equity**
Accounting profit/(loss) for the year	64,217	-	(4,390)	-
Corporate income tax	19,094	-	(2,157)	-
Consolidation adjustments with no tax impact	307	-	161	-
IFRS adjustments	(1,830)	-	(7,274)	-
Permanent differences:	**-**	**-**	**-**	**-**
Increases	3,446	-	-	-
Reductions	(1,507)	-	(1,180)	-
Taxable profit/(loss)	83,728	-	(12,430)	-
Temporary differences:	**-**	**-**	-	-
Originating in the year	-	-	-	-
Increases	10,482	-	17,811	-
Reductions	(7,795)	(14,589)	-	(28,891)
Originating in previous years	-	-	-	-
Increases	-	-	52,706	-
Reductions	(18,491)	-	(6,185)	-
Consolidated loss adjustment	149	(14,589)	197	-
Tax base	**68,072**	**(14,589)**	**52,100**	**(28,891)**

Details of current and deferred corporate income tax expenses recognised in the consolidated statement of profit or loss for 2024 and 2023 are as follows:

	2024	2023
Current tax expense	14,791	13,295
Adjustments to deferred taxes	4,302	(15,452)
Corporate income tax expense	**19,094**	**(2,157)**

The corporate income tax expense is the result of applying a tax rate of 25% for 2024 and 2023 to the accounting profit before tax, adjusted for permanent differences and reduced by deductions for the year:

	2024	2023
Accounting profit/(loss) before tax	83,311	(6,547)
Tax rate	25.00%	25.00%
Notional corporate income tax expense	20,828	(1,637)
Deductions on tax payable	(1,541)	(283)
Impact of consolidation adjustments	77	(32)
Corporate tax settlement adjustment for previous year	(755)	(513)
Non-deductible expenses	862	603
Non-taxable income	(377)	(295)
Deductions and amounts utilised, net	-	-
Tax losses carried forward	-	-
Corporate income tax expense	**19,094**	**(2,157)**

Consolidated Financial Statements 2024 (expressed in thousand euro)

Consolidated statement of profit or loss

The increases in permanent differences in 2024 and 2023 are due to various transactions that are not deductible for corporate income tax purposes, specifically the contributions made by the Parent Company, linked to contingencies similar to pension plans, which are not tax-deductible under article 14.2 of the Spanish Corporate Income Tax Law (LIS) and the Parent Company's donations to the Línea Directa Foundation or other entities.

The reductions in permanent differences in 2024 and 2023 are the product of gains arising from redemptions of equity investments in companies and private equity funds of the Parent Company.

The increases in temporary differences are mainly due to adjustments to provisions which, under articles 13 and 14 of the Spanish Corporate Income Tax Law (LIS), are not deductible for tax purposes. Reductions arising in prior years relate mainly to the reversal of positive adjustments to non-tax-deductible provisions made in previous years.

Income and expenses recognised directly in consolidated equity

Temporary changes originating in the year include the depreciation or revaluation of investments classified as available for sale.

Tax assets and liabilities

Tax assets and liabilities were as follows at the end of 2024 and 2023:

	2024	2023
Tax assets		
Current tax		
Withholdings for the year / Corporate income tax credit	2,667	805
Deferred tax		
For temporary differences	9,579	13,830
Other appropriations		
Tax and social security receivable	1,181	1,041
Tax liabilities		
Current tax		
Corporate income tax liability	5,435	11,384
Deferred tax liabilities		
For temporary differences	23,470	19,663
Other liabilities		
Tax authorities, withholdings for personal income tax, corporate income tax and personal income tax for non-residents (IRPF/IS/IRNR)	3,557	2,360
VAT payable to tax authorities	335	538
Social Security payable	3,149	3,083
Insurance Compensation Consortium to be paid	1,737	1,617
Tax on insurance premiums to be paid	7,021	6,492
Other taxes payable	946	1,130

Current tax assets correspond to the intra-group corporate income tax to be refunded for the year in relation to the subsidiaries and to the corporate income tax withholdings for the year to be settled in the following year.

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Tax assets due to temporary differences correspond to temporary differences arising in the year, as indicated in the reconciliation of accounting profit and the tax effect on capital losses of the portfolio of investments classified as financial assets at fair value through equity.

Temporary differences existing at 31 December 2024 will be reversed from 2025 onwards, and deferred corporate income tax is therefore calculated by applying a tax rate of 25% to the deductible temporary differences arising at the end of the year (increases) and the reversal of the deductible temporary differences from the previous year (reductions).

Current tax liabilities show the amount of corporate income tax payable for the year, net of payments on account.

At 31 December 2024 and 2023, deferred tax liabilities relate to the tax effect on:

1. Under PCEA, the Group recognises an equalisation reserve that is reclassified for presentation in accordance with IFRS requirements. The Group bases its taxation on the PCEA. As a result, a deferred tax liability of €12,910 thousand arose at year-end 2024 (€10,961 thousand in 2023) from the balance resulting from the equalisation reserve recognised under the PCEA. This will be settled with the tax authorities in the year in which it is applied in accordance with the PCEA.

2. The tax impact of capital gains in the portfolio of investments classified as financial assets at fair value through equity was €6,107 thousand at year-end 2024 (€4,831 thousand in 2023).

Changes in deferred tax assets and liabilities in 2024 and 2023 are as follows:

	Balance at 31.12.2022	Originating in profit and loss		Originating in equity		Balance at 31.12.2023	Originating in profit and loss		Originating in equity		Balance at 31.12.2024
		Additions	Disposals	Additions	Disposals		Additions	Disposals	Additions	Disposals	
Deferred assets											
Positive temporary differences in assets	1,387	5,599	(1,546)	-	-	5,440	2,691	(4,624)	-	-	3,507
Capital losses on the available-for-sale portfolio assets	13,992	-	-	101	(6,547)	7,546	-	-	88	(2,330)	5,304
Taxes deferred	6,161	-	-	-	(6,049)	112	-	-	-	(56)	56
Rights to deductions and rebates	168	-	-	64	-	232	-	-	-	(56)	176
Deductions to be applied	1,749	-	-	-	(1,749)	-	-	-	-	-	-
Tax deductions and bonuses to be credited	-	-	-	191	(191)	-	-	-	265	(265)	-
50% limit on utilisation of prior year tax losses	-	-	-	49	-	49	-	-	38	(1)	86
Temporary differences due to IFRS conversion adjustments	**7**	**444**	**-**	**-**	**-**	**451**	**-**	**-**	**-**	**-**	**450**
Total	**23,464**	**6,043**	**(1,546)**	**405**	**(14,536)**	**13,830**	**2,691**	**(4,625)**	**391**	**(2,708)**	**9,579**

	Balance at 31.12.2022	Originating in profit and loss		Originating in equity		Balance at 31.12.2023	Originating in profit and loss		Originating in equity		Balance at 31.12.2024
		Additions	Disposals	Additions	Disposals		Additions	Disposals	Additions	Disposals	
Deferred liabilities											
Tax effect on the Equalisation Reserve	(24,137)	-	-	-	13,177	(10,961)	-	-	(1,949)	-	(12,910)
Capital gains on the available-for-sale portfolio assets	(4,045)	-	-	(912)	127	(4,830)	-	-	(1,277)	-	(6,107)
Liabilities from temporary difference deductions for maintaining employment	-	-	-	-	-	-	-	-	-	-	-
Temporary differences due to IFRS conversion adjustments	(3,277)	(596)	-	-	-	(3,873)	(581)	-	-	-	(4,454)
Total	**(31,459)**	**(596)**	**-**	**(912)**	**13,304**	**(19,663)**	**(581)**	**-**	**(3,226)**	**-**	**(23,470)**

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Inspections in progress

On 9 April 2024, the Parent Company was informed that the Spanish Tax Authority's Central Office for Major Taxpayers had started general investigation and verification audits for the following taxes and periods:

- Corporate income tax for the years 2020 to 2022.
- Value added tax for the periods between April 2020 and December 2022.
- Withholdings and payments on account of income from employment, professional activities and economic activities for the periods between April 2020 and December 2022.
- Tax on insurance premiums for the periods between April 2020 and December 2022.

Furthermore, on 9 May 2024 the Parent Company was informed that the corporate income tax verification and investigation audit for 2019 had been extended.

The above-mentioned audit is thus in progress, and the only communications received have been requests for the information required in order to carry it out.

There may be certain contingent tax liabilities due to the possibility of different interpretations of the tax rules applicable to transactions. In any case, at year-end there was adequate provision for these tax liabilities.

In relation to the Inspection of the Parent Company by the Spanish Tax Authority (corporate income tax for financial years 2011, 2012 and 2013), the notices of disagreement with the tax assessment that were signed were appealed against before the Spanish Central Economic and Administrative Tribunal (TEAC) in 2019. On 13 December 2022, the TEAC Decision partially upholding the Parent Company's arguments was received. On 1 February 2023, the Parent Company filed an action for judicial review before the Spanish National Court (Audiencia Nacional) to continue its appeal against the part of its arguments rejected by the TEAC. On 15 June 2023, the Parent Company was notified of the start of the period for filing the claim, which it did on 12 July 2023. On 5 July 2024, the Parent Company submitted its written conclusions, and the appeal is pending resolution by the National Court.

On December 23, 2024, a request and communication was received from the Tres Cantos City Council regarding the Tax on Constructions, Installations and Works (ICIO) and the Fee for Urban Actions and/or Services (TASU), in order to verify the tax situation - in relation to said tax and said fee - related to the constructions, installations or works carried out in the municipality of Tres Cantos in the years 2020, 2021, 2022, 2023 and 2024.

The Board of Directors considers that, upon completion thereof, no significant aspects, control measures or other risks that may have a significant impact on the Group's consolidated financial statements will arise.

14. Equity

The composition of equity and changes therein in 2024 and 2023 are shown in the accompanying consolidated statements of changes in equity.

On 29 April 2021, the Parent Company's shares became listed and traded on the continuous market.

At 31 December 2024, the Parent Company's share capital amounted to €43,537 thousand, represented by 1,088,416,840 registered shares, each having a par value of €0.04, and all of them fully subscribed and paid up and conferring the same rights and obligations.

The shareholders of the Parent Company with a stake equal to or greater than 3% of the share capital as at 31 December 2024 and considered significant shareholders according to the regulations of the Securities Market are as follows:

2024

	Number of shares	%
Cartival	218,336,487	20.06%
Bankinter	189,555,907	17.42%
Fernando Masaveu Herrero	59,474,596	5.46%
Barandes Investment Partners LP	55,093,832	5.06%
Global Portfolio Investments	54,435,506	5.00%
Norbel Inversiones SL	54,430,000	5.00%
Wellington Management Group	36,240,750	3.33%
Lazard Asset Management	34,778,950	3.20%

2023

	Number of shares	%
Cartival	216,553,770	19.90%
Bankinter	189,555,907	17.42%
Fernando Masaveu Herrero	58,570,346	5.38%
Norbel Inversiones SL	54,430,000	5.00%
Lazard Asset Management	34,778,950	3.20%
Barandes Investment Partners LP	32,674,276	3.00%

At 31 December 2024 and 2023, the Parent Company has established the minimum capital required by the Spanish Law on the Regulation and Supervision of Private Insurance to operate in the authorised insurance segments.

a) Legal reserve

In accordance with prevailing commercial legislation, companies that obtain profits during the financial year must allocate 10% of these profits to the legal reserve until it reaches at least 20% of share capital. The legal reserve may be used to increase the share capital but only in respect of the part of the reserve that exceeds 10% of the already increased share capital. Aside from this purpose, and until the legal reserve exceeds 20% of share capital, it may only be used to offset losses and provided that no other reserves are available for this purpose.

At 31 December 2024 and 2023, the balance of this reserve was above the minimum requirement.

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b) Other reserves

At 31 December 2023 and 2024, these reserves were unrestricted.

The equalisation reserve set up by the Parent Company in the amount of €51,634 thousand at year-end 2024 and €43,839 thousand at year-end 2023 in accordance with local regulations will be unrestricted for the sole purpose of offsetting possible future excesses of claims.

c) Own shares

The balance of this sub-heading of equity in the consolidated balance sheet is obtained by deducting equity in accordance with IAS 32: Financial Instruments: Presentation.

Changes in own shares are as follows:

Thousands euro	**Acquisition cost**	**Nominal value**	**Number of shares**
Balance at 1 January 2023	**1,018**	**23**	**656,911**
Additions	-	-	-
Disposals	(374)	(10)	(279,328)
Balance at 31 December 2023	**644**	**13**	**377,583**
Balance at 1 January 2024	**644**	**13**	**377,583**
Additions	162	5	150,000
Disposals	(563)	(11)	(333,390)
Balance at 31 December 2024	**243**	**7**	**194,193**

In 2024 and 2023, the Company continued to carry out the extraordinary share-based remuneration plan linked to the IPO and renewed the employee share purchase plan described in Note 21 c). Details of all deliveries under those programmes and the purchases made to fulfil them in 2024 and 2023 are provided below:

Acquisition date	**Type of acquisition**	**Quantity**	**Price**	**Market value (thousand euro)**	**Acquisition cost (thousand euro)**
Balance at 31 December 2022		**656,911**	**1**	**1,019**	**1,018**
14/04/2023	Delivered to CEO	(14,455)	0.99	(14)	(22)
04/05/2023	Delivered to directors, 2nd payment	(148,102)	0.99	(146)	(230)
22/11/ 2023	Delivered to employees	(44,444)	0.82	(36)	(69)
22/12/2023	Delivered to employees	(72,327)	0.80	(57)	(113)
14/04/2024	Delivered to CEO	(3,213)	0.96	(2)	(5)
14/04/2024	Delivered to CEO	(2,748)	0.96	(2)	(4)
22/05/2024	Delivered to directors 3rd payment	(156,209)	1.01	(157)	(242)
22/06/2024	Delivered to employees	(87,118)	0.96	(83)	(135)
22/07/2024	Delivered to employees	(42,094)	1.09	(46)	(65)
11/09/2024	Purchase	53,572	1.07	57	57
12/09/2024	Purchase	5,325	1.07	6	6
16/09/2024	Purchase	6,314	1.09	7	7
17/09/2024	Purchase	84,789	1.09	92	92
22/10/2024	Delivery	(17,772)	1.17	(21)	(22)
22/11/2024	Delivery	(9,019)	1.12	(10)	(11)
22/12/2024	Delivery	(15,218)	1.14	(17)	(19)
Total		**194,193**	**39**	**591**	**243**

d) Interim dividend

2024

At 31 December 2024, there were no outstanding dividends.

The provisional accounting statement prepared by the Group on the last accounting closing available on the date of the dividend proposals, in accordance with statutory requirements, which demonstrates the existence of sufficient liquidity for the distribution of such interim dividends, was as follows:

Liquidity statement for the period:

	Resolution of 12.12.2024	Resolution of 23.07.2024
Net profit at date of resolution	**41,894**	**26,721**
Less:		
Other reserves	-	-
Dividends paid	(15,000)	-
Unrestricted profit	**26,894**	**26,721**
Proposal to pay interim dividends	**15,000**	**15,000**
Total dividend to be paid	**15,000**	**15,000**
Cash liquidity prior to payment	**23,070**	**15,945**
Expected receipts less expected payments	2,757	38,849
Remaining cash	**25,827**	**54,794**

2023

On 30 March 2023, the General Meeting of Shareholders resolved to distribute a final dividend charged to the profits for financial year 2022 for a total amount of €1,090 thousand. At 31 December 2023, there were no outstanding amounts.

The provisional accounting statement prepared by the Group on the last accounting closing available on the date of the dividend proposals, in accordance with statutory requirements, which demonstrates the existence of sufficient liquidity for the distribution of such interim dividends, was as follows:

Liquidity statement for the period:

	Resolution of 30.03.2023
Net profit at date of resolution	**59,523**
Less:	
Other reserves	-
Dividends paid	(52,481)
Unrestricted profit	**7,042**
Proposal to pay interim dividends	**1,090**
Total dividend to be paid	**1,090**
Cash liquidity prior to payment	**28,741**
Expected receipts less expected payments	75,378
Remaining cash	**104,119**

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e) Distribution of profits at the Parent Company

The proposed distribution of profit of the Parent Company for financial year 2024, which the Board of Directors submitted to the General Meeting for its approval, is presented with the distribution of profit for financial year 2023 for comparison:

	Thousand euro	
	2024	**2023**
Distribution basis (individual profit / (loss) of Línea Directa Aseguradora, S.A. de Seguros y Reaseguros)	64,217	(12,560)
Distributed:		
to interim dividends	30,000	-
to Equalisation Reserve	7,795	7,430
to Voluntary Reserve	11,422	(19,990)
to final dividend	15,000	-

f) Valuation adjustments

Financial assets at fair value through equity

The main item recognised off the consolidated statement of profit or loss is the valuation adjustments for assets held in the portfolio of financial assets at fair value through equity, which correspond to the amount of capital gains and losses net of the tax effect. The amount of capital losses net of the tax effect at 31 December 2024 was -€8,569 thousand (-€18,226 thousand at 31 December 2023).

Changes in fair value of liabilities for insurance and reinsurance contracts

Estimated flows have to be discounted as a result of the entry into force of IFRS 17 and the calculation of the provision for incurred claims using a Best Estimate methodology. In discounting the flows of assets and liabilities under insurance and reinsurance contracts, the Group has decided to use the risk-free curve, recognising in equity the changes caused by the movement of the risk-free curve as provided by regulations. The result was a positive impact of €57 thousand at year-end 2024 (€1,174 thousand at year-end 2023).

g) Capital adequacy

At the date of authorisation for issue of these consolidated annual statements, the Group’s directors can confirm that an internal assessment of risks and solvency has been carried out and the Group is compliant with overall solvency requirements based on its risk profile, approved risk tolerance limits and business strategy.

The Group has implemented processes that are commensurate with the nature, scale and complexity of the risks inherent in its business and that enable it to properly identify and assess all existing or potential risks to which it may be exposed in the short or long run.

The directors do not expect to encounter any significant obstacles that might impede the Group's compliance with regulatory solvency and minimum capital requirements and that might affect the application of the going concern principle and the continuity of the Group’s operations. The report on the financial position and solvency of Línea Directa Aseguradora for 2024 will be approved by the Board of Directors at its meeting of 25 March 2025.

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15. Earnings per share

Basic:

Basic earnings per share are calculated by dividing the profit for the year attributable to the owners of the Parent Company by the weighted average number of common shares outstanding during the year:

	2024	2023
Profit/(loss) for the year attributable to the owners of the Parent Company	64,217	(4,390)
Weighted average of shares issued (thousands of shares)	1,088,417	1,088,417
Weighted own shares (in thousand shares) (*)	(515)	(648)
Weighted average number of common shares outstanding (in thousand shares)	1,087,902	1,087,769
Basic earnings per share (in euro)	**0.06**	**0.00**

(*) Refers to own shares held in treasury and weighted according to the period in which they were issued (Note 14 c)).

At 31 December 2024, there were 194 thousand own shares (378 thousand at 31 December 2023), which means that the weighted average of outstanding common shares is less than the weighted average of shares issued on that date.

Diluted:

Diluted earnings per share are calculated by adjusting the profit for the year attributable to the owners of the Parent Company and the weighted average number of ordinary shares outstanding for all the dilutive effects of potential ordinary shares. At 31 December 2024 and 2023, the dilutive effect on earnings per share was not material.

16. Segment information

The breakdown of income and expenses by segment, as well as the insurance technical result at the end of 2024 and 2023 under IFRS 17, is as follows:

			2024		
IFRS 17	**Motor**	**Home**	**Health**	**Other insurance businesses**	**Consolidated**
Income from ordinary insurance business	804,392	153,448	32,365	1,124	991,329
Premiums written	826,194	157,858	33,860	1,694	1,019,606
Change in liabilities for remaining coverage	(21,920)	(4,420)	(1,499)	(570)	(28,409)
Change due to impairment of outstanding premiums receivable	118	10	4	-	132
Expenses of ordinary insurance business	(762,954)	(132,942)	(37,385)	(1,423)	(934,704)
Reinsurance recoverables	(84)	(3,081)	(2,201)	(33)	(5,399)
Insurance technical result	**41,354**	**17,425**	**(7,221)**	**(332)**	**51,226**
Finance income	45,771	5,900	3,055	81	54,807
Finance expenses	(14,831)	(288)	(36)	(3)	(15,157)
Insurance and reinsurance financial income/expenses	(7,934)	(624)	(125)	-	(8,683)
Financial result	**23,007**	**4,988**	**2,895**	**78**	**30,967**
Net income from insurance and investments	**64,361**	**22,413**	**(4,327)**	**(254)**	**82,193**

			2023		
IFRS 17	**Motor**	**Home**	**Health**	**Other insurance businesses**	**Consolidated**
Income from ordinary insurance business	782,686	146,847	29,949	784	960,266
Premiums written	792,684	149,430	30,384	783	973,281
Change in liabilities for remaining coverage	(9,804)	(2,564)	(428)	1	(12,795)
Change due to impairment of outstanding premiums receivable	(194)	(19)	(7)	-	(220)
Expenses of ordinary insurance business	(818,680)	(139,671)	(36,691)	(535)	(995,577)
Reinsurance recoverables	1,087	(1,174)	(2,816)	(11)	(2,914)
Insurance technical result	**(34,907)**	**6,002**	**(9,558)**	**238**	**(38,225)**
Finance income	42,504	4,980	2,737	28	50,249
Finance expenses	(15,965)	(259)	(31)	(2)	(16,257)
Insurance and reinsurance financial income/expenses	(4,098)	(461)	(87)	-	(4,646)
Financial result of insurance services	**22,441**	**4,260**	**2,619**	**26**	**29,346**
Financial result from insurance services	**(12,466)**	**10,262**	**(6,939)**	**264**	**(8,879)**

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The breakdown of income and expenses from investments in the insurance business, consolidated by segment, for the six-month periods ended 31 December 2024 and 2023, under IFRS 17, is as follows:

			2024		
IFRS 17	**Motor**	**Home**	**Health**	**Other insurance businesses**	**Consolidated**
Income from financial investments	28,917	5,233	2,975	76	37,201
Application of value adjustments for investments	10,845	-	-	-	10,845
Income from realisation of investments	1,578	-	-	-	1,578
Income from property, plant and equipment and investment property	3,541	667	80	5	4,293
Positive exchange rate and conversion differences	890	-	-	-	890
Total financial income from investments	**45,771**	**5,900**	**3,055**	**81**	**54,807**
Value adjustments for investments	(10,551)	(91)	(11)	(1)	(10,654)
Losses on investments	(2,873)	-	-	-	(2,873)
Losses in property, plant and equipment and investment property	(1,085)	(197)	(25)	(2)	(1,308)
Negative exchange rate and conversion differences	(322)	-	-	-	(322)
Total financial expenses from investments	**(14,831)**	**(288)**	**(36)**	**(3)**	**(15,157)**
NET INCOME FROM INVESTMENTS	**30,941**	**5,612**	**3,020**	**78**	**39,650**

			2023		
IFRS 17	**Motor**	**Home**	**Health**	**Other insurance businesses**	**Consolidated**
Income from financial investments	21,167	4,077	2,633	23	27,900
Application of value adjustments for investments	13,631	-	-	-	13,631
Income from realisation of investments	2,743	-	-	-	2,743
Income from property, plant and equipment and investment property	4,915	903	104	5	5,927
Exchange rate differences	48	-	-	-	48
Total investment income	**42,504**	**4,980**	**2,737**	**28**	**50,249**
Value adjustments for investments	(11,755)	(32)	(4)	-	(11,791)
Losses on investments	(2,579)	-	-	-	(2,579)
Losses in property, plant and equipment and investment property	(1,271)	(227)	(27)	(2)	(1,527)
Negative exchange rate and conversion differences	(360)	-	-	-	(360)
Total financial expenses from investment	**(15,965)**	**(259)**	**(31)**	**(2)**	**(16,257)**
NET INCOME FROM INVESTMENTS	**26,539**	**4,721**	**2,706**	**26**	**33,992**

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17. Other operating expenses

Below is a breakdown of net operating expenses attributable by type and purpose for 2024 and 2023:

Attributable operating expenses by purpose:

	2024	2023
Attributable operating expenses by purpose		
Claims-related expenses	(125,074)	(127,364)
Acquisition costs	(184,412)	(183,554)
Administration expenses	(30,731)	(30,800)
Total attributable operating expenses by purpose	**(340,217)**	**(341,718)**
Non-attributable expenses	**(4,534)**	**(3,809)**

Operating expenses by type:

	2024	2023
Operating expenses by type		
Fees and other portfolio expenses	(36,592)	(35,784)
Staff expenses (Note 23 b))	(126,568)	(123,496)
External services	(159,107)	(153,662)
Leases	(422)	(544)
Repair and maintenance work (premises and properties)	(2,584)	(2,688)
Other IT services	(27,332)	(26,813)
Utilities and supplies	(3,463)	(3,415)
Advertising and publicity	(41,622)	(43,582)
Public relations	(690)	(527)
Independent professional services	(4,962)	(1,297)
Other services	(78,031)	(74,796)
Taxes	(231)	(622)
Depreciation and amortisation (Notes 8, 9 a) and 10)	(7,501)	(8,268)
Expenses recognised directly to purpose	(14,753)	(23,695)
Total operating expenses by type	**(344,752)**	**(345,527)**

Each expenditure heading in the above table corresponds to its expenditure type according to its description. The heading “Other services” includes expenses incurred by subsidiaries for services linked to claims incurred in the Group Parent Company's policy portfolio, such as services provided by crane drivers and vehicle inspectors, etc., which are allocated to “Claims-related expenses” in the statement of profit or loss of the Group’s non-life insurance business.

The Group considers as “non-attributable expenses” those that are not related to the insurance business and that cannot fall within the limits of insurance and reinsurance contracts under paragraph B65 *et seq.* of the IFRS 17 application guidance. These are mainly expenses related to the Board of Directors, employee training and market research.

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Profit or loss from insurance and reinsurance shows the attributable expenses per unit of account or segment. In other words, it comprises the expenses that are directly attributable to the insurance business. In addition, the Company recognises these expenses based on their role in the operating cycle of the insurance business (expenses attributable to claims, acquisition of insurance contracts or administration expenses) similar to the one used under local regulations for a better understanding.

Attributable expenses are initially recognised by type and then reclassified to purpose if this is not consistent with their type. Reclassifications were carried out in the following headings:

1) Claims-related expenses. These include expenses for personnel engaged in claims handling, depreciation and amortisation of fixed assets assigned to this activity, fees paid in connection with claims management, and expenses incurred in connection with other services necessary for claims handling.

2) Net operating expenses. This heading includes:

   - Acquisition expenses. This includes fees and commissions, production staff costs, depreciation and amortisation of fixed assets assigned to this activity, the costs of considering and processing applications and drawing up policies, and expenses from advertising, publicity and commercial organisation costs directly related to the acquisition of insurance contracts.

   - Administration expenses. These include mainly the costs of administrative staff and depreciation and amortisation of fixed assets assigned to this activity, as well as expenses arising from contentious matters related to premiums, refund processing expenses and ceded and accepted reinsurance. This category also includes investment-related expenses, such as staff and fees, commissions and brokerage fees accrued, and any other expenses related to the insurance business.

Attributable expenses specific to a unit of account are assigned directly to it. Expenses that are only partially related to such units of account are assigned based on certain distribution criteria that do not change over time, such as amount of premiums, portfolio volume or number of claims.

18. Other income

Details of other income in the statement of profit or loss for other activities are as follows:

	2024	2023
Other income from other activities		
Intermediation income from credit cards and other insurers' policies	437	536
Commission payment for Insurance Compensation Consortium	664	639
Income from bank branch management	977	1,032
Income from management expenses passed on	633	622
Income from profit sharing in businesses delivered to Bankinter	247	329
Reclassified non-technical income	2,694	2,983
Total other income from other activities	**5,652**	**6,141**

The sub-heading “Reclassified non-technical income” shows income from Subsidiaries that is not eliminated upon consolidation, as well as other ancillary insurance income.

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19. Pension commitments

a) Defined contribution

Under the terms of the collective bargaining agreement for the industry, the Group is required to take out a collective life insurance policy for all its employees. This has been outsourced in the form of a life risk insurance policy that is renewable annually. The policy generated staff expenses for premiums paid of €548 thousand in 2024 (€535 thousand in 2023).

The collective bargaining agreement also imposes a savings and pension insurance obligation. For employees hired on or after 1 January 2017 and those who have voluntarily opted to transfer to this new system (approximately 95% of the total workforce), the Group has outsourced its obligations by entering into a new insurance contract as an alternative to the existing defined benefit policy. This new contract is for a defined contribution policy covering more contingencies than the old system. The initial effective date of the obligations under the new policy is 1 January 2018 for all staff members concerned.

To ensure the effective transfer of the mathematical reserve set up for this group under the old plan, this reserve was surrendered and a premium covering its value was then contributed to the new defined contribution policy. This policy resulted in staff expenses for premiums paid of €673 thousand in 2024 (€705 thousand in 2023) and a mathematical provision of €7,019 thousand at 31 December 2024 (€6,275 thousand at 31 December 2023).

There were no policy surrenders in 2024 or 2023. All the premiums for 2024 were paid in full in December 2024. All the premiums for 2023 were paid in full in December 2023.

The Group also has a collective insurance policy in effect to formalise its retirement pension commitments with certain members of senior management. These defined contribution policies are also outsourced, and regular contributions are made for the various members of the group. In 2024, this policy accrued premiums of €1,270 thousand, with a mathematical provision of €13,006 thousand at year-end. In 2023, this policy accrued premiums of €542 thousand, with a mathematical provision of €11,014 thousand at year-end. The contributions made to this policy are entirely voluntary for the Group and are made at the discretion of its decision-making body.

The Group also has a defined contribution savings and retirement pension policy in the form of a saving policy for members of senior management. In 2024, this policy accrued premiums of €81 thousand, with a mathematical provision at year-end of €885 thousand. In 2023, this policy accrued premiums of €78 thousand, with a mathematical provision of €791 thousand at year-end.

b) Defined benefit

For those employees hired prior to 1 January 2017 who have decided not to migrate to the new system under the collective agreement, there is an obligation to pay a retirement bonus that will only be collected if the employee retires at the standard age and does so while working at the Company. This obligation is outsourced in the form of a matching policy. As a result, the Group does not recognise any obligations or provisions in its consolidated financial statements.

In 2024 and 2023, the Company made contributions only for those employees hired prior to 1 January 2017 who chose not to avail themselves of the new system, with total premium payments of €95 thousand and €105 thousand in 2024 and 2023, respectively.

The present value of the commitments made by the Company for post-employment benefits at 31 December 2024 is €679 thousand (€660 thousand at 31 December 2023). These amounts include the outstanding plan transfer rights of employees who decided to join the new plan from 1 January 2018. In 2024 and 2023, there were surrenders of €51 thousand and €66 thousand respectively.

Defined benefit pension commitments are outsourced through group life insurance contracts allocating investments whose flows coincide in both time and amount with the amounts and timing of the insured benefits.

The present value of the commitments has been determined by independent qualified actuaries applying the following actuarial assumptions:

Actuarial assumptions	2024	2023
Technical interest rate	Based on year in which premium is issued	Based on year in which premium is issued
Mortality tables	GR95 for the initial segment. For new additions since 2005, PERMF 2020 for Línea Directa Aseguradora policies and PERMF 2020 for Línea Directa Asistencia policies.	GR95 for the initial segment. For new additions since 2005, PERMF 2020 for Línea Directa Aseguradora policies and PERMF 2020 for Línea Directa Asistencia policies.
Annual wage growth rate	Línea Directa Aseguradora: 0.80% Línea Directa Asistencia: 2.5%	Línea Directa Aseguradora: 0.80% Línea Directa Asistencia: 3.0%

At 31 December 2024 and 2023, there were no accrued contributions outstanding.

Consolidated Financial Statements 2024 (expressed in thousand euro)

20. Related-party transactions

"Related parties" include, in addition to the subsidiaries and associated entities, the "key personnel" of the management of the Group (members of its Board of Directors and the Management Committee), as well as the shareholders who may directly or indirectly exercise control over the Group, and those with a significant influence on financial and operational decision-making, as mentioned in ORDER EHA/3050/2004, of 15 September, on the information on related-party transactions to be disclosed by companies issuing securities admitted to trading on official secondary markets.

Following the admission to trading of Línea Directa Aseguradora on 29 April 2021, the Bankinter Group and all the companies comprising it are considered significant shareholders. Prior to that date, the Línea Directa Group was part of the Bankinter Group, which held a 99.99% stake. From the day of admission to trading until 31 December 2023, as indicated in Note 14, Bankinter's percentage stake has been reduced to 17.42%, and it has had no representatives on the Group's Board of Directors since the date of the IPO.

In 2024 and 2023, there were no inter-company transactions between Group companies that were not eliminated on consolidation.

a) Direct insurance transactions

Insurance brokerage fees

Insurance brokerage fees accrued in 2024 and 2023 are as follows:

	2024	2023
Significant shareholders	4,882	5,344
Total	**4,882**	**5,344**

Issuance of insurance premiums

Insurance premiums issued in 2024 and 2023 are as follows:

	2024	2023
Significant shareholders	701	725
Total	**701**	**725**

b) Transactions due to services rendered and received

This heading shows the aggregate amount of income and expenses recognised in the consolidated statement of profit or loss or other consolidated comprehensive income concerning related-party transactions.

	Significant Shareholders	
	2024	2023
Services received	1,253	1,284
Finance expenses	337	338
Total expenses	**1,590**	**1,622**
Services rendered	545	769
Finance income	2,819	1,291
Total income	**3,364**	**2,060**

Consolidated Financial Statements 2024 (expressed in thousand euro)

The amounts of expenses and income with significant shareholders related to transactions with Bankinter Group companies carried out at arm's length.

Within expenses, the "services rendered" item corresponds mainly to brokerage fees for the sale of insurance policies in the Home segment. "Finance expenses" corresponds mainly to financial services such as fees and commissions for invoice management and card payment fees for invoices issued for the insurance policies.

Within income, income from services rendered largely relates to remuneration under collaboration agreements for the marketing, sale and issue of "Affinity" cards and the provision of personalised offers of financial products and services for the Group's existing policyholders.

In 2024, a final dividend of €15,000 thousand against profit for 2024 was declared. As stated in Note 15 d), interim dividends amounting to €1,091 thousand were agreed in 2023.

c) Balances with related parties on the consolidated balance sheet

Details of the headings of the consolidated balance sheet at 31 December 2024 and 2023 are set out in the following table:

		Significant Shareholders	
	Note	**2024**	**2023**
Assets			
Financial assets measured at fair value through equity			
I. Equity instruments	7 a)	15,425	15,541
II. Fixed-income securities	7 a)	6,965	4,747
Cash and cash equivalents	6	13,135	30,169
Other receivables			
Other receivables	7 a)	359	416
Other assets			
Accruals		101	49
Total asset balances		**35,985**	**50,922**
Liabilities			
Due to group companies and associates	7 b)	287	303
Total liability balances		**287**	**303**

d) Remuneration and other benefits of the Board of Directors

The remuneration accrued by the Group's directors and senior management in 2024 amounted to €1,124 thousand and €3,202 thousand, respectively (€1,012 thousand and €3,391, respectively, in 2023), as detailed below:

2024

	Fixed salary	Variable salary	Remuneration in kind	Per diems	Vested social security	Total
Senior management	2,287	639	209	-	67	3,202
Directors	841	51	20	212	-	1,124
Total	**3,128**	**690**	**229**	**212**	**67**	**4,326**

Consolidated Financial Statements 2024 (expressed in thousand euro)

2023

	Fixed salary	Variable salary	Remuneration in kind	Per diems	Vested social security	Total
Senior management	2,819	286	225	-	61	3,391
Directors	822	4	19	167	-	1,012
Total	**3,641**	**290**	**244**	**167**	**61**	**4,403**

The Group's senior management comprises its management team, without counting the CEO, who qualifies as a director, along with the other Board members.

The "Directors" section includes the remuneration of the members of the Board of Directors in their capacity as such and for their executive duties. The figures for 2023 do not include the previous CEO, although during the year he received the second deferred payment of his compensation for dismissal, the deferred payment of previous variable remuneration items, and the payment of consideration for the non-compete clause, amounting to €194,301. The figures for 2024 do not include the previous CEO, although during the year he received the third deferred payment of his compensation for dismissal and the deferred payment of previous variable remuneration items.

In 2023, the "Fixed salary" item of senior management included the amounts accrued for the departure of members of the Management Committee in accordance with current regulations.

"Variable salary" does not include amounts accrued during the year that are to be deferred to future years and that are subject to malus and clawback clauses.

The variable remuneration of senior management from 2023 to be deferred over the following three years (2025, 2026 and 2027) is €28 thousand. In the CEO's case, the portion shown in the table is the undeferred accrued portion of salary, with the same amount accrued in shares. The deferred amount corresponding to the following three years (2025, 2026 and 2027) is €3 thousand in cash, with the same amount delivered in shares.

The variable remuneration of senior management from 2024 to be deferred over the following three years (2026, 2027 and 2028) is €375 thousand. In the CEO's case, the portion shown in the table is the undeferred accrued portion of salary, with the same amount accrued in shares. The deferred amount corresponding to the following three years (2026, 2027 and 2028) is €34 thousand in cash, with the same amount delivered in shares.

The other directors do not have any variable remuneration.

"Per diems" for 2023 and 2024 include the per diems received by all persons who sat on the Board of Directors during the year.

"Vested social security" includes a defined contribution savings and retirement policy in the form of a savings policy for the Group's senior management. In 2023, the savings policy in favour of the Group's senior management accrued €61 thousand in Company contributions and €12 thousand in individual contributions from executives. The mathematical provision at the end of 2023 amounted to €746 thousand. During 2024, accrued premiums from Company contributions amounted to €67 thousand, and those of individual contributions from executives amounted to €9 thousand. The mathematical provision at the end of that year was €835 thousand.

Consolidated Financial Statements 2024 (expressed in thousand euro)

The Group has a collective insurance policy in effect to formalise its retirement pension commitments with certain members of senior management and the CEO. These defined contribution policies are also outsourced, and regular contributions are made for the various members of the group (Note 21). In 2024, this policy generated premium payments of €1,270 thousand (€542 thousand in 2023), and no surrenders took place. The mathematical provision for pensions for members of senior management amounted to €13,006 thousand at 31 December 2024 (€11,014 thousand in 2023). The contributions made are not shown in the above table because they are non-vested remuneration, since there are events and circumstances that may result in their non-payment in the future.

In 2024, the Group paid €31 thousand in D&O insurance premiums (€65 thousand in 2023), including for members of senior management and other executives with decision-making power at the Group.

At 31 December 2023 and 2024, there are no advances, no credits have been granted by the Parent Company to the members of its Board of Directors or senior management, and no obligations have been assumed on their behalf as a guarantee.

21. Other information

a) Guarantees with third parties

At 31 December 2024, guarantees committed to third parties amounted to €43 thousand, mainly corresponding to rental for warehouses (€46 thousand in December 2023). In addition, €1,753 thousand were pledged as sureties for court guarantees against claims at 31 December 2024 (€1,495 thousand at 31 December 2023). The Group has also provided guarantees for office rentals amounting to €70 thousand at 31 December 2024 (€94 thousand at 31 December 2023), which expire annually.

b) Staff expenses and average number of employees

The breakdown of staff expenses in 2024 and 2023 is as follows:

	2024	2023
Wages and salaries	94,189	91,877
Termination benefits	4,678	4,895
Social security contributions and others	27,701	26,724
Total personnel expenses	**126,568**	**123,496**

The average number of Group employees on the payroll in 2024 and 2023, broken down by occupational category, is as follows:

	2024			2023		
	Total	Female	Male	Total	Female	Male
Managers	76	40	36	72	38	35
Expert professionals	345	166	179	355	167	188
Professionals	649	389	260	661	400	261
Staff	1,363	816	547	1,400	830	570
Total	**2,433**	**1,411**	**1,022**	**2,488**	**1,435**	**1,053**

Meanwhile, the distribution by gender of the Group's employees and directors, broken down by category and gender, at year-end 2024 and 2023, was as follows:

	2024			2023		
	Total	Female	Male	Total	Female	Male
Directors	7	4	3	7	4	3
Managers	79	41	38	72	37	35
Expert professionals	348	169	179	348	163	185
Professionals	646	388	258	658	397	261
Staff	1,350	811	539	1,427	862	565
Total	**2,430**	**1,413**	**1,017**	**2,512**	**1,463**	**1,049**

The average number of employees with a degree of disability greater than or equal to 33% in 2024 was 38 (39 in 2023).

c) Extraordinary share-based remuneration plan linked to the IPO

Consolidated Financial Statements 2024 (expressed in thousand euro)

The CEO and the members of the Group’s Management Committee have participated in an extraordinary remuneration plan of the Group involving the delivery of shares over three years following the IPO. The purpose of this Plan, which was approved by the General Meeting of Shareholders on 18 March 2021 (the date established as the award date under the Plan), is to motivate and build the loyalty of its members by offering them the option of receiving a certain number of shares over the three years following the date of the Company's IPO. The main features of the plan are as follows:

The number of shares to be delivered per participant is the result of dividing €100 thousand by the average share price over the 30 trading days following the date of the IPO. Since the average price was €1.6339, the number of shares to be delivered is 61,203 shares per participant. With 13 participants, the programme consists of the delivery of a total of 795,639 shares with a total value of €1,300 thousand.

Term and vesting conditions: The plan guarantees the possibility of receiving 33% of the shares on the first anniversary of the IPO (29 April 2022), the second batch of 33% on the second anniversary (29 April 2023) and the remaining 34% on the third anniversary (29 April 2024). In order to receive each batch of shares, participants must still be working at the Company on each of the three anniversaries unless otherwise agreed, although they may retain the shares already received if they leave (unless their return is required under the clawback clause).

The cost of the scheme for the Company is recorded as a staff expense with a balancing entry in a reserve for own shares in equity in the consolidated balance sheet. This expense will be gradually written off on the three anniversaries as and when the shares are delivered to employees.

At 31 December 2023 and 2024, the staff expense accrued and recognised amounted to €1,136 thousand. This allocation was made on the assumption that all plan members would meet the tenure condition on each anniversary.

The value of the incentive to be received in shares of the Parent Company was assessed on the basis of the fair value of the equity instruments allocated at the grant date, considering the terms and conditions of the plan. The number of equity instruments included when determining the amount of the transaction was adjusted each year until the vesting date.

The Parent Company had 637,586 own shares available for the remuneration plan. Since 29 April 2021, the date of the IPO, when it was awarded 239,678 own shares in the exchange for Bankinter shares, the Parent Company has made successive acquisitions, all of which have been duly communicated to the CNMV, to complete the remuneration plan. The average purchase price of these shares was €1.57 per share. The corresponding shares were delivered over the following years (Note 14 c)). Surplus shares are shown in equity.

Of the 13 participants in the remuneration plan, 12 are employees of the Parent Company, and one of them is employed by another Group company, Línea Directa Asistencia, S.L.U.

The Parent Company will deliver the corresponding shares to the employee of the subsidiary Línea Directa Asistencia on the three anniversaries, with the cost being borne by the subsidiary itself and the Company receiving cash as consideration for the fair value of the shares delivered.

Details of the changes in own shares under the share delivery plan for directors can be found in Note 14 c).

As of the date of this report, the extraordinary plan linked to the IPO has been completed.

d) Employee share plans under the Flexible Remuneration programme

At year-end 2022, employees were offered the opportunity to take part in a share purchase plan as part of their flexible remuneration. The plan was aimed at all employees of the Parent Company (not including other Group companies) with a minimum length of service of 6 months and did not apply to members of the Board.

It was a single programme lasting two months (November and December 2022) and aimed at facilitating the acquisition of Línea Directa shares by employees through a flexible remuneration programme subject to a beneficial tax regime. The conditions for including the plan in the flexible remuneration programme were as follows: the amount to be allocated would be capped at €12,000 per year, the shares must be held for three years, the delivery could not exceed the upper limit for overall remuneration in kind of 30% of total remuneration, and the minimum wage could not be affected in any way.

The plan was launched at a 5% discount on the share price. The plan was approved by the Board of Directors in September and October 2022, respectively, following a report by the Appointments, Remuneration and Corporate Governance Committee.

In view of the success of the 2022 plan, in June 2023 the Board of Directors, following a proposal by the Appointments, Remuneration and Corporate Governance Committee, approved a longer-lasting programme in accordance with the provisions of the Remuneration Policy and with the following characteristics:

- Participants: The plan is aimed at all Línea Directa Aseguradora and Línea Directa Asistencia employees (employees of other Group companies are not eligible) with a minimum length of service of six months. It does not apply to members of the Board of Directors (executive or non-executive).

- Discount offered by the Company: 5% on the shares' market price.

- Duration: Annual share purchase programme lasting up to three years, or terminating earlier if the maximum number of shares earmarked for the plan is reached before then. The purchase periods will be defined annually, respecting any blackout periods that may apply.

- In determining the number of shares to be delivered, the share value will be calculated based on the average listed price in the month immediately preceding each delivery.

- The maximum amount allocated to the plan will be €2,500,000.

Based on the plan, purchase periods have been made available in November and December 2023, June and July 2024, and October, November and December 2024.

Details of the changes in own shares under the share delivery plan for employees can be found in Note 14 c).

e) Services provided to the Company

Below is a breakdown of the audit fees and fees for other services provided by PricewaterhouseCoopers Auditores, S.L. during the year for the consolidated and individual financial statements of the consolidated companies (excluding expenses and VAT):

	2024	2023
Audit services*	268	279
Other services required by law	164	140
Other attest services	43	43
Total professional services	**475**	**462**

*The amount of audit services accrued refers to the audit fees for the financial statements of the entire Línea Directa group.

“Other services required by law” shows mainly the fees for the review of the report on the financial position and solvency of the Parent Company and its insurance subsidiaries, as well as for the independent external attest service under limited assurance of the Sustainability Report.

The main items included under “Other attest services” relate to the issuance of the report on agreed-upon procedures on the Group’s Internal Control over Financial Reporting (ICFR) system, the limited review of the condensed consolidated interim financial statements for the year and limited reviews of the Group’s subsidiaries.

f) Information on the environment and on greenhouse gas emission allowances

The Group did not make any investments or incur any expenses in relation to environmental protection activities in 2024 or 2023.

The Group’s directors consider that no significant contingencies exist when it comes to environmental protection and improvement and did not consider it necessary to post any provision for environmental risks and expenses at 31 December 2024 or 2023.

No amount was allocated to those items, nor were there any changes in expenses or provisions in 2024 or 2023, and nor were any forward contracts signed or grants received in relation to greenhouse gas emission allowances.

g) Information on conflicts of interest affecting directors and their related persons

At the end of 2024 and 2023, no Group director (or persons related to the Group as defined in article 229 of the Spanish Corporate Enterprises Act) had notified the other members of the Board of Directors of any situation of direct or indirect conflict with the interests of the Group.

h) Customer Service Department

The legal framework regulating financial services provides customers with the appropriate level of protection to preserve confidence in the functioning of the markets. Within this framework, Order ECO/734/2004, of 11 March, on customer service and customer advocate departments and services of financial institutions, requires insurance companies to have a customer service department or service to address and resolve grievances and complaints submitted by their customers in relation to their legally recognised rights and interests.

The decision must be reasoned and contain clear conclusions regarding the request made in each complaint or grievance, based on the contractual clauses, the rules of transparency and customer expectations, as well as good financial practices and customs.

A total of 7,753 cases were handled in 2024 (7,637 in 2023). Of these, 7.44% (577) were complaints, (8.25% (630) in 2023), and 92.56% (7,176) were grievances (91.75% (7,007) in 2023). Of the total, 18.20% related to quotations and policy management, 70.82% to accident management, and 3.22% to the roadside assistance service (21.02%, 66.39% and 3.34%, respectively, in 2023).

Consolidated Financial Statements 2024 (expressed in thousand euro)

The breakdown by type of case handled by the Group in 2024 and 2023 is as follows:

	2024		2023	
	Number	**% of total**	**Number**	**% of total**
Complaints	577	7.44 %	630	8.25 %
Grievances	7,176	92.56 %	7,007	91.75 %
Total cases handled	**7,753**	**100.00 %**	**7,637**	**100.00 %**

The breakdown by department of the cases handled by the Group in 2024 and 2023 is as follows:

	2024		2023	
	Number	**% of total**	**Number**	**% of total**
Quotations and policy management	1,411	18.20 %	1,605	21.02 %
Accident management	5,491	70.82 %	5,070	66.39 %
Roadside assistance service	250	3.22 %	255	3.34 %
Other	601	7.75 %	707	9.26 %
Total cases handled	**7,753%**	**100.00**	**7,637**	**100.00 %**

Main issues raised by customers:

1. Rejection of damage claim following expert assessment.
2. Complaints relating to the amount of compensation and exclusions from the policy.
3. Delays in processing and repairing damage.
4. Policy cancellation, in relation to processing and reimbursement of unearned premiums.

Of all the claims and complaints received in 2024, 32.97% were upheld (39.86% in 2023), and 67.03% were dismissed (60.14% in 2023).

In addition, a total of 684 cases were resolved in 2024, leading to 278 decisions in the complainant's favour and 396 against the complainant. 10 cases remained unresolved, mainly due to duplication. The most common issues relate mainly to:

- Application/interpretation of insurance cover.
- Valuation/compensation of claims.

The percentage of decisions issued against insured parties' interests was higher than in the previous year: 396 of the 674 decisions issued in 2024 were unfavourable to the insured party (and 10 were resolved without action), compared to 214 out of 488 in 2023 (58.75% and 43.85% respectively), with a percentage difference of 14.90% between the two years.

In his report, the Consumer Ombudsman calls for prompter and more proactive handling of claims so that, between LINEA DIRECTA and the Consumer Ombudsman, claims can be resolved well ahead of the deadlines stipulated by the provisions on consumer affairs in accordance with Royal Legislative Decree 1/2007, of 16 November, approving the consolidated text of the General Law for the Defence of Users and Consumers and other laws that supplement it, so that incidents can be resolved as quickly as possible.

Consolidated Financial Statements 2024 (expressed in thousand euro)

The report also suggests that compliance with decisions for or against the insured party issued by LINEA DIRECTA itself be monitored and controlled, because failure to do so entails failure to achieve the consumer protection purposes of Order ECO/734/2004, of 11 March in conjunction with Law 44/2002, of 22 November.

i) Average supplier payment period

Below is the information required under Final Provision Two of Law 31/2014, of 3 December:

	2024	**2023**
	Days	Days
Average payment period to suppliers*	26.18	20.80
Ratio of transactions paid*	25.86	20.81
Ratio of transactions outstanding*	32.77	20.60
	Amount (in thousand euro)	Amount (in thousand euro)
Total payments made	322,842	340,996
Total outstanding payments	15,666	13,891

(*) When a figure is shown in brackets, it means that the amount is negative, representing either a faster average payment in relation to the maximum payment period prescribed by law, or that the said maximum period has, on average, not been reached by the outstanding transactions.

	2024	**2023**
	Days	Days
Invoices paid within the legal limit	86,540	102,744
Percentage of total invoices	78.39%	85.86%
Total invoices	110,392	119,660
	Amount (in thousand euro)	Amount (in thousand euro)
Monetary volume within legal limit	278,482	314,136
Percentage of total monetary value of payments to suppliers	82.38%	88.52%
Total monetary value of invoices	338,033	354,888

The figures in the above tables on the average payment period to suppliers relate to trade payables on debts with suppliers of goods and services, excluding payments of claims in 2024 and 2023.

“Average payment period to suppliers” means the time taken in paying, or the delay in paying, trade payables. This “Average payment period to suppliers” is calculated as a ratio where the numerator is the sum of the ratio of transactions paid multiplied by the total amount of payments made plus the ratio of transactions pending payment multiplied by the total amount of payments pending, while the denominator is the total amount of payments made plus the amount of payments pending.

The ratio of transactions paid is calculated as a ratio where the numerator is the sum of the products corresponding to the amounts paid multiplied by the number of days of payment (difference between the calendar days running from the end of the maximum legal payment period and the date of effective payment for the transaction), while the denominator is the total amount of payments made.

Meanwhile, the ratio of transactions pending payment is a ratio in which the numerator is the sum of the products corresponding to the amounts pending payment, multiplied by the number of days pending payment (difference between the calendar days running from the end of the maximum legal payment period and the closing date of the consolidated financial statements), and the denominator is the total amount of payments pending.

In September 2022, Law 18/2022 amended Additional Provision Three on the duty of disclosure contained in Law 15/2010, which in turn amended Law 3/2004 on measures to combat late payment in commercial transactions. Under this amendment, in addition to the average payment period, listed companies must publish on their website the monetary volume and the number of invoices paid within less time than the maximum legal period, as well as the ratio of these invoices to the total number of invoices and the total monetary amount of payments made to suppliers.

22. Events after the reporting period

No significant events have occurred between the end of 2024 and the date of preparation of these consolidated financial statements.

3

Consolidated Management Report

1. Company Overview

1.1 Business Model

Línea Directa Aseguradora is seeking profitable and sustainable growth that generates value for its shareholders, customers, employees, suppliers and society in general. This strategy is based on the strengths and competitive capabilities that define and differentiate the Línea Directa Group from its competitors, including its direct business model, its leading brand in terms of reputation and recognition and its commitment to innovation and digitalisation, combined with adapting to meet the current and future challenges and opportunities arising from market circumstances.

The entity currently ranks 13 based on turnover among the non-life insurance groups in Spain.

With a portfolio of more than 3.4 million insured customers, at the end of 2024, the entity reached a volume of written premiums of €1,019.6 million, driven by the growth in revenues and customers in its three main business lines (Motor, Home and Health) and in new products, which included Squatting Insurance and Pet Insurance.

These strong commercial dynamics, together with the excellent performance of the insurance margin (the result of a significant improvement in the combined ratio) enabled the Company to close the 2024 financial year with a net profit of €64.2 million, compared with the negative net result of €4.4 million recorded in the previous year due to the impact of the inflation crisis, mainly in the Motor insurance line.

The Direct Model

The Company started its activity in 1995 with a business model based on the direct distribution of non-life policies. It operates exclusively in Spain through telephone and digital channels, without office networks and with its entire operation centralised at its headquarters in Tres Cantos, Madrid, which leads to greater efficiency. This, together with technical rigour, the increasing efficiency of its operations, innovation in marketing and products and the advanced digitalisation of its processes, enables the Company to offer customers comprehensive products and high-quality service at competitive prices.

Leading Brand

The Línea Directa brand is one of the main assets of the Línea Directa Group in terms of its reputation and recognition. It is currently one of the leading insurance brands in the Spanish market for advertising awareness (measured by the external advertising opportunity index, IOPE) and the third most improved in terms of brand consideration in 2024 (Kantar).

Over the last two financial years, the Company has also started to market its health insurance, previously marketed under the Vivaz brand, and its personal mobility insurance, previously marketed as Safe&GO, under the Línea Directa brand. In doing so, the insurer has increased its operational efficiency and commercial effectiveness and is seeking to boost its multi-product positioning by offering customers a comprehensive value proposition and seamless customer experience.

Multi-product Company: Innovation and Diversification

The goal of the Línea Directa Group is to cover all the insurance needs of individuals, self-employed professionals and SMEs through a highly competitive range, based on policies with extensive and unique coverage, high-quality service and an excellent user experience as a result of its range of digital services.

The entity is continuing to expand its product catalogue to consolidate its position as a multi-product insurance company specialising in general insurance. Línea Directa Aseguradora currently operates in the Motor, Home and Health lines, with specific products for private customers, professional clients and companies, and in recent years it has launched new insurance solutions on the market to complete its range in these segments and through the development of new business lines.

In this regard, in 2024, Línea Directa entered the Pet Insurance segment with a comprehensive policy that includes up to €300,000 of Civil Liability, management of fines and administrative sanctions, legal defence and claims for damage, as well as advice for the pet's daily life, electronic prescriptions and a tele-veterinary system with video consultations and chat, including 24/7 veterinary emergency care.

In addition, following its strong commercial reception, it also began to market its comprehensive and specific coverage against Squatting in 2024, initially launched as an optional guarantee linked to the Company's Home policy but now available as a standalone insurance product. As a consequence, the Company now also offers this product to customers who have insured their home with another entity.

The expansion of the catalogue of products and business lines is also one of the tools with which the Línea Directa Group is seeking to boost revenue diversification. At the end of 2024, Motor insurance accounted for 81% of the Company's written premium volume, ahead of Home (15.5%), Health (3.3%) and other products (0.2%).

Digitalisation

The entity is continuing to progress in its digital transformation with the aim of becoming increasingly efficient in its operations and offering the best digital products and services, all of them being simple, agile and of high quality.

To this end, the Company has been improving and developing on the progress already made, while at the same time implementing new technologies that contribute to optimising the management of its processes and improving customer experience and service.

Throughout 2024, Línea Directa has strengthened its digital capabilities, expanding the use of generative artificial intelligence (AI) and optimising its digital assets, which has resulted in a strong boost to the adoption of digital channels by policyholders and to activity through these channels.

Specifically, more than 90% of Línea Directa Aseguradora's customers now interact with the Company via its website and mobile application, which is an increase of 2.7 percentage points over the previous year, and the number of active apps increased by 9.2% in 2024. As a result, the volume of digital customer interactions now exceeds two million contacts per month, 2.4 times the number of customer phone calls the Company receives each month.

This greater recurrence in the use of digital channels has enabled the Group to increase its commercial activity through its website and app, so that in 2024 the number of policies underwritten 100% online increased by 2.4.

Business Lines

Línea Directa is a multi-product company currently operating in the Motor, Home and Health lines.

Motor Insurance

At the end of 2024, the Motor line accounted for 81% of the Company's premium invoicing, with premium revenue of €826.2 million, 73.2% of the insured portfolio and 2.5 million customers. These figures consolidate Línea Directa as the sixth largest insurer in the Motor line by volume of written premiums at the end of 2024.

For this segment, the Company offers a comprehensive and personalised range of policies for cars, motorbikes and professional vehicles.

The Línea Directa Group has two other independent brands for this line: Penélope Seguros, created in 2012 with coverage specially designed for women, and Aprecio, an insurance policy aimed at motorbike users.

Home Insurance

The Home line, in which the Company began operating in 2008, has driven growth and diversification for Línea Directa. With a premium revenue of €157.9 million and 739,000 homes insured, this business line already represents 15.5% of the Group's revenue and 21.5% of its customer portfolio. The Company currently ranks 13 in the Home insurance line in terms of turnover.

It has also been expanding its portfolio in the field of housing with products and services to supplement the Home policy, such as coverage for solar panels and comprehensive coverage against squatting.

Health Insurance

As part of its business diversification strategy, Línea Directa Aseguradora started its activity in health insurance at the end of 2017. The Group has 121,000 policyholders and €33.9 million in premiums, making it one of the 25 largest health insurers in Spain.

The insurer's growth in this line is based on its digital nature, the competitiveness of its premiums and the breadth and quality of its healthcare provider network which, in alliance with a specialised service provider, is made up of 51,000 professionals and 1,000 health centres and hospitals.

As part of the growth strategy in this segment, in 2023 the Company began marketing its Health insurance directly under the Línea Directa brand. The sale of products under the main brand, a leading brand name in the sector, has enabled the Company to increase its operational efficiency and commercial effectiveness, strengthening synergies and cross-selling capacity. As a result, in 2024, Línea Directa's growth in written premiums in the health line was 11.4%, four percentage points higher than the sector average.

The rebranding has not entailed any changes in customer coverage or conditions because policyholders can still access the healthcare provider network and the rest of the procedures and services offered by the Company through its app in the same way, as well as continuing to be included in the rewards programme for maintaining healthy habits.

The Company pays special attention to preventive medicine and the promotion of healthy lifestyles among policyholders and society as a whole. In fact, the group allows its customers to benefit from preventive diagnostic tests without them being associated with any symptomatology. It also encourages its policyholders to follow healthy habits, such as walking at least 10,000 steps a day, sleeping at least seven hours a night and following a healthy diet. These habits lead to significant discounts of up to €200 on insurance renewal for customers.

Other products

As a result of its vocation for product innovation, Línea Directa Aseguradora has expanded its range of insurance products beyond the Motor, Home and Health lines. These products include Squatting Insurance, Personal Mobility Insurance and Pet Insurance. By the end of 2024, these products amounted to more than 60,000 policies.

Sustainable products

The Línea Directa Group has long maintained a firm commitment to sustainability, which takes form through its three-year Sustainability Plan, in force until 2025. The plan includes 26 blocks of actions in 15 action areas for the 2023–2025 period, is aligned with the Sustainable Development Goals (SDG) and is part of corporate strategy.

In terms of commercial activity, the Group has been developing and launching different products and services on the market.

In addition to meeting business and growth objectives in each of the three lines in which it operates (Motor, Home and Health), the developments and launches are also aimed at generating a positive impact on society and the environment.

Electric and Plug-in Hybrid Car Insurance

Within the Motor line, Línea Directa has insurance especially aimed at zero-emission cars (including 100% electric vehicles and plug-in hybrids). The Company closed the 2024 financial year with a portfolio of more than 36,000 cars and motorbikes with this type of engine and a market share of around 8% of new registrations in this vehicle segment.

Home Insurance with Solar Panel Coverage

This coverage is designed for single-family homes with solar panels and covers damage due to theft or accidental breakage that may occur with regard to this type of installation, as well as loss of energy production.

Personal Mobility Insurance

In recent years, mobility has undergone a profound transformation that has given rise to new ways of getting around. These include the emergence of personal mobility vehicles (PMV), such as electric scooters and bicycles. In view of this new reality, Línea Directa offers Personal Mobility Insurance, the first 100% digital insurance for users of all types of PMV.

This coverage can be taken out at the customer's request: for a single journey under the on/off or pay-as-you-go option, or for a whole year. To take advantage of this, the user can activate and deactivate their insurance through the app and pay only for the actual time of use.

Línea Directa's Personal Mobility Insurance not only covers damage caused to third parties, but can also cover physical damage incurred by the user and even legal defence.

Squatting Insurance

In 2023, Línea Directa Aseguradora added “Hogar Despreokupado” to its multi-risk insurance. This coverage is unique in Spain and it protects the homeowner against the legal and financial consequences derived from squatters illegally occupying their home. The cover, which has been very well received commercially, includes up to €10,000 in legal assistance from the Company and legal costs (lawyer, court representative, expert, notary costs, legal costs and court fees) to recover their home, as well as financial compensation for the costs of making the home habitable and other costs.

The product covers the costs of making the home habitable, with a choice between the service being provided by Línea Directa professionals with no financial limit or a reimbursement of €5,000 in the event the customers wish to contract the work on their own.

In addition, there is payment of compensation of €300 per month for 6 months for the water, electricity and gas bills of the habitual residence, €800 per month for 6 months for the loss of rental income and the same amount in the event of needing alternative accommodation. The coverage also includes up to €7,500 for damage to third parties caused by the squatters.

In 2024, as a result of its commercial success, the Company began to market this coverage as an insurance policy independent of the Home policy, which meant it became available to customers of other entities.

Night-time Assistance for Young People

In the area of sustainable insurance, Línea Directa Asistencia offers night-time assistance for young people, which provides night-time transport for customers under 26 years of age if they have drunk alcohol or feel unwell. This service, which is completely free of charge, covers both the driver and their vehicle. The aim of this initiative, which is unique in the sector, is to avoid risky situations for a group that is particularly vulnerable to road accidents.

Línea Directa Asistencia

Línea Directa Asistencia is the Group's subsidiary specialising in verification, appraisal, and travel assistance services. The Company operates through a network of thousands of partners throughout Spain, offering vehicle and personal assistance 24 hours a day, 365 days a year.

In addition, as a result of agreements with European partners of Astrum Alliance, the world's leading association of travel assistance companies, it is able to provide this service to its Spanish and foreign customers inside and outside Spain, every day of the year at any time, in Spanish, English, German and Portuguese, both for the vehicle and the occupants in the event of breakdown, accident or theft.

Línea Directa Asistencia offers innovative mobility and roadside assistance solutions through its own team and a wide, experienced partner network.

Advanced Repair Centre (CAR)

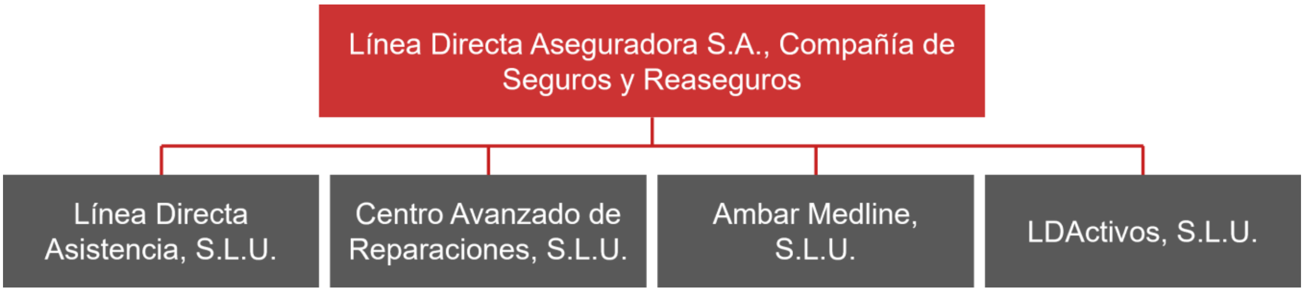
In addition to an extensive network of partners, comprising more than 1,000 bodywork, mechanics and glass workshops, Línea Directa Aseguradora has two state-of-the-art workshops of its own called the Advanced Repair Centres (CAR), located in Madrid and Barcelona. These workshops offer a comprehensive service to the customer, from filing of the claim to repair of the vehicle, always in accordance with the Group's high standards of quality, commitment and excellence.

The knowledge and information accumulated by both centres has enabled the Group to significantly improve its knowledge and innovation capacity in repair processes, boost quality and reduce claim costs. In fact, the CAR workshops are able to manage all their internal and external processes 100% online, allowing customers to carry out a wide range of procedures online, such as changing their appointments, requesting a replacement vehicle or checking the status of their repair, among others.

1.2 Organisational Structure and Corporate Governance

The Línea Directa Aseguradora Group is made up as follows.

- Parent company, LÍNEA DIRECTA ASEGURADORA S.A., COMPAÑÍA DE SEGUROS Y REASEGUROS, with Tax ID number (NIF) A-80871031 and registered office at Calle Isaac Newton, 7, Tres Cantos, Madrid (hereinafter, the "Company" or "Línea Directa Aseguradora").
- Subsidiaries, wholly owned by the parent company, according to the following organisation chart:



The company Moto Club LDA, S.L.U. was wound up by resolution of 14 November 2024 registered in the Companies Register of Madrid on 3 December 2024.

The Company has a Corporate Governance Policy approved by the Board of Directors on 20 July 2021 and updated in September 2022, which defines the corporate and governance structure of the Línea Directa Group, its guiding principles, the corporate bodies that comprise it and the fundamental rules of its internal operation.

The shares of Línea Directa Aseguradora have been listed on the Spanish stock market (Madrid, Barcelona, Bilbao and Valencia stock exchanges) since 29 April 2021.

The **General Meeting** is the entity's governing body and where the duly convened shareholders meet to deliberate and decide, based on the majorities required in each case, on the matters within their power.

The **Board of Directors** is the body responsible for the management, governance and representation of the entity in accordance with the duties assigned to it by law, the Articles of Association and the Board Regulations.

In accordance with the provisions of the Articles of Association, the Board of Directors must comprise a minimum of five and a maximum of 15 directors, and its composition must ensure compliance with the requirements of the Capital Companies Act and Articles 13, 38 and 65 et seq. of Act 20/2015 of 14 July 2015 on the regulation, supervision and solvency of insurance and reinsurance entities, and Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on life insurance, the taking-up and pursuit of the business of insurance and reinsurance and its exercise so that its members have the appropriate professional qualifications, skills and experience, in addition to meeting the requirements of honourability required by the Supervisor and included in the entity's Aptitude and Honourability Policy.

The Board of Directors is made up of seven members, which is an appropriate and precise size for its effective functioning.

The composition of the Board reflects Línea Directa Aseguradora's commitment to diversity: 57% of its members are women and 57% of its members are independent, which exceeds the minimum recommended thresholds in this regard. Furthermore, only one of the directors is an executive director.

The Chair of the Board of Directors has no executive duties and the position is separate from the Chief Executive Officer.

There are two advisory committees (the Audit and Compliance Committee and the Appointment, Remuneration and Corporate Governance Committee), which are composed entirely of external (non-executive) directors and a majority of independent directors, including their chairs.

These Committees assume the powers provided for by law and in the Code of Good Governance of the National Stock Markets Commission

(CNMV), as set out in the Company Board Regulations. It should be noted that the Appointments, Remuneration and Corporate Governance Committee has, among others, the following powers related to sustainability strategy and practices as recommended by the Code of Good Governance.

Since its admission to listing, the Company has approved and updated its internal regulations and corporate policies (including the Corporate Governance Policy, Director Selection Policy, Policy on Communications with Shareholders, Investors and Proxy Advisors, Related-Party Transactions Policy and Director Remuneration Policy), all in accordance with the Code of Good Governance of the CNMV and the Capital Companies Act. In 2024, the Board Regulations were updated to adapt terminology, clarify the roles of the two committees in relation to sustainability reporting and expand best practice in relation to the auditor to include the verifier of sustainability reporting, among other updates. The full report with amendments will be made available to shareholders together with the other documents related to the convening of the next Annual General Meeting of Shareholders.

At the executive level, the Company has a Management Committee comprising the Chief Executive Officer and the directors responsible for the main functional areas of the Company: Portfolio, Sales, Services and Claims, Technical Division, Corporate Risk, Finance, Technology and Cybersecurity, Transformation (since February 2025), Marketing, Human Resources, Communications and Sustainability, General Secretariat and Quality. There are also specific committees for analysis and deliberation regarding important issues such as investments and sustainability, among others, as well as specific teams that manage the core functions of Línea Directa as an insurance company: operational risk management, regulatory compliance, the actuarial function and internal audit.

Notwithstanding the Company's regular contact with shareholders and other stakeholders throughout the financial year, and the information permanently available on the corporate website (https://www.lineadirectaaseguradora.com/gobierno-corporativo), a particularly detailed account of Línea Directa's governance system and practices is provided in its Annual Corporate Governance Report, which is published on the CNMV website and the corporate website along with other documents related to the upcoming Ordinary General Meeting of Shareholders.

2. Business performance

2.1 Economic context

The **world economy** grew in the fourth quarter at a similar pace to the preceding quarters, in a context in which activity continued to show **very heterogeneous behaviour by sector and location**.

GDP growth	2024	2023		2024	2023
Eurozone	+0.7%	+0.4%	USA	+2.8%	+2.5%
Spain	+3.2%	+2.7%	China	+5.0%	+5.2%

Source: Eurostat, Spanish Statistics Institute (INE), US Federal Reserve, Reuters

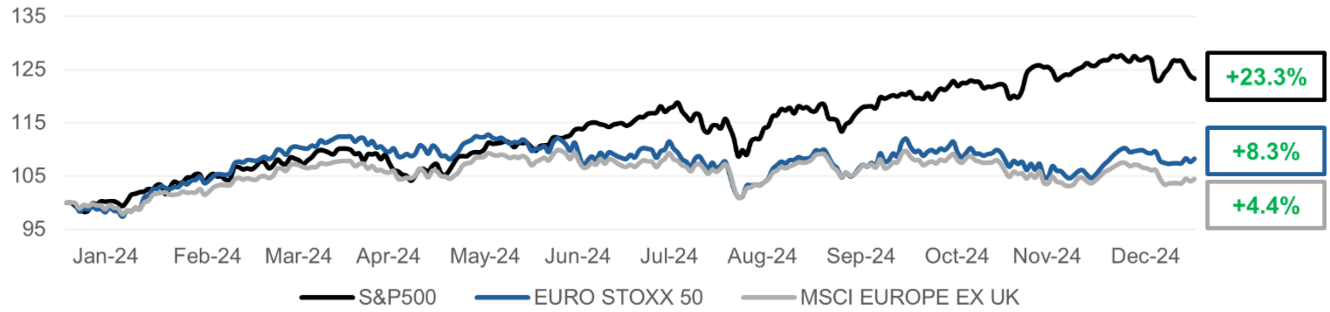
For its part, the **disinflationary process has taken hold** at a global level, although inflationary pressures in services continue to show some downward resistance.

Monetary policy remains on an easing path in most world economies. Compared with market expectations three months ago, monetary policy easing is now expected to be more intense in the euro area and less pronounced in the United States.

In 2024, **the European Central Bank (ECB) lowered the price of money four times** to bring interest rates to 3%, the lowest level since March 2023.

With regard to financial markets, the United States has seen better performance of risk assets than other locations; the dollar has appreciated against the major currencies and inflation expectations have risen.

Performance of the main stock market indices: S&P 500, EuroStoxx 50 and MSCI Europe Ex UK



Sovereign debt has seen increases in long-term yields in all major economies.

Country	Bond yield (%) 1Y	5Y	10Y
Spain	2.2	2.6	3.1
Germany	2.2	2.1	2.4
USA	4.1	4.4	4.6

Source: Refinitiv, figures at year-end 2024

In the eurozone, economic activity continues to show signs of weakness, while inflation is decelerating at a slightly faster pace than anticipated a few months ago. The Eurosystem's December forecasts maintain a central scenario of a gradual recovery in activity and a gradual slowdown in inflationary pressures, although GDP growth and headline inflation rates have been revised downwards.

Consolidated Management Report (Expressed in thousand euro)

As far as the **Spanish economy** is concerned, according to the preliminary report of the National Statistics Institute, growth stood at 3.5% year-on-year in the fourth quarter of 2024. Growth for the whole year was 3.2%. This growth has relied on public and private consumption. External demand, on the other hand, showed export performance that was weaker than expected. Employment rose by 2.3% year-on-year, bringing the unemployment rate down to 10.6%, although it is still the highest unemployment rate in the European Union.

Throughout 2024, a more favourable economic environment seems to have boosted **confidence in the markets, despite a very complex global geo-strategic landscape** and while awaiting the effects on the international economy of the economic measures that Donald Trump has started implementing.

2.2 Developments in the Spanish insurance market

Regarding the anomalous floods caused by the DANA from 26 October to 4 November

From 26 October to 4 November 2024, **the meteorological phenomenon of the DANA** (isolated high-altitude depression) caused a great deal of damage from flooding and atypical cyclonic storms across large areas of the east and south of the peninsula and the Balearic Islands, in particular the tragic floods in Valencia and Albacete occurred 29 October.

The Spanish insurance industry has prepared itself to respond to the most severe weather event to hit Spain in more than 40 years. In this case, most of the damage caused will be covered by the Insurance Compensation Consortium (CCS), a body of the Ministry of Economy, Trade and Enterprise created to deal with this type of catastrophic situation.

In the last note published to this effect on 16 February, the Consortium had 229,608 active claims, of which 95.4% were in the province of Valencia.

Línea Directa set up a special mechanism and, as part of this protocol, a special helpline number (+34 918 079 990) was made available to policyholders with extended opening hours from Monday to Sunday to offer customers advice and assistance in managing their claims to the CCS.

The entity also reinforced the assistance provided to those affected through its account on X (formerly, Twitter) Línea Directa Te Atiende (@LineaDirecta ATC).

In this regard, Línea Directa has joined the public–private cooperation agreement between the insurance sector, through UNESPA, the Ministry of Economy, Trade and Enterprise and the CCS, under which insurance companies will help to streamline procedures with regard to the CCS for their policyholders in the Valencian Community who have been affected.

With the signing of this agreement, which aims to ensure that the victims receive compensation for the damage incurred as quickly as possible, Línea Directa has already taken charge, on behalf of the CCS, of registering the claims of its customers, assessing the damage and processing the compensation proposals made to the CCS, which will be the one to ultimately continue with the claims and decide on the compensation amounts.

In addition, Línea Directa Aseguradora has extended this protocol by offering mobility and legal assistance services free of charge to its policyholders.

The insurer has made an initial fleet of more than 100 replacement vehicles available to affected customers as a matter of urgency and free of charge. These cars are initially being offered to self-employed customers whose vehicles need to be repaired or have been written off to enable their continued mobility and help them get back to business as quickly as possible.

Furthermore, its personalised telephone legal assistance service has been offered free of charge to all its customers including private individuals, self-employed people and companies. Through this service, the Company's policyholders receive advice and assistance from an expert lawyer on matters such as compensation claims, available public aid and how to apply for it, the rights of property owners and tenants in this situation and tax measures.

In addition, the entity is providing affected customers who request it with flexibility in the payment of their insurance policies to help alleviate their financial situation in these difficult circumstances.

Línea Directa continues to periodically inform its customers, through regular digital communications and its website, on how to act in this situation, check the status of their claims and resolve any other queries.

The entity is also offering affected customers a free psychological and emotional support service.

At the same time, Línea Directa has launched various solidarity actions aimed at supporting those affected. In partnership with the *Cruz Roja*, Línea Directa has launched a donation campaign among its employees, customers and society in general to raise funds to help the victims of this natural disaster who require urgent assistance. The entity will match the financial donations received.

In addition, the Company has launched a campaign among its employees to collect basic necessities, such as shovels, buckets, work gloves and masks for those helping to clean up the affected area, as well as clothing, food and hygiene products. The delivery of this material has taken place in coordination with the system set up by Madrid City Council.

Insurance Context

The **premium volume of the non-life insurance sector** reached **€42,990 million, a growth of 7.8%**.

The **Motor line**, which represents 28% of the total non-life revenue, grew by 8.9%. This growth was primarily driven by the increase in average premiums implemented by the sector in response to the high inflation that was passed on to claims costs in 2023. The growth in the number of insured vehicles also contributed, though to a lesser extent, with a year-on-year increase of 1.7% to 33.99 million vehicles, according to data from the Informative Records of Insured Vehicles (FIVA).

Vehicle sales have performed remarkably well, especially for nearly new cars, which are boosting the second-hand market, which experienced a growth of 8.6%. New vehicles, for their part, experienced an increase of 7.2% (source: MSI).

The profitability of Motor, however, remains weakened and the line is still in technical loss with a combined ratio of 101.4% for the year and 104.8% for the fourth quarter standalone (source: ICEA). The Motor line has been strongly affected by sharp rises in repair costs (parts, paint, glass and labour) as well as in the injury schedule, which recorded overall increases of 8.5% in 2023 and 3.8% in 2024. The increase in the schedule has been set at 2.8% for 2025.

The **Home** line recorded outstanding growth, with an increase of 9.2% (source: ICEA).

With regard to the real estate sector, data from the National Statistics Institute (INE) confirm the marked increase in property sales in November. According to the INE, 15.8% more transactions were registered in November 2024 than in the same month in 2023. This increase brings the number of transactions so far this year to 7.5% year-on-year.

The profitability of Home was excellent, closing the year with a combined ratio of 92.9%, down 5.0 percentage points compared with the close of 2023 (source: ICEA).

The **Health line** grew by 7.4%, up from 6.6% in 2023.

This business line now represents more than 26% of the total turnover of the non-life line, second only to Motor. Health experienced outstanding growth, also supported by the tariff adjustments implemented by the sector as a result of the increase in medical costs and hospital fee schedules. In terms of profitability, the combined ratio stood at 96.0% (source: ICEA).

2.3 Business Performance

Significant Corporate Events

Despite the quality and policyholder care measures detailed extensively in relation to the evolution of the insurance market, there have been no significant corporate events that have had a material impact on the entity's accounts.

Business Performance Key figures

The Company performed very well in the 2024 financial year after the inflationary turbulence of 2023.
The table below gives a summary of the consolidated profit and loss account as of December 2024, showing the different components that make up the profit and their comparison with the preceding year.

Income from ordinary insurance activities grew by 3.2% to €991.3 million as a result of the positive performance of all business lines.

CONSOLIDATED P&L (IFRS 17&9).

Thousand euro	2024	2023	% var.
Ordinary insurance activities income	**991,329**	**960,266**	***3.2%***
Technical insurance result	**51,226**	**(38,225)**	***n.a.***
Net investments result	**39,650**	**33,992**	***16.6%***
Interest received	(8,683)	(4,646)	*86.9%*
Net income from insurance and investments	**82,193**	**(8,879)**	***n.a.***
Other income/expenses and non-allocable expenses	1,118	2,332	*-52.1%*
Profit/(loss) before tax	**83,311**	**(6,547)**	***n.a.***
Tax	(19,094)	2,157	*n.a.*
Profit/(loss) before tax	**64,217**	**(4,390)**	***n.a.***

The **technical result of insurance activity**, which measures the difference between revenues and payments for insurance claims and expenses, recorded a profit of €51.2 million. Such a positive development reflects all the actions taken in underwriting and claims management, which enabled the reversal of last year's loss.

The **net investment income** was €39.6 million, up 16.6%, supported by higher financial income from the fixed income portfolio.

However, the **interest received** item receives the reversal of the preceding year's discount effect on the provision for incurred claims. This reversal is recorded as an expense of €8.7 million in the year. This heading is presented separately from the financial result for clarity, and it reflects the rate increase in 2023.

Other non-allocable income and expenses contributed €1.1 million in the financial year, with a decrease of 52.1%. This heading includes commissions for the redirection of potential customers to other entities and income from auxiliary assistance and repair services to third parties. The expense items include the per diems and remuneration of the Board of Directors, the donation to the Linea Directa Foundation and other non-allocable training and research expenses. The decrease in this heading in 2023 is explained by the reduction in the business of auxiliary assistance services for third parties.

All in all, **profit after tax was €62.4 million** in 2024 (compared with a loss of €4.4 million in the preceding financial year), a reversal of more than €68 million.

Consolidated Management Report (Expressed in thousand euro)

Management ratios

The **combined ratio** of non-life is a key management ratio and measures the ratio of insurance service costs (incurred claims and other expenses attributable to the insurance service) to its revenue figure, net of reinsurance.

The **combined ratio** was **94.7%** at the end of 2024, a decrease of 9.4 percentage points compared with the previous year.

	Loss Ratio			Expense Ratio			Combined Ratio		
	2024	2023	*var. p.p.*	**2024**	2023	*var. p.p.*	**2024**	2023	*var. p.p.*
Motor	**74.7%**	84.0%	*-9.3 p.p.*	**20.1%**	20.5%	*-0.4 p.p.*	**94.8%**	104.5%	*-9.7 p.p.*
Home	**60.4%**	66.3%	*-5.9 p.p.*	**27.9%**	29.5%	*-1.6 p.p.*	**88.3%**	95.8%	*-7.5 p.p.*
Health	**81.0%**	81.0%	*0.0 p.p.*	**59.4%**	77.2%	*-17.8 p.p.*	**140.3%**	158.2%	*-17.9 p.p.*
Other	**37.8%**	61.6%	*-23.8 p.p.*	**92.7%**	7.6%	*85.1 p.p.*	**130.5%**	69.2%	*61.3 p.p.*
Total	**72.6%**	**81.2%**	***-8.6 p.p.***	**22.1%**	**22.9%**	***-0.8 p.p.***	**94.7%**	**104.1%**	***-9.4 p.p.***

The **loss ratio** has shown an outstanding improvement as the actions taken in underwriting and claims management have gradually contributed positively to the profit and loss account.

Expenses showed controlled evolution, in line with the strategy of strict cost control and greater efficiency in sales. The pursuit of efficiency and digitalisation remains the course of action for the continuous improvement of the Company's management ratios.

Profit and loss account by segment

Below is a summary of changes in the profit and loss account broken down by business line.

Motor

The **Motor segment** experienced a 2.7% increase in insurance revenues, net of reinsurance, to reach €799 million. Customer numbers grew quickly in the fourth quarter to reach 2.51 million policyholders.

The combined ratio performed excellently despite the impact of the DANA on non-consortium claims and the quality measures taken, as described above.

Consequently, the technical result for the financial year was a profit of €41.3 million, equivalent to a combined ratio of 94.8%.

Thousand euro	**2024**	2023	*% var.*
Income from ordinary insurance activities, net of reinsurance	**798,988**	**777,635**	***2.7%***
Claims for the year, net of reinsurance	(596,949)	(652,866)	*-8.6%*
Net operating expenses	(160,685)	(159,676)	*0.6%*
Technical result	**41,354**	**(34,907)**	***n.a.***
Combined ratio	**94.8%**	**104.5%**	***-9.7 p.p.***
Customers (thousands)	**2,514,371**	**2,471,102**	***43,269***

Home

The **Home line** recorded a 5% increase in insurance revenues net of reinsurance to reach €149.1 million.

Similar to the Motor line, the number of policyholders in Home grew faster in the last quarter and the year closed with almost 739,000 customers.

Thousand euro	**2024**	**2023**	***% var.***
Income from ordinary insurance activities, net of reinsurance	**149,110**	**141,956**	***5.0%***
Claims for the year, net of reinsurance	(90,039)	(94,121)	*-4.3%*
Net operating expenses	(41,646)	(41,833)	*-0.4%*
Technical result	**17,425**	**6,002**	***190.3%***
Combined ratio	**88.3%**	**95.8%**	***-7.5 p.p.***
Clients (thousands)	**738,995**	**726,654**	***12,341***

The development of the technical result reflects the excellent performance of claims expenses and the containment of operating expenses during the financial year.

The Home line delivered a solid technical result of €17.4 million, reflected in the excellent combined ratio of 88.3%, 7.5 percentage points lower than in 2023.

Health

Revenue in the **Health segment,** net of reinsurance, reflected a very positive growth of 9.1% to €17.9 million. Turnover has also benefited from the sale of products with enhanced coverage.

This business line has benefited from sales under the Línea Directa brand, the integration of operations with the rest of the Company's lines and cross-selling.

The number of customers increased by 3.5% to 121,408.

This business line has proportional reinsurance in which it cedes 50% of the premium and claims.

Growth has not come at the expense of risk inclination, where we consolidated discipline in underwriting and risk selection.

Thousand euro	**2024**	2023	*% var.*
Income from ordinary insurance activities, net of reinsurance	**17,912**	**16,413**	***9.1%***
Claims for the year, net of reinsurance	(14,500)	(13,299)	*9.0%*
Net operating expenses	(10,633)	(12,672)	*-16.1%*
Technical result	**(7,221)**	**(9,558)**	***-24.5%***
Combined ratio	**140.3%**	**158.2%**	***-17.9 p.p.***
Clients (thousands)	**121,408**	**117,354**	***4,054***

Other Insurance Businesses

The Other Insurance Businesses segment includes mainly the travel insurance business for Bankinter and Bankinter Consumer Finance cardholders under 10 group policies and personal mobility insurance, launched in 2021 as the first pay-as-you-go insurance for users of personal mobility vehicles. It also includes the new squatting policies and pet insurance.

As of 31 December 2024, revenue from this business amounted to €1.1 million, an increase of 40.9% reflecting the inclusion of the new products. Similarly, the number of customers also increased significantly.

Thousand euro	2024	2023	*% var.*
Income from ordinary insurance activities, net of reinsurance	**1,089**	**773**	***40.9%***
Claims for the year, net of reinsurance	(412)	(476)	*-13.4%*
Net operating expenses	(1,009)	(59)	*1,610.2%*
Technical result	**(332)**	**238**	***-239.5%***
Combined ratio	**130.5%**	**69.2%**	***61.3 p.p.***
Customers (thousands)	**60,019**	**3,544**	***56,475***

Condensed consolidated balance sheet

The Group's balance sheet as of 31 December 2024 is as follows:

Thousand euro

Assets	**2024**	2023	*% var.*
Cash and cash equivalents	**16,709**	**41,746**	***-60.0%***
Financial assets with changes in P&L	**57,876**	**53,998**	***7.2%***
Equity instruments	57,876	53,998	*7.2%*
Financial assets with changes in Equity	**925,367**	**823,345**	***12.4%***
Equity instruments	74,918	63,524	*17.9%*
Debt securities	850,449	759,821	*11.9%*
Assets at amortised cost	34,341	15,456	*122.2%*
Hedging derivatives	4,652	5,909	*-21.3%*
Assets under reinsurance contracts	34,097	31,939	*6.8%*
Property, plant and equipment and investment property	**100,807**	**101,600**	***-0.8%***
Property, plant and equipment	42,351	43,077	*-1.7%*
Investment property	58,456	58,523	*-0.1%*
Intangible assets	45,345	29,188	*55.4%*
Other assets	16,942	22,141	*-23.5%*
Total assets	**1,236,136**	**1,125,322**	***9.8%***

Thousand euro

Thousand euro

Liabilities and equity	**2024**	2023	*% var.*
Liabilities at amortised cost	77,315	65,313	*18.4%*
Hedging derivatives	—	—	-
Liabilities under insurance contracts	767,466	715,311	*7.3%*
Liabilities for remaining coverage	362,277	339,352	*6.8%*
Liabilities for incurred claims	405,189	375,959	*7.8%*
Non-technical provisions	3,649	375	*873.1%*
Other liabilities	29,389	31,288	*-6.1%*
Total liabilities	**877,819**	**812,287**	***8.1%***
Own funds	366,829	330,087	*11.1%*
Valuation adjustments	(8,512)	(17,052)	*-50.1%*
Financial assets measured at FVTOCI	(8,569)	(18,227)	*-53.0%*
OCI insurance contracts	203	1,690	*-88.0%*
OCI reinsurance contracts	(146)	(515)	*-71.7%*
Total equity	**358,317**	**313,035**	***14.5%***
Total liabilities and equity	**1,236,136**	**1,125,322**	***9.8%***

The most significant headings and changes are described below.

Consolidated Management Report (Expressed in thousand euro)

- The heading of **cash and cash equivalents** amounted to €16.7 million, a decrease of 60% at year-end in order to mitigate the capital charge on the counterparty credit risk. In parallel, exposure to government fixed-income assets with similar liquidity has increased.
- The heading **financial assets at fair value with changes in profit or loss** includes the entity's investments in investment funds and venture capital, which have performed very favourably during the year.
- **Financial assets at fair value with changes in Equity** mainly comprise fixed-income instruments and, to a much lesser extent, equity instruments. The 12.4% increase is explained by the generation of liquidity in 2024 and the positive evolution in the market value of fixed income with the fall in interest rates.
- The item **hedging derivatives** includes a swap contract.
  Due to its creditor position, it is recorded as an asset.
- **Property, plant and equipment** includes the entity's owner-occupied properties and their depreciation during the year.
- **Investment property** includes the investment property portfolio consisting of two buildings as of 31 December. In 2023, the Company sold a property in Las Rozas, Madrid, generating a capital gain of €1.4 million.
- The increase in **intangible assets** correlates to the acquisition of software licences and other rights of use. The Group considers rights of use to be an intangible asset with an indefinite useful life and they will be tested for impairment annually.
- The **liabilities under insurance contracts** comprise the remaining coverage provision, calculated under the simplified premium allocation method (PAA) and reflect premiums received less direct acquisition costs. Its variation reflects the increase in turnover. The provision for incurred claims reflects the difference between amounts paid and amounts payable (estimated or certain).
- The variations in the other assets and liabilities headings are produced by the business management process itself.
- The Company has no subordinated liabilities or financial debt.

Investment Portfolio

As of the end of 2024, the **investment portfolio amounted to €1,058.4 million** broken down as follows:

Thousand euro	2024		2023	
Cash and cash equivalents	**16,709**	**1.6%**	**41,746**	**4.3%**
Fixed income	**850,449**	**80.4%**	**759,821**	**77.7%**
Fixed income – governments	**361,307**	**34.1%**	**380,665**	**38.9%**
Spain	146,733	13.9%	158,454	16.2%
Italy	115,032	10.9%	137,437	14.1%
Portugal	14,846	1.4%	14,779	1.5%
United States	—	— %	997	0.1%
Rest	84,695	8.0%	68,998	7.1%
Fixed income – corporate	**489,142**	**46.2%**	**379,156**	**38.8%**
Spain	181,563	17.2%	189,240	19.4%
Rest of Europe	191,220	18.1%	118,929	12.2%
United Kingdom	16,594	1.6%	22,956	2.3%
Rest of the world	99,766	9.4%	48,031	4.9%
Shares	**74,918**	**7.1%**	**63,524**	**6.5%**
of which SOCIMIs (real estate investment companies)	28,765	2.7%	29,532	3.0%
Investment funds	**57,876**	**5.5%**	**53,998**	**5.5%**
Investment property	**58,456**	**5.5%**	**58,523**	**6.0%**
Total	**1,058,408**	**100.0%**	**977,612**	**100.0%**

- Cash and cash equivalents amounting to €16.7 million;
- Fixed income amounting to €850.4 million, comprising €361.3 million in government bonds and €489.1 million in corporate debt;
- Shares and fixed-income investment funds and capital risk for a total of €74.9 million and €57.9 million, respectively;
- Investment property amounting to €58.4 million.

The credit rating of **fixed-income** investments is as follows. Of the total, 99% has a rating of BBB or higher. The average maturity of the fixed-income portfolio is 3.25 years.

Fixed income	**2024**	**2023**
AAA	34,652	55,512
AA	103,057	55,624
A	393,938	324,000
BBB	312,988	305,885
Below BBB	5,814	12,740
No Rating	—	6,060
Total	**850,449**	**759,821**

Thousand euro

Consolidated Management Report (Expressed in thousand euro)

The **equity portfolio** has the following sector composition:

Shares	2024	2023
Real estate	36,575	45,073
of which SOCIMIs (real estate investment companies)	28,765	29,532
Financial	6,490	4,973
Industrial	4,400	2,592
Consumption – non-cyclical	5,147	2,560
Technology	8,081	2,108
Consumption – cyclical	1,740	1,229
Telecommunications	5,735	1,638
Utilities	5,886	2,936
Basic materials	864	415
Total	**74,918**	**63,524**

Thousand euro

The **investment properties** comprise two properties with an occupancy rate of 100%. The Group also has five buildings for its own use and a parking lot. Off-balance sheet capital gains on owner-occupied and investment properties amounted to €27.1 million before tax.

Changes in equity

Consolidated equity amounted to €358.3 million. The carrying amount per share amounted to €0.33 as of 31 December 2024 (€0.29 as of 31 December 2023). The change in equity includes the following:

– the profit for the financial year in the amount of €64.2 million;

– the improvement in the fair value adjustments of the investment portfolio with changes in equity with an unrealised loss of €8.6 million at year-end 2024 compared with an unrealised loss of €18.2 million at year-end 2023;

– adjustments for changes in value due to the effect of the change in the discount curve on the incurred claims provision of insurance and reinsurance contracts (€57,000 at year-end 2024 compared with €1.2 million at year-end 2023);

– the two interim dividends in July and December, in a combined amount of €30 million.

Return on equity

The return on average equity (**RoAE**), represented by the ratio of net profit after tax to average equity, stood at **19.1% at the end of 2024**. The equity of 2024 for the purpose of this calculation does not take into account the proposed final dividend subject to the approval of the General Meeting of Shareholders in the amount of €15 million.

Solvency II

The **Solvency II ratio of Línea Directa Aseguradora stood at 192.5% in 2024**, compared with 180% as of December 2023.

Furthermore, at its meeting of 27 February 2025, the Board of Directors of the Company resolved to propose to the General Meeting of Shareholders a final dividend of approximately €15 million. **Considering this dividend proposal, the solvency ratio stands at 185.4%**.

Consolidated Management Report (Expressed in thousand euro)

As a result, eligible own funds amounted to €393.5 million, of which 100% corresponds to unrestricted Tier 1 capital of the highest quality. For its part, the solvency capital requirement reached €212.2 million.

The ratio remains strong and stable, supported by strict investment policies and prudent capital management.

The solvency ratio excludes the subsidiaries of Línea Directa Aseguradora because their corporate objects are ancillary insurance services almost all of which are provided to the parent company. As they are not insurers or reinsurers, there is no obligation to submit solvency reports at the Group level.

The table below shows the solvency requirements classified into their different modules and their comparison with 2023.

	2024	2023
Market SCR	106,446	91,493
Counterparty SCR	5,273	6,076
Health SCR	4,123	3,499
Non-life SCR	201,179	192,387
BSCR	253,234	236,330
Operational SCR	29,749	28,812
Deferred tax adjustment	(70,746)	(66,286)
SCR	212,237	198,857
Own Funds Solvency II	393,542	358,002

Thousand euro

Solvency II Ratio	**185.4%**	**180.0%**

The change in eligible own funds for solvency purposes from December 2023 to year-end 2024 is largely a result of the following:

– the profit reported by the parent company Línea Directa Aseguradora;

– the change in unrealised gains/losses on financial assets at fair value with changes in equity;

– the change in the premium provision and incurred claims provision of the solvency balance sheet;

– dividends paid during the financial year;

– the final dividend proposed to the General Meeting of Shareholders.

The sensitivity of the solvency margin to the impact of a number of variables is shown below:

	SII Ratio	Var. p.p.
Interest rates +100 bps	168.7%	(16.7)
Interest rates -100 bps	197.0%	+11.6
Credit spread +100 bps	180.8%	(4.7)
Credit spread -100 bps	190.4%	+5.0
Equities +10%	189.1%	+3.6
Equities -10%	183.7%	(1.8)
Equities +30%	194.0%	+8.6
Equities -30%	177.9%	(7.6)
Real estate +10%	189.1%	+3.7
Real estate -10%	182.2%	(3.2)
Symmetric adjustment +10	182.2%	(3.3)
Symmetric adjustment -10	191.2%	+5.8
Actual	**185,4 %**	**–**

The Solvency II Ratio is a risk indicator monitored and considered by the Board of Directors of the Company for the implementation of the capital management policy (establishment of a dividend policy for shareholders, decisions on investment policy, etc.) and in relation to the commercial strategy (launch of new products or business lines, acquisition of risk mitigators, etc.).

Consolidated Management Report (Expressed in thousand euro)

3. Main risks and uncertainties

Due to its activity, the Línea Directa Group is exposed to a series of risks and conditioning factors that may affect its reputation, objectives and strategy. To ensure that these risks are properly identified, measured, managed and controlled, the Company has a series of **action principles and procedures that are applied systematically to all the companies in the Group.**

These principles are governed by integration, independence, comprehensive management, transparency, review and continuous improvement in risk management and all are subject to the values and standards of conduct set out in the **Code of Ethics and Compliance Policy**.

Línea Directa Aseguradora has **internal control processes and an effective risk management system** that complies with current regulations and aligns with best practice in the sector. To ensure effective risk management, the entity has risk management policies that define the responsibilities and establish the operating framework for each type of risk, ensuring consistent application across all areas and subsidiaries of the Group.

The organisational structure of risk management and control is based on the principles of independence and separation of duties between business units and risk control and monitoring units.

The main roles and responsibilities of the governing bodies and parties involved in the risk management and control process are defined below.

The Línea Directa Aseguradora **Board of Directors** is responsible for determining the General Risk Policy, which will serve as a framework for the specific policies of each risk the Company is subject to.

The **Audit and Compliance Committee** is responsible for overseeing the effectiveness of the company's internal control, internal audit and risk management systems. This Committee is informed by the responsible parties within the Risk Department and the Internal Audit Department regarding the most significant risks included in the entity's Risk Map, as well as the status of the recommendations issued and the evolution of the Key Risk Indicators (KRI).

The **Internal Audit Department**, third line of defence, has the mission to enhance and protect the value of the organisation by providing objective assurance, advice and risk-based information, assisting the Board of Directors and Group Executive Management in the protection of the organisation's assets, reputation and sustainability and shareholders' interests.

The **roles in the second line of defence** (**Risk Management, Actuarial, Compliance and ICFR**) have the following responsibilities:

- Ensure the proper functioning of risk management and control systems and, in particular, that all significant risks affecting the Company are properly identified, managed and quantified.

- Actively participate in the development of risk strategy and major risk management decisions.

- Ensure that risk management and control systems adequately mitigate risks within the framework of the policy established by the Board of Directors.

- Periodically assess the adequacy and effectiveness of controls (that is, measures established to mitigate the impact of identified risks) and make recommendations to those responsible for the risks, which will take the form of action plans.

- Periodically report on the status of the Company's risks, as well as any possible risks that have emerged, the results of tests performed on controls and the status of all recommendations arising from these tests to the Management Committee and, with the frequency considered appropriate, to the Audit and Compliance Committee and the Standing Risk Committee.

The risk management departments are equipped with adequate information systems and controls to ensure compliance with this policy and their means of operation is established in the specific policies for each type of risk.

The **Standing Risk Committee** is responsible for facilitating and monitoring the implementation of effective risk management practices by tracking all risks. It receives regular reports from the first line of defence. The functioning of the specific committees, their organisation and powers are detailed in the Línea Directa Aseguradora S.A. Governance System.

Senior Management is responsible for creating a culture and organisational structure that promote effective risk management. The managers of the Business and Support Areas must be aware of the risks in their area and comprehensively manage them with their duties, powers and responsibilities and carry out the necessary risk management measures. The Corporate Risk Department coordinates the departments that make up the second line of defence (Risk Management, Actuarial, Regulatory Compliance, ICFR, Internal Control System for Sustainability Reporting, and Fraud Management) and channels their reporting to the Group's governing bodies.

The **first line of defence** is made up of the Business and Support Areas, and they are responsible for detecting and reporting to the Standing Risk Committee any risks that may arise in the course of their activities and managing them in coordination with Risk Management. Their mission is to implement effective controls and manage risks in their day-to-day operations, ensuring that the organisation's objectives are met and that operations are conducted efficiently and in compliance with legal, regulatory and ethical standards.

3.1 Cybersecurity Risks

Cybersecurity risk is the risk caused by technology that can affect data, confidentiality, information misuse and system outages that can damage the business, among other elements.

The entity's **Security Policy** constitutes the reference framework aimed at facilitating the definition, management, administration and implementation of the security mechanisms and procedures necessary to achieve the level of protection appropriate to the criticality of the Group's physical and information assets.

The entity has developed the **Business Continuity Policy,** whose preparation and monitoring is the responsibility of the Group Corporate Security Area, in order to ensure the continuity of business operations in the case of events affecting the normal operation of Group processes, as well as to comply with Article 41.4 of Directive 2007/138/EC of the European Parliament and of the Council of 25 November 2009 (Solvency II) and its implementing regulations, according to which insurance companies must ensure continuity and regularity in the carrying on of their activities.

In a digital environment with an increasing risk of cyber-attacks, the entity has a cybersecurity strategy in place to protect its processes and operations from this threat. This strategy includes the implementation, evaluation and improvement of mechanisms to prevent, detect and respond to cyber-attacks on the Group's systems and networks, as well as cyber-security awareness and training for all employees.

3.2 Credit and Financial Risks

Credit Risk

The Group views credit risk as the threat of possible loss or adverse change in financial conditions resulting from fluctuations in the solvency and creditworthiness of issuers of securities, counterparties and any debtors to which the Group is exposed.

Given the nature of the Group's activities, its exposure to credit risk arises from the following factors:

- reinsurance (credit risk exposure with reinsurance entities);
- premium financing (credit risk exposure with customers);
- investment and lending activities (credit risk exposure with security issuers).

Counterparties with which the Group acquires or may acquire significant positions must invariably undergo a prior scoring process. These counterparties include companies that provide insurance for large vehicle fleets and, in particular, reinsurance companies. For the latter, a minimum credit rating of "A-" is required as a prerequisite for inclusion within the reinsurance programme. Exceptions to this solvency threshold, together with the reinsurance table for each year, are expressly approved by the Board of Directors.

The credit risk for vehicle policies is limited because, in the event of non-payment by the policyholder, the company cancels the policy within a maximum period of 90 days.

Exposure to credit risk is mitigated by a policy based on the prudent selection of security issuers and counterparties on the basis of their creditworthiness.

99.3% of the fixed income investment portfolio (€850.4 million) is rated BBB or higher and 0.7% is rated below BBB. The Company does not hold any unrated bonds or debt securities.

In 2024, the French technology company Atos defaulted on a payment of €1.4 million, which is already included in the financial result. The Group regularly monitors its exposure to investments held.

Liquidity Risk

The Group treats liquidity risk as the potential temporary inability to honour its payment obligations within the agreed timeframes due to these obligations maturing before receivables from customers fall due or before financial investments reach maturity. The Company generates daily liquidity from premium income.

The Group applies prudent liquidity risk management and is committed at all times to having sufficient liquidity to be able to honour its payments to suppliers, policyholders and counterparties within the required timeframes. Consequently, cash management is always carried out with the utmost prudence, avoiding at all times any possible overdraft or overlimit situation. Therefore, forecasts are systematically drawn up of expected cash generation and cash requirements, which enable the Group's liquidity position to be determined and monitored on an ongoing basis.

Market Risk

The Company views market risk as the risk of loss or of adverse change in its financial position resulting directly or indirectly from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.

The entity manages market risk and reduces its exposure to it through an **Investment Policy** proposed by the Chief Financial Officer, approved by the Board of Directors and reviewed annually.

This policy sets out the terms of reference of the Investment Committee, which, in accordance with the principle of prudence, provides, inter alia, for the following objectives:

- Implement the investment strategy approved by the Board that meets the requirements of all regulators and is in line with the Línea Directa Group's Investment Objectives and market developments.

- Analyse the advisability of external investment advice, approve, where appropriate, the engagement of such investment advisors and assess the suitability of all their recommendations, in accordance with the Investment Guidelines and the circumstances of the Línea Directa Group.

  In addition, it lays down reporting obligations to the Governing Body in the event of irregularities.

- Report to the Board of Directors of Línea Directa, and, if appropriate, to its Committees, and ensure that the Board is immediately aware of any deviation from or non-compliance with the Investment Objectives and Investment Guidelines.

Furthermore, the limitations of the Investment Guidelines show that this is a very conservative policy in terms of the risks to be taken with investments. The use of derivatives is permitted only for hedging purposes, with the objective of efficient portfolio management, never for speculative purposes. Where applicable, approval by the Investment Committee will be required and they must meet the regulator’s eligibility criteria.

Finally, the Investment Policy also sets the authorisation limits for transactions, with larger investments requiring the authorisation of the Board of Directors.

The Company maintains a strategy of prudent investment diversification, taking into account the risks associated with capital markets, such as interest rate movements and equity market movements. During

2024, the available liquidity has been invested mainly in debt instruments because the rise in yields has allowed this investment to be made, on average, with an IRR above 3.5%.

Insurance Risk

Insurance business risk focuses on non-life and health underwriting risk, comprising mainly premium sub-risk (premium adequacy risk) and reserve sub-risk (insurance liability adequacy risk) for the Motor, Home, Health and Other insurance business segments. These risks are managed differently depending on the business line. Within underwriting and health risk, catastrophic risk and fall risk are also included, with a lower impact than premium and reserve risks.

The Group analyses inherent insurance-related risks for each business segment in terms of premiums and reserves depending on the unique characteristics of each segment.

In the Motor and Home segments, technical standards are constantly changing and underwriting is adapted accordingly through automatic and preventive mechanisms that involve analysing the various products to determine the sufficiency of premiums and insurance liabilities. Policy performance monitoring is also carried out to analyse potential deviations.

The Motor segment has a longer duration between the opening and closing of claims than the Home segment, mainly due to the civil liability guarantee, which lasts longer than the other guarantees. The Health segment is heavily influenced by seasonality, with higher levels of policy renewal at the beginning of the year.

The Group relies on reinsurance as a primary tool for mitigating the premium, reserve and catastrophe sub-risks. Reinsurance also forms part of counterparty risk due to the risk of default of amounts recoverable from reinsurance companies.

Currency Risk

As of 31 December 2024, the Company had a foreign currency position of €25.3 million (31 December 2023: €23.2 million). These are direct investments in financial instruments quoted in those currencies, without any currency hedging. There is no significant exposure to any foreign currency.

3.3 Reputational Risk

The Group views reputational risk as the potential loss of customers, reduction in revenues or legal proceedings that the Group may incur due to loss of reputation, bad image or negative publicity with regard to stakeholders.

Línea Directa Aseguradora's stakeholders are customers, employees, suppliers, public institutions, shareholders, society, the community, consumers, the media and the wider industry; these stakeholders are the target of its corporate reputation actions and the impact of these actions on them is included in the risk management system.

The Group places great importance on reputational risk management and therefore includes it within the organisation's overall risk management system and has specific units in place to perform this duty.

3.4 Regulatory and compliance risk

Regulatory Risk is the risk that the Group's processes and operations may become obsolete or fail to comply with current legislation due to changes or developments in the specific applicable regulations. Regulatory Compliance Risk represents the possibility that changes to the Group's processes and operations may result in non-compliance with current regulations.

Compliance, which is managed by the Regulatory Compliance Department, with the Chief Compliance Officer as the most senior officer, is located in the entity's Corporate Risk area and, like the other key functions, it reports periodically to the Audit and Compliance Committee through the Risk Department. Compliance duties include advising the entity on all aspects of legal matters (labour, commercial, tax, corporate, etc.), providing guidelines to help define the legal risk management strategy, ensuring compliance with the risk policies and rules derived from positive law regulations, including not only those derived from relations with third parties, but also those derived from self-imposed rules or sectorial or ethical standards whose compliance is legitimately expected by the stakeholders of the communities in which the entity operates.

The Regulatory Compliance Department is responsible for ensuring the correct functioning of, and compliance with, the Criminal Compliance Policy and that it is adapted at all times to the needs and circumstances of the companies that make up the Línea Directa Group.

It is also responsible for fostering a culture of compliance in the entity by designing and implementing, together with the Communication Department, programmes to disseminate information, raise awareness and communicate about the compliance environment and the Group's commitment to ethical behaviour in accordance with the applicable regulations to ensure the effectiveness of its implementation.

Together with the departments that have expertise in specific matters such as the Data Protection Office or Tax Advisory, among others, Regulatory Compliance also assesses the potential impact of any changes in the legal environment with regard to the Company's operations, as well as identifying and assessing compliance risk.

The Compliance Function carries out its duties in accordance with the Compliance Policy, approved by the Board of Directors, and the Regulatory Compliance Management System.

The main activities and powers of the Regulatory Compliance Department include the following:

- supporting, advising and assisting the Chief Compliance Officer in all their duties;
- assessing the potential impact of any changes in the legal environment with regard to the organisation's operations;
- designing and implementing the entity's compliance plan including identification and analysis of regulatory risks and controls, management and execution of verification plans and identification and approval of new measures and action plans;
- drawing up the Annual Compliance Report for presentation by the Chief Compliance Officer to the entity's governing bodies.

3.5 Environmental, Social and Governance (ESG) Risks

The Group has established its management model, processes and methodology for assessing ESG risks. The ESG risk management model is a qualitative assessment with KPIs that help to identify risks that could be considered more immediate threats and regular monitoring to help ensure the exchange of information between the areas responsible and the Group's Risk Department.

With regard to investments, ESG risk is defined as any environmental, social or governance event or status that, if it were to occur, could have an actual or potential material adverse effect on the value of the investment.

As far as liabilities are concerned, it is defined as an environmental, social or governance event or condition that, if it occurs, may cause an actual or potential material adverse impact on the value of the liability.

The Entity has approved a **sustainability plan** based on the three pillars (environment, social and governance).

With regard to environmental issues, the Entity has published its **Environmental Management and Climate Change Policy, Investment Policy with ESG Criteria** and **Responsible Procurement Policy**; it has **valued its investment portfolio** based on those criteria and it has adhered to the TCFD (**Task Force on Climate-Related Financial Disclosures**), among other actions. In addition, it has continued to promote the insurance of electric vehicles through its Respira Policy, launched in 2016 and extended to include plug-in hybrid vehicles in 2022. Regarding social matters, the **health, prevention, and well-being policy**, the **talent policy**, an **equality plan**, and a **harassment prevention protocol** have been published. The Company has also been added to the **United Nations Road Safety initiative**.

Meanwhile, in governance, the **product control and governance policy, internal fraud policy,**

updated compliance policy and updated criminal compliance policy, information security policy, privacy policy and tax strategy policy have all been published and the entity has been included in the **BME IBEX Gender Equality Index**.

The Corporate Risk department, together with the Group's other divisions, periodically analyses the factors that could impact the business if they were to occur, including environmental, social and governance factors. Based on this analysis, an assessment of the entity's key risks is made, taking into account prevention and mitigation measures.

The Línea Directa ESG risk map shows the risks to which the entity is exposed, each of them linked to the Sustainable Development Goals (SDGs) and other reporting frameworks (GRI or Spanish Act 11/2018 on non-financial information).

3.6 Operational Risk

The Group defines operational risk as potential loss due to inadequate or failed internal processes, people and systems or due to external events.

The Group considers loss caused by operational risks to be all the ways in which these risks may affect the parent company and its subsidiaries, such as economic loss, reputational damage, legal breaches, technological or security failures, degradation of business processes or impact on customers or employees.

The Group's operational risk management system is structured as a cyclical process of continuous improvement consisting of the following phases: identification, assessment/measurement, mitigation and monitoring/control.

3.7 Additional Information

The **"Governance Dimension"** section of the **"Risk Management (Entity-Specific)" subsection of the Consolidated Statement of Non-Financial Information and Sustainability Information 2024** includes additional information and details on the principles of action and the main roles and responsibilities of the governance bodies and parties involved in the risk management and control process.

4. Outlook for 2025

Overall, the effect of geopolitical tensions on global economic activity remains contained, with inflation rates tight, interest rates declining and growth expectations stable for the world as a whole.

The performance of the Spanish economy in the coming months is part of an international context characterised by the start of the new Republican administration in the United States and the uncertainty associated with some of the measures announced by the new president, especially those related to the introduction of greater economic protectionism.

The 2025 financial year will be marked by risks such as increased global trade fragmentation and fears of a worsening of some of the current geopolitical tensions or a sharp correction in financial asset prices. These metrics of uncertainty are compounded by the speed with which the disinflationary process might proceed and the future evolution of business investment and household consumption, which remain at pre-pandemic levels.

With regard to the Company's prospects, in the Motor line, the Company expects to accelerate its commercial performance and significantly increase its number of customers. Among other factors, the cost of claims, although more contained, will be impacted, by the injury scale, which incorporates a 2.8% increase for 2025.

The Company also anticipates significant growth in the Home line. In terms of claims costs, the frequency and intensity of weather events will continue to be one of the factors determining their evolution.

Similarly, growth in the Health line is expected to accelerate. The integration of this line of business under the Línea Directa brand for sales to private individuals and cross-selling makes 2025 look optimistic. The cost of claims will continue to reflect the increase in healthcare costs and hospital fees.

Expenses will continue to be contained, with moderate increases within the ongoing control of costs and the efficiency of internal processes.

The investment portfolio will grow in volume and higher average returns will allow for higher financial revenues than in 2024.

5. Events after the reporting period

There have been no events after the reporting period for the financial year that may affect the annual accounts or otherwise be of interest to users of the financial statements.

6. Environment – Safety and Staff

Environment

The Línea Directa Group operates in a sector that, due to its characteristics, is not critical with regard to climate change mitigation, although it is key when it comes to adapting to climate change. Under a direct business model, without office networks, it concentrates its operations and avoids dispersion across the country, which makes it an organically more efficient company in environmental terms than other competitors in the sector.

The Group recognises that, in the lines of activity in which it operates, it has a key position in the transition to a low-carbon economy, such as with regard to motor transport or increasing access to renewable energy in households. With an ageing vehicle fleet, a more restrictive regulatory horizon and greater customer concern in this regard, the insurance Group is positioning itself with a sustainable business strategy to respond to stakeholders in the face of the uncertainties arising in the sustainability context. The Group combines responsible consumption management with the launch of new products that respond to social and environmental issues. In addition, the Company continues to make progress in the responsible management of its value chain and the inclusion of ESG criteria in its investment portfolio.

During 2024, the Group continued with its 5th Sustainability Plan for the 2023–2025 period, which includes the fight against climate change and decarbonisation among its core aspects. As a sign of Línea Directa's commitment to these aspects, the scope of variable remuneration linked to environmental performance has been extended.

In 2024, Línea Directa Aseguradora incorporated considerations related to climate change in the variable remuneration systems of different positions in the company, including the CEO, the Management Committee, identified non-management groups and staff in corporate areas.

In this regard, part of the variable remuneration of the CEO and the Management Committee was linked to an environmental management objective for 2024, one aspect of which was a 10% reduction in the Company's energy consumption (grid electricity, natural gas and diesel) in comparison with 2022.

Governance and climate change management

The integration of climate change in the Group is articulated through the three-year Sustainability Plan, which was approved by the Board of Directors in 2023 and which is reviewed annually.

The Group's actions in this area mainly take form through its Environmental Management and Climate Change Policy, as the basis of the principles to which it is committed, and its adherence to initiatives of national and international organisations that demonstrate the Group's commitment to the fight against climate change.

Furthermore, within the team that makes up the Management Committee, there are roles representing specific responsibilities in the fight against climate change, such as Human Resources, the Communication and Sustainability Department and the Corporate Risk Department.

Similarly, and to an even greater extent, the Standing Risk Committee and the Sustainability Committee address aspects related to climate change.

In addition, the Group has a Sustainability Committee, comprising the Director of Human Resources, Communication and Sustainability, the General Secretary, the Director of Finance, the Marketing Director and the Director of Services and Claims, which meets at least three times a year and monitors aspects related to climate change.

Over the course of the year, the Sustainability Committee set an intermediate decarbonisation target for 2030. This proposal has been sent to the SBTi for review. The target under approval affects Scope 1 and 2 carbon emissions, as well as two categories in Scope 3. The targets combine 1.5 °C and WB2C scenarios.

The Company also has a Sustainability Working Group, made up of the heads of the departments of External Communication and Sustainability, Procurement, Investor Relations, Corporate Governance, Space Management and Planning, Marketing and New Products, Risks, Services and Claims, Quality and Customer Experience Analysis, People Management and, finally, Talent, Communication and Culture. With regards to the Sustainability Committee, this body proposes the actions to be included in the Sustainability Plan, promotes their implementation and carries out periodic, comprehensive and detailed monitoring of the status of the actions underway in accordance with the Sustainability Plan.

In this regard, the Group has an organisation, a policy and an action plan aimed at combating climate change, with the goal of contributing to the EU's goal of achieving zero net emissions in the economy by 2050 through its role as an insurer and its position as an institutional investor.

Risks and Opportunities in View of Climate Change

In 2024, under the guidance of the Task Force on Climate-related Financial Disclosures (TCFD), Línea Directa published the initiative established by the Financial Stability Board for the reporting of information on climate risks and opportunities, the first TCFD-related publication approved by the Board. In view of the new regulations under the Corporate Sustainability Reporting Directive (CSRD), the Group will adapt its reporting for the coming years and will start preparing its Energy Transition Plan. In 2025, it will update its environmental performance under the TCFD guidelines and begin a new line of work to quantify the financial impact of both physical and transitional climate change risks and opportunities in different scenarios.

The Group's TCFD publication sets out the oversight and role of the Company's Board of Directors, Committees and Management and Sustainability Committees in managing climate risks and opportunities together with the short-, medium- and long-term timeframes over which these risks and opportunities are established.

The publication also sets out the impacts on business, strategy and financial planning and describes different resilience measures for two scenarios, one that exceeds 2 °C and leads to an increase in the intensity and frequency of weather events, and the other in which a transition is made by keeping the temperature below 2 °C in the long term.

The document includes a description of the process of identifying and assessing climate risks and opportunities. In 2025, the calculation of emissions generated by activity in 2024 will be updated following the greenhouse gas (GHG) Protocol for Scopes 1, 2 and 3.

Carbon Footprint

The Línea Directa Group has been calculating its carbon footprint for more than 13 years. It continuously improves the calculation year after year to make it more comprehensive and ensure wider coverage.

In 2024, the internal procedure for calculating motor portfolio emissions was prepared based on an adaptation of the standard developed in the Partnership for Carbon Accounting Financials (PCAF) document *Insurance Associated Emissions*.

The calculation of the Group's Carbon Footprint is published in section E1-6 of the Consolidated Non-Financial Information and Sustainability Reporting Statement 2024, which is reported in accordance with the European Corporate Sustainability Reporting Directive (CSRD). This calculation, which follows GHG Protocol methodology, includes Scope 1 and 2 emissions and the categories that apply to the insurer in Scope 3.

To calculate categories 1, 2, 9 and 15 of Scope 3, a methodological change was made that involved using accessible econometric conversion sources to enhance transparency. 99% of its emissions come from Scope 3, with category 1 "Purchased goods and services" (38.7%) and category 15 "Investments" (58%) generating the most indirect emissions from its activity. The calculation has been made including methodological changes compared with previous years.

Línea Directa Aseguradora has verified the 2023 carbon footprint generated by all its sources of emissions. The audit was carried out by an independent third party and under a limited assurance level.

In addition, the subsidiary Línea Directa Asistencia prepares an annual calculation of the greenhouse gases emitted in its business operations. The roadside assistance subsidiary calculates the number of kilometres travelled annually by the towing, rental car and taxi services that are made available to customers and the verification activity. At year-end, a total of 7,181 tonnes of CO_2 had been accrued.

The Company has filed its carbon footprint for the 2023 financial year for registration with the Ministry for Ecological Transition and the Demographic Challenge, through the Spanish Climate Change Office (OECC). In addition, the company plans to offset Scope 1 and Scope 2 of its carbon footprint through CO2 absorption projects in Spain.

Circular Economy

The Línea Directa Group promotes actions that favour the circular economy, including the project launched in 2016 to reduce paper consumption through the implementation of digital procedures.

Customers can access all documentation digitally with the “Digital Policy”, which is sent to the policyholder when they take out their policy. In addition, other measures have been implemented that have helped to raise awareness among employees to save paper, such as the extension of the use of electronic signatures, which are used to sign documents with customers and in contracts with suppliers and employees, allowing each contract to have a unique digital file that reduces the need for paper.

Furthermore, the Línea Directa Group has focused on reducing the generation of waste and increasing the reuse, recycling and other types of recovery of waste produced by the Company's vehicle repair workshops. CAR Madrid has obtained the Zero Waste certificate, which certifies that more than 90% of the waste generated in its productive activities has been subjected to treatment for revaluation; CAR Barcelona, for its part, has obtained the Towards Zero Waste certificate, which certifies that more than 60% of waste is managed with this treatment.

Biodiversity

Biodiversity is not a material aspect for the Línea Directa Group, as it has no impact on protected natural areas and/or biodiversity because its headquarters are located in urban areas.

Línea Directa has not identified any aspects that could have either a positive or negative impact or that are significant for the Company in the short or medium term.

Furthermore, the Group's lines do not include the underwriting of activities that could have a negative impact on biodiversity or any animal species.

The heterogeneity of its current value chain makes it difficult to obtain complete information related to its impacts on nature and, therefore, it is also difficult to obtain a thorough diagnosis of the risks and opportunities related to it.

Its activity combines the responsible management of its consumption and the launch of new products for the latest environmentally friendly forms of mobility. In addition, the Company continues to make progress in the responsible management of its value chain and the inclusion of ESG criteria in its investment portfolio.

Moreover, as a sign of its commitment to nature and the environment, every year, the Línea Directa Group supports Earth Hour, the initiative promoted by the WWF that aims to mobilise individuals, companies and governments to reverse the loss of biodiversity in nature. This collaboration takes the form of a financial contribution and the promotion of the initiative on its social networks.

Adaptation to Climate Change

In recent years, the European Commission, in the context of the 2015 Paris Agreement on Climate Change and the United Nations 2030 Agenda for Sustainable Development, commissioned a group of technical experts to develop the European Union (EU) strategy for sustainable finance, as part of its bid to direct capital flows towards sustainable activities.

As a result of this strategy, December 2021 saw the publication of Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation.

In June 2023, through delegated acts, the European Commission adopted the technical criteria for the other four environmental targets established. These are water protection, circular economy, pollution prevention and biodiversity and ecosystems, completing the green Taxonomy.

The Taxonomy establishes a set of harmonised criteria to be able to consistently determine whether an activity or investment is sustainable by making a substantial contribution to one of the environmental objectives set out in the Regulation. The detailed definition of these criteria makes it possible to establish the basis for developing standards or labels that assess the sustainability of a financial product.

In years prior to 2023, the Línea Directa Group has been reporting its eligibility percentages for both its business activity, specifically its premiums, and for its assets, i.e., its investment portfolio and real estate investments.

Indicators

The Línea Directa Group reports the percentages of eligibility for its premiums and its investment portfolio and its investments in real estate. In this regard, the percentage of eligible premiums and premiums aligned with the taxonomy is 1.7%. In addition, the eligible investment portfolio by business volume is 12.9%, and by CAPEX it is 13.3%. For its part, the investment portfolio aligned according to the EU Taxonomy by business volume and by CAPEX reaches 3.5% and 5.0%, respectively.

Premiums

The proportion and amount of gross written premiums of Non-Life and reinsurance business corresponding to activities identified as environmentally sustainable according to the Taxonomy.

The Company's activity falls under the activity “Non-Life Insurance: underwriting of climate-related perils”, which corresponds to contributing to the objective of climate adaptation.

KPIs related to underwriting activities have been calculated as the proportion of gross written premiums for non-life insurance that correspond to eligible insurance activities, according to the Taxonomy in relation to gross premiums written for non-life insurance.

Línea Directa procedure

Línea Directa has drawn up the eligibility and alignment of its premiums under the insurance business activity that applies to it. In this regard, the European Commission has presented Regulation (EU) 2020/852, which introduces the activities that are environmentally sustainable.

Línea Directa has considered the key performance indicator of underwriting results of significant non-life insurance and reinsurance undertakings in accordance with Annex X of Delegated Regulation (EU) 2021/2178 at a consolidated level. In this respect, there are no significant risks as it does not operate in any business other than the insurance business. Eligible and non-eligible non-life insurance activities are taken into account and all wholly owned subsidiaries are considered.

The KPI for underwriting activity shows what proportion of all non-life underwriting activities is made up of activities related to climate change adaptation that are carried out in accordance with activities 10.1 and 10.2 of Annex II of Delegated Regulation (EU) 2021/2139 concerning Taxonomy for the climate.

Indicators have been developed to be able to quantify the eligibility of the underwriting, to ensure it is traceable and to favour robust data.

Eligibility Exercise

Owing to the amendment of the eligibility criteria compared with previous years, and coinciding with the first year of analysis of the degree of alignment, Línea Directa has calculated the premium corresponding to the coverage that significantly contributes to achieving the climate change adaptation objective, as included in Annex II of Delegated Regulation (EU) 2021/2139, activities 10.1 and 10.2. This is specifically due to its role in compensating for damage caused by severe weather events not covered by the Insurance Compensation Consortium, in both the Motor and Home lines.

Notably, in the Motor line, own damage and glass coverage has been identified and the impact on premiums of extreme weather events has been estimated. The estimate has been made on the basis of the net written premium data for the coverage, and a risk premium and a net written premium for weather damage has been established.

In the Home line, the full premium for coverage against atmospheric phenomena and electrical damage has been considered because these cover damage caused by high-intensity weather events.

For the Health line, no specific coverage has been identified that directly includes coverage for health damage resulting from climate change.

Alignment exercise

For the alignment calculation, the Technical Screening Criteria (TSC) of the activity have been considered. For both Motor and Home lines, the criteria listed below are met.

1. Underwriting models reflect climate change risks. In addition, the Company not only looks at historical trends, but also takes into account expected trends and forward projections, which are included in both the ORSA exercise and the Task Force on

Climate-related Financial Disclosure (TCFD). The latter includes the management of climate change impacts, risks and opportunities with 5–10 year projections.

2. In 2024, the Company published its first TCFD report, which sets out its climate change governance mode and climate change risk and opportunity management and the corresponding strategy, targets and metrics.

3. Policyholder premiums may be reduced if the insured object meets criteria related to reduced exposure to weather events.

4. Policy renewal takes place annually and in the event of a weather event, the Company will make available the conditions for renewing or maintaining the coverage at the time of renewal. These conditions may undergo material amendments depending on the history of weather events and their respective damage.

5. Policies will be discounted if preventive measures are taken or if they are associated with a lower risk of adverse weather events. These measures are set out during the contracting process.

6. The products are marketed with full information about the coverage, including coverage for weather-related risks. Additionally, information is provided both regarding measures that benefit the customer and regarding coverage that may be optional to make the insurance more comprehensive and to avoid limited insurance.

7. Línea Directa Aseguradora is an insurance company operating in the Motor, Home and Health insurance lines. The Company is not authorised by the competent bodies to underwrite facilities for activities related to fossil fuels (oil, gas or coal).

8. Each year, Línea Directa works with the Spanish Institute of Economic and Actuarial Sciences (ICEA), Spanish Union of Insurers (UNESPA), and the Directorate-General for Insurance (DGS) by providing the information they request for analysis and research on climate change issues and society's adaptation to climate change.

9. Línea Directa deals with all claims declared in accordance with the applicable law, taking into account the established deadlines.

Compliance with the Do No Significant Harm (DNSH) Principle

The Company's insurance activity does not conflict with any other environmental objectives of the Taxonomy. Línea Directa is committed to mitigating climate change by implementing measures that favour a lower impact on the environment. Furthermore, it does not cover any activities related to the extraction, transport, refining or distribution of coal, gas or oil.

Moreover, its activity has no significant impact on water resources, the circular economy, pollution or the objective of protecting biodiversity. In this respect, the Company complies with the DNSH criteria.

Social Safeguards

Línea Directa complies with the minimum safeguards set out in Articles 3 and 18 of the Taxonomy Regulation in relation to human rights, corruption, taxation and fair competition. In this sense, a body of policies (Human Rights Policy, Anti-Corruption Policy, Fiscal Policy and the Code of Ethics, among others) sets out the corporate stance on these matters.

The Company has Human Rights Due Diligence procedures in place, covering employees, suppliers, customers, investors and society in order to prevent the violation of fundamental rights.

Línea Directa is also a member of the United Nations Global Compact, which promotes the fight against child labour and forced labour and the protection of fundamental rights.

It also has procedures in place to monitor and establish disciplinary measures in the event of criminal acts and organises regular training activities to raise awareness among its professionals, especially senior management, of all corporate policies and procedures.

Línea Directa did not receive any final conviction or sanction for violation of human rights, corruption or bribery, tax evasion or failure to respect competition laws in 2024.

The Company has received a sanction regarding the protection and processing of data that is pending administrative appeal.

Investments

Línea Directa calculates the proportion in total assets of exposures to activities identified as environmentally sustainable according to the Taxonomy, with the percentages described at the beginning of the section.

The IFRS9 value of the on-balance sheet positions for each of the categories and the total assets of the Línea Directa Group as of December 31, 2024, except for exposure to debt and agencies, has been taken into account as the denominator. All the Company's portfolio positions, except for the participation in TIREA, have been assigned a CNAE code.

- Participations in companies or bonds of companies covered by the NFRD regulations are considered eligible, based on their CAPEX data and business volume.
- Debts and agencies: the portfolio's positions in sovereign debt or other bonds in national and supranational agencies are not included in the calculation.
- Listed and unlisted investment companies and funds: this has been considered exempt. As of 31 December, the Company has a CNAE assigned as a financial product and is therefore exempt.
- Derivatives: the percentage of the portfolio in the total assets managed is included.
- Properties are considered ineligible.

Social Dimension

Aware of its direct impact as an insurer, as a generator of employment and as a social actor, Línea Directa is a responsible company that is committed to the progress of society and that is involved with the communities in which it operates.

Through the dual materiality analysis conducted throughout 2024, the entity has identified impacts, risks and opportunities related to its own staff regarding issues such as safety, health and well-being of employees, diversity, equity and inclusion, and talent management and professional development.

These issues are related and linked to its strategy and business model. The strategic lines of the Línea Directa Aseguradora V Sustainability Plan 2023–2025 include the following action areas:

• diversity, equality and human rights;

• talent;

• driving social strategy.

Diversity, Equality and Human Rights

Línea Directa Aseguradora establishes its commitment to diversity, inclusion, equal opportunities, non-discrimination and harassment, and respect for human rights through a set of policies. These principles are designed to promote an inclusive work environment, ensure equal treatment and foster respect for individual differences, while strengthening the Company's sustainability and competitiveness.

The scope of the Diversity and Inclusion, Gender Equality and Human Rights policies is extended to include all the employees, managers and directors of all the companies that make up the Línea Directa Aseguradora Group, as well as the Línea Directa Foundation. In this context, the entity also encourages its partners and others involved in its operations, products and services to respect the provisions of this policy.

Diversity

In 2024, the Board of Directors of Línea Directa approved the updating of the Group's Diversity and Inclusion Policy, which establishes the fundamental principles and commitments that govern the Company's actions in this area and which is applied in all areas of the Company's activity.

Through this policy, the entity sets out its commitment to equal opportunities, the elimination of any form of discrimination and the active promotion of an inclusive environment. In this regard, it ensures, inter alia, fair selection, recruitment, training, remuneration and promotion processes that are based solely on merit, experience and performance. The Company also promotes the inclusion of vulnerable groups.

Equality

Línea Directa Aseguradora has a Gender Equality Policy, also updated in 2024, which enshrines the development of labour relations based on equal opportunities, non-discrimination and respect for diversity.

The general objectives of the Gender Equality Policy are to adopt specific measures that make it possible to ensure gender equality in own activities and the value chain, to bring out talent without gender bias, to facilitate the access of the under-represented gender to senior management and positions of responsibility on equal terms, and to pay attention to possible deviations concerning the pay gap in order to correct them.

Línea Directa also has a Harassment Protocol available to all employees, all of whom have received the relevant training, so that any employee can request the necessary assistance in the event of a harassment situation or report an event that they consider to be an attack on their person. This Protocol includes a broader extension of the types of discrimination laid down in current legislation.

As part of its commitment to equality, non-discrimination and inclusion, the Company also subscribes to best practice codes, business networks, sectorial initiatives and various foundations that promote the principles outlined here, such as the UN Global Compact, the UN Women's Empowerment Principles (WEPs), Target Gender Equality (TGE) and Top Employers.

The Company also subscribes to the UNESPA *Guide to good practices in equality and non-discrimination*, collaborates with the Más Familia Foundation (EFR) and participates in the EWI Sectorial Network, in the Eje&Con Code of best practices concerning female talent in entities and in MásHumano, a network of companies that works to implement flexible work models. Furthermore, Línea Directa is part of the Ibex Gender Equality Index of the Spanish Stock Exchanges and Markets (BME) owing to the percentage of female representation in the Company's Senior Management and Board of Directors.

Human Rights

Línea Directa Aseguradora is a member of the Spanish Network of the UN Global Compact and is committed to incorporating the UN Guiding Principles on Business and Human Rights into its activities. To this end, it has a Human Rights Policy approved by the Board of Directors and applicable to all Group subsidiaries.

In this regard, it undertakes to respect internationally recognised human rights as set out in the UN International Bill of Human Rights, the Declaration of the International Labour Organisation (ILO) and its core conventions on fundamental principles and rights at work, the OECD Guidelines for Multinational Enterprises and the European Convention on Human Rights.

The Policy is intended to serve as a guide to protecting and respecting these rights, preventing their violation and reflecting the Company's commitment to international, local and sectorial standards, such as the UN Principles for Responsible Investment and Sustainable Insurance. It also describes how this protection is implemented in its operations, setting out principles and action guidelines to identify, prevent, mitigate and remedy potential negative impacts.

The Company has an Ethics Channel, through which, confidentially or anonymously, and safe from reprisals, its own staff and any stakeholders can report a possible breach of the commitments set out in the human rights policy.

Prevention, Safety, Health and Well-Being

For Línea Directa, actions aimed at protecting health, preventing illness and promoting well-being are a fundamental part of its actions as a responsible company towards society and its employees. For this reason, it has a Prevention, Safety, Health and Welfare Policy, as well as an occupational accident prevention management system, which reflects its firm commitment in this regard and establishes the framework of action applicable to all employees, managers and directors of the companies that make up the entity.

This policy is set out in accordance with legal requirements and based on the recognition of international best practice as set out in international guidelines and standards, including the International Labour Organisation Occupational Safety and Health Convention, 1981, and the Luxembourg Declaration on Workplace Health Promotion.

Well-Being and Work–Life Balance

Línea Directa has a corporate Health, Safety and Welfare Policy whose principles include the organisation's commitment to ensuring that the workforce maintains optimum levels of well-being through its benefits, advantages and welfare programmes, as well as the work–life balance measures that the Company makes available to its staff.

The Company offers its employees a catalogue of work–life balance measures that exceeds legal requirements. Specifically, it has a flexible work procedure (flexiwork), which gives all employees of the Company six days of flexible work at home per month; paid leave not covered by the applicable collective bargaining agreement to attend to different family-related circumstances; and leave and improvements associated with maternity, paternity and breastfeeding.

Similarly, the Company has a Wellness and Health Programme that includes the annual development of specific actions that have a positive impact on physical, emotional, financial, preventive and health well-being. These include various training courses, solidarity actions and activities to raise nutritional and emotional awareness among employees. Additionally, vaccination campaigns in the office, healthy challenges and regular participation in races and tournaments are promoted.

Digital Disconnection

The Company has a Digital Disconnection Policy that sets out the principles and commitments made by the organisation with the aim of maximising the work–life balance of its employees. This Policy expressly recognises the right of employees not to respond to business communications outside working hours, except in cases of justified urgency, and team leaders are encouraged to avoid communications of this type.

Remuneration

The Company has a Remuneration Policy whose main objective is to align the remuneration of its employees with the interests of the Company while promoting corporate values and culture.

The Company has a Total Remuneration Platform on the employee portal where users can consult all the elements that form part of their remuneration package. This includes their fixed remuneration, variable target-based remuneration and remuneration in kind, such as life and accident insurance, in addition to the various social benefits and advantages of being an employee of Línea Directa, such as a flexible remuneration programme and discounts on all the Company's products.

In addition, all Línea Directa employees have life and accident insurance from the moment they join the workforce. Moreover, the entity has savings and retirement insurance through which the company makes an annual defined contribution for each employee, contributing in this way to the commitment to improve employees' retirement pensions. Further to the ordinary retirement contingency for professionals who have served in the company for at least three years, this system also covers death and disability of any kind and allows consolidation of the rights accumulated in the collective insurance.

In recent years, the Company has also implemented a Share Purchase Plan aimed at employees. By joining this Plan, people in the organisation can use part of their salary to buy discounted shares and benefit from the advantages of flexible remuneration. In 2024, the company continued this programme.

Talent Management

Línea Directa Aseguradora faces the challenge of attracting and retaining qualified talent in a highly competitive environment, which stems from its dependence on humans to correctly carry out its activity.

The Company has a Talent Policy, updated in 2024, which sets out the principles of action and specific measures to attract, retain and manage this talent. These include fostering stable, quality employment, ensuring proper recruitment, preparing employees with the necessary knowledge, skills and competencies, fostering commitment, promoting corporate values and promoting the well-being of the Group's human resources.

The Company has been implementing a series of actions focused on strengthening the employer brand and generating visibility in specific talent niches; identifying and developing internal potential, including studying the Succession Plan; as well as various training and qualification programmes to keep the workforce updated on market requirements.

With regard to attracting talent, the strength of the employer brand is noteworthy. In 2024, the Company renewed its certification as a Top Employer for the sixth consecutive year and remained among the 50 companies with the best capacity to attract talent in Spain according to the MERCO Talento (talent) ranking.

In terms of professional development, Línea Directa has a model for identifying potential talent in the organisation, which leads to specific training and development plans and programmes being created for these employees.

Línea Directa is also strongly committed to training and updating the knowledge of different groups. Consequently, by means of example, in recent years it has carried out skills training actions and training of IT teams in Artificial Intelligence (AI) and has provided staff training on the new sustainability reporting regulations (CSRD) and DORA (Digital Operational Resilience Act), among other actions.

Disability and Accessibility

One of Línea Directa Aseguradora's key pillars of action in the field of integration of functional disability is including employees with a certificate of disability.

To this end, the Company is developing various initiatives to address this challenge, including internal talent management, collaboration with specialist entities and participation in social projects aimed at promoting the employability of this group.

Furthermore, all Línea Directa Group workplaces are accessible. In addition, the company works on communication and awareness with regard to disability, both internally and externally.

The accessibility of digital assets has also been addressed in recent years to ensure universal access for all users.

In this regard, the Company has made progress in its roadmap for universal accessibility of its digital assets ahead of the entry into force of European Directive 2019/882.

To this end, in 2024, Línea Directa took a significant step forward by obtaining the AA standard on its commercial website, which ensures inclusive browsing for all users. This certificate shows that the company has an advanced level of universal accessibility according Web Content Accessibility Guidelines (WCAG) 2.1 under the Web Accessibility Initiative (WAI) of the World Wide Web Consortium (W3C), which establishes three levels: A (minimum requirements), AA (good practice) and AAA (highest level of accessibility). In addition, in 2023, the entity achieved AA level on its corporate website.

This initiative is part of Línea Directa's sustainability strategy and forms part of the actions envisaged by the Group in its 2023–2025 Sustainability Plan, which seek to promote accessibility, inclusion and equal opportunities.

Along these same lines, in the 2024 financial year, the company also launched a video-interpretation service for deaf people in collaboration with the CNSE Foundation, with the aim of promoting inclusion and accessibility in customer service. This new service allows customers and non-customers with hearing impairment to make enquiries related to Línea Directa's services and products, including taking out insurance, checking policy conditions, reporting accidents and requesting roadside assistance, among many others.

Social Strategy

The Company promotes its social strategy through strategic alliances, internal programmes and the Línea Directa Foundation, which focuses on Road Safety. In addition, the fight against social exclusion and the dissemination of healthy lifestyle habits are further priorities in the social area.

The main contribution in social matters is made through the Línea Directa Foundation, which in 2024 commemorated its tenth anniversary; its activities encompass research, dissemination, training and social action in road safety.

In 2024, the Foundation published three road safety studies with a strong media impact. It also carried out a road safety awareness initiative aimed at company employees. It also held the 21st edition of the Road Safety Journalism Award and the 10th edition of the Road Safety and Entrepreneurship Award.

Since 2022, Línea Directa's social action has been integrated into the company's sustainability strategy under the name 'Lina Directa Movement'. The aim is to make social action visible and encompass it, as well as to frame corporate volunteering. In addition, the Entity seeks to make a call to action to involve more people in the community.

In accordance with the 2024 Social Action Plan, this year the Company has reduced the total number of actions, focusing on the ones with the highest impact. The types of volunteering activities proposed, the diversity of groups involved (disability, senior citizens and social exclusion) and the fact that they are sometimes held on the organisation's premises have led to a significant increase in the number of volunteers.

7. Research, Development and Innovation Activities

Línea Directa Aseguradora is committed to research, development and innovation and has powerful initiatives in this area that the Group makes available to the business and its customers by creating and launching unique insurance products on the market, and to society as a whole through the research activities of the Línea Directa Foundation for road safety.

Innovation

Línea Directa Aseguradora promotes innovation and entrepreneurship through specific initiatives that strengthen its business model and reinforce its commitment to sustainable development. One of these initiatives is the 10x intrapreneurship programme, designed to foster differentiation and growth through a proprietary methodology. This programme focuses on the identification of new areas of business opportunity, following a structured process that covers the phases of exploration, ideation, validation and implementation.

In 2024, several projects generated by this programme were presented to company management using an elevator pitch format during a conference at IESE Business School, Madrid. These proposals, designed to incorporate coverage and features that are new in the insurance sector, aim to supplement the Company's commercial range and consolidate it as a multi-line and multi-product organisation. Their development will continue in 2025 in accordance with the Company's strategic priorities.

The Company also has a Product Committee led by the Marketing Director that organises various strategic sessions, as well as operational and product approval sessions. Employees involved in the 10X Innovation Programme have participated in all these phases.

Innovation aimed at offering differentiated products that meet emerging customer needs has resulted in the following products in 2024.

- **Squatting insurance**: this pioneering insurance policy in Spain offers a comprehensive solution to the legal and financial consequences of squatting. It includes legal assistance, financial compensation and access to a network of repairers.
- **Pet insurance:** designed to comply with the legal requirements of the Animal Welfare Act, this product incorporates advanced services such as 24/7 tele-veterinary support, electronic prescriptions and coverage for damage and liabilities up to €300,000.

Both products reflect Línea Directa's commitment to meeting the emerging needs of customers while strengthening its business model.

Finally, the Línea Directa Foundation reinforces innovation in road safety through its Entrepreneurs Award, a consolidated initiative that celebrated its 10th edition in 2024. This event acts as an accelerator for start-ups, funding projects with the potential to save lives on Spanish roads. With a cash prize of €20,000 net, training and mentoring, this award promotes innovative solutions that contribute to social welfare and sustainability.

Digital Transformation

The Transformation team plays a key role in leading the definition and execution of the Company's digitalisation strategy.

Línea Directa Aseguradora is developing a comprehensive governance environment for digitalisation, as a result of an audit carried out in 2024. This action plan, which will culminate in March 2025, aims to establish a policy to reinforce digital transformation processes and ensure their alignment with the Company's strategic objectives and the management of material impacts, risks and opportunities.

During 2024 and as part of the 2025 long-term plan, the actions listed below were developed.

- Optimisation of digital processes: the implementation of claim filings using AI was completed, and progress was made in the rollout of digital add-ons. This process has reduced the average transaction time by around 30%.
- Referral of tow truck requests to the digital channel: there has been a decrease in telephone calls and an increase in the volume of transactions carried out through digital channels.
- Optimisation of the hybrid chat channel (AI + agents): the implementation of the channel has enabled a more efficient service by providing automatic responses to 60% of frequent queries through generative AI models. This has resulted in a five-fold increase in the volume of conversations handled in less than eight

months, reducing agent workload and improving customer experience.

Quality of Service

As a result of its business model, direct contact with the customer allows Línea Directa Aseguradora to gain first-hand knowledge of the needs of policyholders, which is an extraordinary asset when it comes to promoting quality in all its processes.

Línea Directa Aseguradora monitors the Net Promoter Score (NPS), which estimates the potential degree of recommendation of the company by its customers and users. This system has a measurement scale of 1 to 10 points and only policyholders who rate their experience with the Company with a score of 9 or 10 are considered "promoters". In this regard, Línea Directa Aseguradora's global NPS in 2024 achieved 31.04 points, an improvement of 1.88 points compared with 2023.

Research Support

The Línea Directa Foundation was created in 2014 with the aim of combating road fatalities by drawing on the Group's extensive experience and knowledge in the field of accidents. The Foundation, which operates under the slogan "For Road Safety. Here and Now", has four lines of action: Research, Dissemination, Social Action and Training, under which it promotes and develops powerful initiatives in the fight against road deaths.

As far as research is concerned, the Línea Directa Foundation carries out several studies every year to analyse the most significant aspects of accidents, always with the aim of raising public awareness of the importance of having responsible driving habits.

In 2024, the Línea Directa Foundation prepared and published three Road Safety Studies as set out in the 2024 Action Plan.

- **"STOP Cocaine":** a deadly addiction. Presence and influence of cocaine in traffic accidents (2013–2022)", with data from the Directorate-General for Traffic (DGT) 30 days after the accident, from the National Institute of Toxicology and Forensic Sciences and from drug controls carried out by the Civil Guard in 2023. In addition, a survey of 1,700 drivers was conducted to find out their opinions and habits regarding this issue.
- **"Spanish drivers and overtaking on the road: accident rates and perception (2013–2022)"**, which analysed overtaking from the point of view of accident rates, focusing on the new regulation that eliminated the possibility of exceeding the maximum speed limit by 20 km/h. To this end, it analysed 30 days of accidents involving overtaking on conventional roads and identified the most dangerous stretches of conventional roads for overtaking. The opinion and habits of Spanish drivers with regard to this manoeuvre were also explored.
- **"Night driving: risks, problems and accidents (2013–2022)"**: this study focuses on an analysis of the risks, problems and accidents involved in night-time driving. It raises awareness of how, why and where these incidents occur.

Through its Dissemination action line, the Línea Directa Foundation organised a new edition of the Road Safety Journalism Award, which recognises the best reports and articles on road safety published in the Spanish media.

Moreover, the Foundation's actions also include promoting an acceleration programme for start-ups, an activity it carries out through the Entrepreneurs and Road Safety Award, a competition that funds projects that, due to their special relevance, can contribute to saving lives on the roads. The competition offers a prize of €20,000 net without carry-over or conversion, as well as access to training and mentoring. At a later stage, the winner of the Award can also access Bankinter Foundation for Innovation and IESE Business School funding rounds.

8. Other Important Information

8.1 Línea Directa Aseguradora Shares

At year-end 2024, the issued share capital of the Company amounted to €43,536,673.60 and consisted of 1,088,416,840 fully subscribed and paid-up ordinary registered shares of the same class and series, each with a par value of €0.04.

All shares outstanding have the same economic and voting rights and are represented by book entries. The shares are listed on the stock exchanges of Madrid, Barcelona, Valencia and Bilbao (the Spanish stock exchanges).

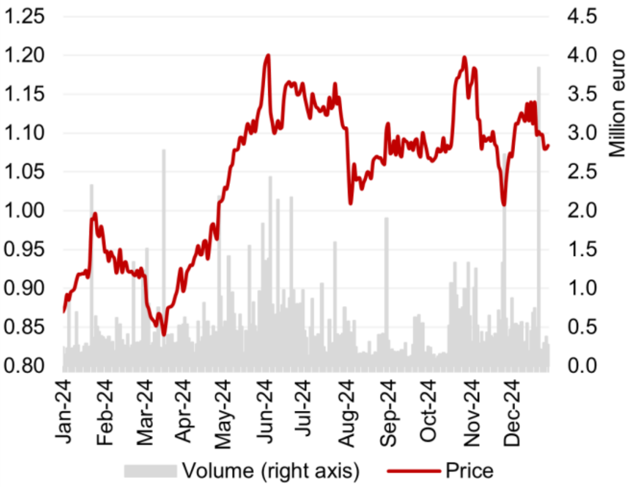
The main stock market index in which the shares are included is the IBEX Medium Cap, which groups together Spanish listed mid-cap companies.

The ISIN code of the shares is ES0105546008.

Share Evolution

At year-end 2024, the **share price closed at €1.084, which represents a 27.4% increase** since 2 January, the first trading day of 2024.

At the end of 2024, a total of 8 analysts were covering the share, of which 62.5% recommended "hold" and 37.5% "sell", with an average target price of €1.041.



Línea Directa Aseguradora shares	2024
Share data	
Minimum (€)	0.833
Maximum (€)	1.206
Period end (€)	**1.084**
Number of shares	1,088,416,840
Treasury shares	194,192
Number of shares outstanding	1,088,222,648
Par value (€)	0.04
Average daily trading volume (shares)	469,607
Average daily trading volume (€)	735,892
Market capitalisation (million €)	**1,179.8**
Ratios	
Earnings per share (€)	0.06
Theoretical book value (€)	0.33
Price / Theoretical book value (times)	3.3
P/E Ratio (times)	18.4 x
RoAE (%)	19.1%
Market capitalisation (million €)	2.6%

*Dividends payable for the 2024 financial year / closing share price for the financial year. The proposed final dividend for the financial year of €15 million is not included.

Dividends

The Company has paid two interim dividends, in cash, in a total gross amount of €0.0276 per share, equivalent to a cumulative amount of €30 million. These payments were made on 1 August and 19 December 2024.

In addition, the Board of Directors of the Company at its meeting of 27 February 2025, resolved **to propose to the Annual General Meeting of Shareholders a final dividend in the gross amount of €0.0138 per share in a total amount of €15 million**, payable in April 2025. Therefore, the total gross dividend for the 2024 financial year would amount to €0.0414 per share, which is equivalent to a total amount of €45 million. The dividends represent a payout of 70% of the Company's profit after tax and a dividend yield of 3.8% based on the year-end closing price.

Own Shares – Acquisition and Disposal

On 29 April 2021, the date of the admission to listing, the parent company was allocated 239,678 own shares in the Bankinter share exchange.

On 12 May 2021, the Board of Directors approved an Own Share Buyback Programme under the authorisation granted by the General Meeting of the Company on 18 March 2021 and in accordance with market abuse regulations, and this was reported to the National Stock Markets Commission (CNMV) on the same day.

The Company has made successive acquisitions reported to the CNMV to complete the extraordinary share-based remuneration plan with regard to the Chief Executive Officer and Management Committee as detailed in Note 21.

Furthermore, the Group offered three flexible share-based remuneration plans for employees. The first, in 2022, involved the delivery of 204,676 shares. The second, in 2023, involved the delivery of 116,771 shares. And the third, in 2024, involved the delivery of 171,221 shares.

As of 31 December 2024, Línea Directa Aseguradora held 194,192 own shares, representing 0.0178% of its capital and with a value of €210,504. Note 14 includes details of the composition and movement of shareholders' equity.

8.2 Shareholding structure

At year-end 2024, Cartival held 20.060% of the shares, Bankinter 17.416%, Fernando Masaveu Herrero 5.464%, Brandes Investment Partners 5.062%, Norbel Inversiones 5.001%, Global Portfolio Investments 5.001%, Wellington Management Group 3.330% and Lazard Asset Management 3.195%.

Línea Directa holds 0.02% in treasury shares.

The following table shows the shareholding structure as of 31 December 2024:

Shareholding structure	2024
Cartival, S.A.	20.06%
Bankinter S.A.	17.42%
Fernando Masaveu Herrero	5.46%
Brandes Investment Partners	5.06%
Global Portfolio Investments S.L.	5.00%
Norbel Inversiones S.L.	5.00%
Wellington Management Group	3.33%
Lazard Asset Management	3.20%
Treasury shares	0.02%
Rest of foreign institutional	12.99%
Rest of Spanish institutional	8.73%
Retail	13.73%

The foreign institutional tranche is led by the United Kingdom and the United States, with the following composition:

Foreign institutional tranche	2024
United Kingdom	39.21%
United States	29.89%
Belgium	12.69%
Luxembourg	6.51%
Switzerland	4.18%
Germany	2.69%
France	2.07%
Norway	1.50%
Rest	1.26%

Consolidated Management Report (Expressed in thousand euro)

8.3 Relationship with the Financial Market

Since the listing of Línea Directa Aseguradora, S.A., the Company has striven to follow the best practices of good governance and the recommendations of the CNMV Code of Good Governance, which allow it to reinforce its commitment to transparency, to the involvement of shareholders and investors and to the creation of long-term value. To this end, the Company has implemented the necessary procedures to maintain effective communications with all its stakeholders.

In this regard, the Company has a **Communication Policy with shareholders, institutional investors and proxy advisors** of Línea Directa, available on the website, which also includes the general policy regarding the communication of economic–financial, non-financial and corporate information through the media, social networks and other Company channels.

In particular, the **shareholder and investor website** is regularly updated (in Spanish and English) with the Communications made to the CNMV, including complete financial information, results, presentations and share information.

In addition, the **Consolidated Non-Financial Information Statement and Sustainability Information for 2024** has been published, containing extensive information on the Company's performance on environmental, corporate governance and staff, society and human rights issues relevant to its business activities.

In 2024, the Company webcast its quarterly results and participated in 12 domestic and international conferences and forums, maintaining daily contact with the investment community to bring the reality of the business closer to shareholders and potential investors.

8.4 Average Term for Paying Suppliers

In accordance with the provisions of Act 18/2022, listed companies must expressly publish the average term for paying suppliers, the monetary volume and number of invoices paid in a period shorter than the maximum established in the regulations on late payment, and the percentage this represents of the total number of invoices and of the total monetary amount of payments to their suppliers.

The payments made to suppliers in 2024 and 2023 are detailed below. **The average term for paying suppliers at year-end 2024 for Línea Directa Aseguradora was 26.18 days**. The number of invoices and their monetary value are also detailed for the year 2024:

	2024	2023
	Days	**Days**
Average term for paying suppliers	26.18	20.80
Ratio of settled transactions	25.86	20.81
Ratio of transactions pending settlement	32.77	20.60
	Amount (thousand euro)	**Amount (thousand euro)**
Total payments made	322,842	340,996
Total outstanding payments	15,666	13,891
	Invoicing	**Invoicing**
Invoices at the legal limit	86,540	102,744
Percentage of total invoices	78.39%	85.86%
Total invoices	110,392	119,660
	Amount (thousand euro)	**Amount (thousand euro)**
Monetary volume at legal limit	278,482	314,136
Percentage of total monetary payments to suppliers	82.38%	88.52%
Total monetary invoices	**338,033**	354,888

9. Complaints, Ombudsman and Other Non-Financial Information

The legal framework regulating financial services provides customers with the appropriate level of protection to preserve confidence in the functioning of the markets. Within this framework, Order ECO/734/2004 of 11 March on customer service and customer ombudsman departments and services of financial institutions, establishes the obligation for insurance entities to have a customer service department or service to address and resolve complaints and grievances submitted by their customers related to their legally recognised interests and rights.

The decision must be justified and must contain clear conclusions regarding the request made in each complaint or grievance, based on the applicable contractual clauses, rules of transparency and customer expectations, as well as good financial practices and methods.

During the 2024 financial year, 7,753 cases were processed (7,637 cases in 2023), of which 7.44% were complaints, 577 cases (8.25% complaints, 630 in 2023) and 92.56% were grievances, 7,176 cases (91.75% grievances, 7,007 cases in 2023). Of the total stated, 18.20% corresponds to Underwriting and Policy Management, 70.82% to Accident Management, 3.22% to Travel Assistance (21.02%, 66.39%, 3.34%, respectively, in 2023).

The breakdown by type of case processed by the Group in 2024 and 2023 is as follows:

	2024		2023	
	Number	% of total	Number	% of total
Complaints	577	7.44%	630	8.25%
Grievances	7,176	92.56%	7,007	91.75%
Total cases processed	**7,753**	**100.00%**	**7,637**	**100.00%**

The breakdown by department of cases generated by the Group in 2024 and 2023 is as follows:

	2024		2023	
	Number	% of total	Number	% of total
Underwriting and policy management	1,411	18.20%	1,605	21.02%
Accident management	5,491	70.82%	5,070	66.39%
Travel assistance service	250	3.22%	255	3.34%
Other	601	7.75%	707	9.26%
Total cases processed	**7,753**	**100.00%**	**7,637**	**100.00%**

Main issues raised by customers:

1. refusal of damage by expert assessment;
2. complaints related to the amount of compensation and policy exclusions;
3. delays in processing and repairing damage;
4. cancellation of the policy, with regard to its processing and return of unused premium.

Consolidated Management Report (Expressed in thousand euro)

Of the total number of complaints and grievances handled in 2024, 32.97% (39.86% in 2023) were considered to be upheld and 67.03% (60.14% in 2023) were considered inadmissible.

Furthermore, during 2024, a total of 684 cases were resolved, ending with 278 favourable resolutions for the claimant, 396 unfavourable resolutions and 10 cases closed without resolution, mainly due to duplicate claims. The usual issues dealt with are the following:

- application/interpretation of coverage;
- claim assessment/compensation.

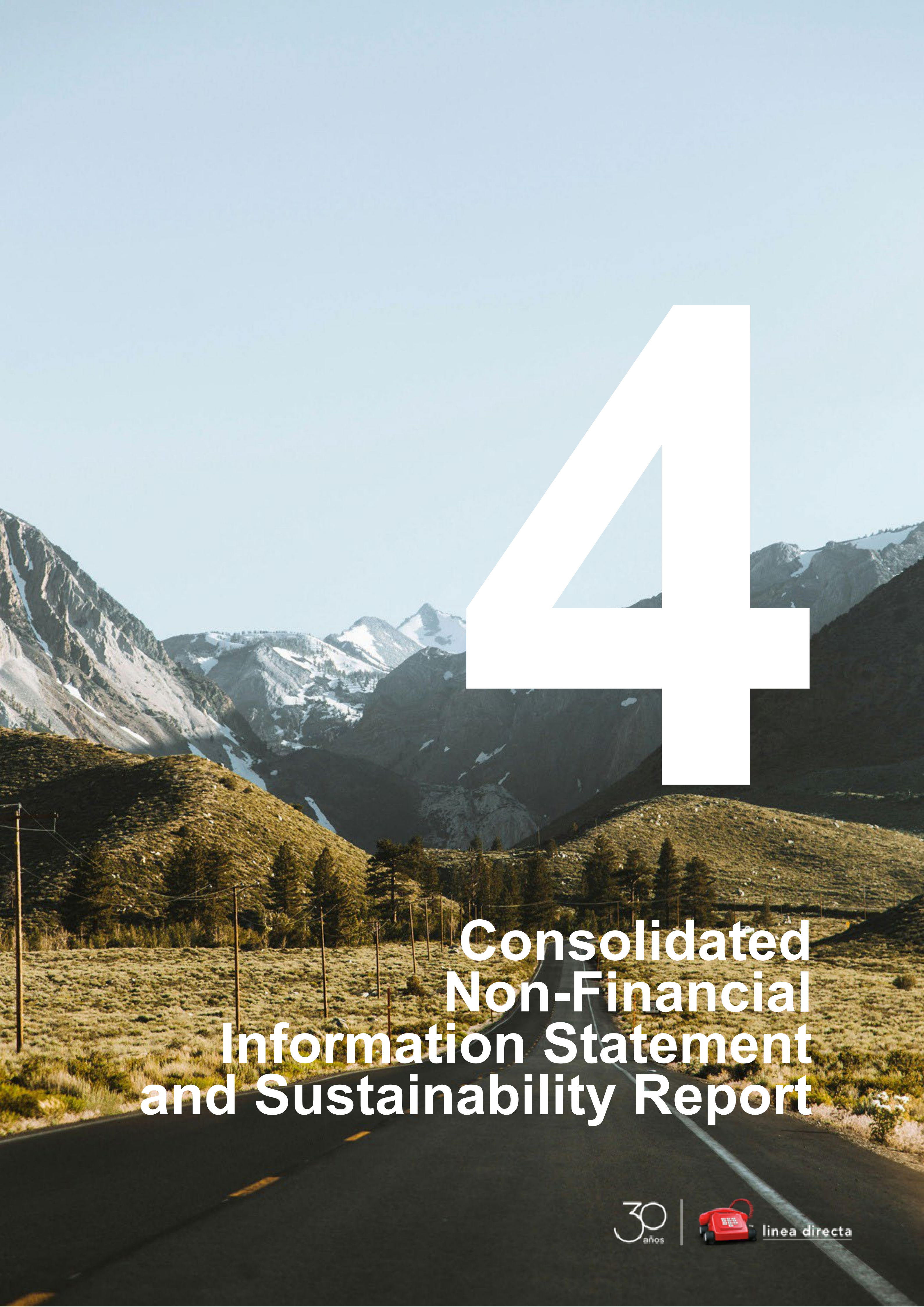
The percentage of unfavourable resolutions for policyholders was higher than in the previous year: in 2024, 396 of the 674 resolutions were unfavourable for the policyholder (10 were resolved without action), while in 2023, 214 of the 488 were unfavourable, with percentages of 58.75% and 43.85% and a percentage difference between years of 14.9%.

In its Report, the Customer Ombudsman suggests maintaining proactivity and prompt attention to complaint files so that, between LINEA DIRECTA and the Customer Ombudsman, they can be resolved even well in advance of the deadlines set by the provisions on consumer affairs in accordance with Royal Legislative Decree 1/2007 of 16 November, which approves the Revised Text of the Spanish Consumer and User Protection Act and other supplementary acts, so that potential claimants can see incidents resolved as quickly as possible.

It also suggests the monitoring and control of compliance with the favourable resolutions or resolutions in favour of the insured adopted by LINEA DIRECTA itself, since, otherwise, the consumer protection objectives of Order ECO/734/2004 of 11 March in relation to Act 44/2002 of 22 November are not fulfilled.

10. Annual Corporate Governance Report, ICFR and Annual Directors' Remuneration Report

For the purposes of the provisions of Article 538 of the Capital Companies Act, the Annual Corporate Governance Report (ACGR) together with the Internal Control over Financial Reporting (ICFR) Systems and the Annual Directors' Remuneration Report (ARR) of Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros, for the year ended 2024 form part of the Management Report. Both reports are available and can be consulted in full on the website of the National Securities Market Commission (CNMV) and on the corporate website.



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Consolidated Non-Financial Information Statement and Sustainability Report

Consolidated Non-Financial Information Statement and Sustainability Report 2024

LÍNEA DIRECTA ASEGURADORA S.A.

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GENERAL DISCLOSURES (ESRS 2)

Basis for preparation

BP-1. General basis for preparation of the sustainability statement.

Sustainability statement.

The Línea Directa Group's **Consolidated Non-Financial Information Statement and Sustainability Report** provides essential details to comprehend the impact of environmental, social, and corporate governance factors on the Group's progress, performance, and standing. It identifies and reports all significant incidents, risks, and opportunities relevant to the Group across various sustainability domains.

The 2024 Sustainability Report of the Línea Directa Group complies with **Directive (EU) 2022/2464** of the European Parliament and Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting. Additionally, it complies with Commission **Delegated Regulation (EU) 2023/2772** of 31 July 2023, supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards.

The selection of the content included in this report has been chosen based on a preliminary **Double Materiality** analysis, enabling the Línea Directa Group to pinpoint and comprehend the **issues most significant** to its Stakeholders. This process helps address their needs and seize opportunities emerging from this evolving landscape. Furthermore, the analysis shapes the plans and strategies for managing each identified material issue, aiming to enhance the Group's **environmental, social, and corporate governance performance** across short-, medium-, and long-term horizons.

For this exercise, the Group relied on internal resources, including the **TCFD** Climate Report, the **2023-2025 Sustainability Plan**, the risk map, and various Group policies. Additionally, external sources were utilised to ensure alignment with European standards and to incorporate pertinent insights from analysts and other key references. Among the frameworks employed are the sustainability reporting standards of the **Global Reporting Initiative (GRI)** and the **European Financial Reporting Advisory Group (EFRAG)**.

The Línea Directa Group also considers additional international regulations and reference standards when reporting on specific topics, such as sustainable finance and carbon footprint, with details provided in the relevant sections of the document. Ultimately, this Report is crafted based on principles of transparency, accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability.

The scope of this consolidated Sustainability Report includes information on Línea Directa Aseguradora, S.A. Compañía de Seguros y Reaseguros (the Parent) and all its subsidiaries (the Group): Línea Directa Asistencia, S.L.U., Centro Avanzado de Reparaciones (CAR), S.L.U., Ámbar Medline, S.L.U., LDActivos, S.L.U. and Moto Club LDA, S.L.U. until the date of its dissolution on 26/11/2024.

For Línea Directa, embedding environmental, social, and governance (ESG) criteria into the value chain is essential for recognising impacts, risks, and opportunities. Through a thorough double materiality assessment, the Group has evaluated the material IROs (the 27 significant impacts, risks, and opportunities outlined in the Strategy chapter) across each phase of the value chain.

- **Upstream**, the Group collaborates with suppliers dedicated to sustainable practices helping to reduce environmental and social risks.

- Within **internal operations**, fostering a culture of ethical governance and social responsibility enhances resilience and brand trust.
- **Downstream**, Línea Directa provides products that promote sustainable customer behaviour and supports initiatives that deliver positive societal and environmental outcomes.

This holistic approach not only reduces risks but also unlocks new market possibilities and enhances the organisation's long-term competitiveness. The specifics of material impacts, risks, and opportunities, along with their connections to the value chain, are explored in greater detail across the various thematic chapters of this report.

In line with Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards, this Línea Directa Sustainability Report excludes certain details related to intellectual property, know-how, or innovation outcomes deemed strategically or commercially sensitive by the Group. However, this omission does not compromise the overall relevance of the disclosure.

In this context, Línea Directa has not exercised the exemption option under Directive 2013/34/EU regarding the disclosure of imminent developments or matters under negotiation.

BP-2. Disclosures in relation to specific circumstances.

To assess the influence of particular situations and ensure the accurate identification and management of impacts on the Group from significant incidents, risks, and opportunities tied to environmental, social, and corporate governance matters, the Línea Directa Group may employ time horizons, estimates, sources of estimation, and other relevant circumstances. These are elaborated upon in the appropriate sections throughout this document.

Time horizons.

In this context, the Línea Directa Group adopts time horizons distinct from those outlined in Delegated Regulation (EU) 2023/2772 to pinpoint specific impacts, risks, and opportunities linked to climate change, as well as to develop a governance framework, strategy, and related metrics. The Group's anticipated trends and future projections for these issues are incorporated into both its annual **Own Risk Solvency Assessment (ORSA)** and its **TCFD Climate Report**.

These alternative time horizons are utilised to evaluate all climate change-related risks and opportunities due to the complexity involved in designing and assessing long-term stress scenarios, which require analysis based on assumptions and extended time frames beyond those typically applied to financial risk assessments or strategic planning.

For the ORSA process, the time horizon aligns with Solvency II requirements, matching the medium-term financial planning period for insurance entities, which, for Línea Directa, spans three financial years.

Value chain estimation.

To better comprehend the full extent of its activities' impact—encompassing its own operations as well as those of its suppliers and partners—and to promote responsible management across its value chain, the Línea Directa Group assesses its network of collaborators, evaluating their environmental, social, and governance (ESG) performance.

As part of the strategic priorities outlined in the **2023-2025 Sustainability Plan**, the company has established a set of initiatives to enhance its **understanding of the value chain** from a sustainability perspective.

Per the **Responsible Procurement Policy**, suppliers seeking approval to provide services or products to the Group must undergo an initial evaluation covering general aspects, including ESG criteria.

During this process, the Procurement Department, housed within the Finance Area, gathers and reviews commercial data published by each supplier, sourced from firms specialising in financial analysis. For suppliers deemed critical, the Group supplements this with a more detailed assessment using proprietary data collected directly by the company.

Furthermore, since 2023, the Group has implemented a questionnaire addressing environmental, human rights, social, talent management, information security, and privacy topics to **evaluate the ESG performance of its suppliers**.

Additionally, from a climate change management perspective, Línea Directa has developed a roadmap to analyse climate-related risks and opportunities—both physical and transitional—across short-, medium-, and long-term horizons, impacting its operations and value chain.

This roadmap sets targets for reducing the Group's energy consumption in the short and medium term, which are anticipated to directly lower emissions tied to this usage. It also incorporates goals related to mitigating the climate impact of the Group's value chain.

To this end, an assessment of suppliers in terms of emissions has been carried out, which will serve to draw up a first diagnosis of the situation.

Furthermore, the Sustainability Plan encompasses the calculation of the full scope 3 emissions, covering all 15 categories as outlined by the **Greenhouse Gas Protocol (GHG Protocol)**. Based on this assessment, the Group will set absolute and interim reduction targets aligned with the **Science Based Targets (SBTi)** initiative, charting a path toward complete decarbonisation by 2050.

To this end, the Group has initiated efforts by estimating the social cost of its carbon footprint impact and enhancing its offerings to facilitate the shift to electric and hybrid vehicles.

In doing so, it used the International Carbon Price Floor (ICPF) set by the International Monetary Fund in its report "Proposal for an International Carbon Price Floor Among Large Emitters". The report, published in June 2021, estimates a price of USD 75 per tonne of carbon in high-income countries.

In this sense, it was estimated that the carbon footprint of Línea Directa's 2024 scope 1 and 2 emissions represents a social impact of USD 62,800. For Scope 3 emissions associated with the value chain, the impact rises to USD 3.9 million.

Additionally, the Línea Directa Aseguradora Group conducts a Human Rights Due Diligence process at least every three years to align with leading Human Rights practices and meet the expectations of various ESG analysts. This process supports the assessment of societal impact as mandated by **Law 11/2018 on Non-Financial Information and Diversity**.

It involves identifying potential Human Rights violations based on the Group's commitments, which span five organisational dimensions: as an employer, as an insurer, as an investor, as a collaborator and partner, and in relation to its surrounding environment.

The identification of risk events goes hand in hand with the delimitation of actual or potential negative impacts and defines the criteria to be considered in order to facilitate their assessment, prioritisation and management.

The risk event assessment process is carried out based on Línea Directa Aseguradora's risk analysis methodology, in order to ensure uniformity of criteria. The methodology also defines how to assess the impact, likelihood and severity of each event.

This methodology will be used to identify potential human rights risks in operations, the value chain, business-related activities and new business relationships such as mergers, acquisitions or joint ventures.

Leveraging these indirect, standardised, and reference sources ensures a suitable degree of precision in understanding the extent of the impact of the Group's suppliers and collaborators' activities, as outlined in the Sustainability Plan.

Línea Directa recognises the value of integrating measurement tools and information systems to further enhance this understanding.

Sources of estimation and outcome uncertainty.

As this marks the first financial year under the CSRD directive, the quantitative data and information in this report are confined to 2024. Nonetheless, to aid readers in grasping the business's evolution and the trajectory of the Group's performance, figures and details from prior financial years are also provided.

Changes in preparation or presentation of sustainability information.

The information and quantitative data in this report are limited to 2024. Nonetheless, to aid readers in grasping the business's evolution and the trajectory of the Group's performance, figures and details from prior financial years are also provided. Should errors occur or recalculations for prior years be necessary, a footnote will be included in the relevant section. Similarly, when estimates are used for calculating proprietary data, or for providing context and future scenarios, the source will be specified, aligning with DP 11 on sources of estimation and uncertainty. Additionally, the report includes forward-looking information derived from an analysis of the current context and its anticipated development, though this does not constitute a commitment to achieving these projections.

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements.

To adhere to prevailing Spanish legislation at the time of drafting this report, the Línea Directa Group discloses specific indicators related to taxation, employment, and details about the organisation and its value chain, as mandated by Law 11/2018 of 28 December 2018. This law amends the Commercial Code, the revised Law on Corporate Enterprises approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on Auditing of Accounts, concerning non-financial information and diversity.

Where the Group's policies or management commitments align with European standardisation systems (e.g., ISO), this will be noted in the relevant section and reflected in the public policy documents addressing the pertinent sustainability topics.

Incorporation by reference.

Given the following list of material topics and their relationship with ESRS:

- Climate change mitigation and adaptation (ESRS E1 Climate change).
- Responsible marketing and customer satisfaction (ESRS S4 consumers and end-users).

- Safety, health and well-being of workers (ESRS S1 Own workforce).
- Diversity, equity and inclusion (ESRS S1 Own workforce).
- Talent management and professional development (ESRS S1 Own workforce).
- Ethics, Good Governance and Responsible Culture (ESRSG1 Business conduct).
- Regulatory compliance (specific to Línea Directa Aseguradora).
- Risk management (specific to Línea Directa Aseguradora).
- Digitalisation and innovation (specific to Línea Directa Aseguradora).
- Design of ESG products (specific to Línea Directa Aseguradora).
- Investment with ESG criteria (specific to Línea Directa Aseguradora).
- Cybersecurity and data protection (specific to Línea Directa Aseguradora).

ESRS E2, E3, E4, E5, S2 and S3 have been found to be non-material following the double materiality analysis. Therefore, only the disclosure of information related to IRO-1 (Description of the processes for determining and evaluating incidents, risks and opportunities of relative importance) will be required in these standards.

The DRs that have been found to be material are as follows:

1) The following DRs of ESRS 2 have been reported: BP1, BP2, GOV-1, GOV-2, GOV-3, GOV-4, GOV-5, SBM-1, SBM-2, SBM-3, IRO-1 and IRO-2.

2) From E1, the following DRs have been reported: E1 GOV-3, E1 SBM-3, E1 IRO-1, E1-2, E1-3, E1-4, E1-5, E1-6, E1-7, E1-8 and E1-9

3) From S1 the following DRs have been reported: S1-SBM-2, S1-SBM-3, S1-1, S1-2, S1-3, S1-4, S1-5, S1-6, S1-7, S1-9, S1-10, S1-11, S1-12, S1-13, S1-15 and S1-17

4) From S4, the following DRs have been reported: S4-SMB-2, S4-SBM-3, S4-1, S4-2, S4-3, S4-4, S4-5

5) From G1, the following DRs are reported: G1-GOV-1, G1-IRO-1 and G1-1.

Governance

GOV-1. The role of the administrative, management and supervisory bodies.

Composition and diversity of the Board of Directors.

The **Board of Directors** of Línea Directa Aseguradora S.A. comprises seven members, with detailed information, professional backgrounds, and roles available on the corporate website. The current composition is as follows:

- An Executive Director:
    - **Ms. Patricia Ayuela de Rueda**, CEO.
- Six Non-executive Directors:
    - Two Proprietary Directors.
        - **Mr. Alfonso Botín-Sanz de Sautuola y Naveda**, Chairman.
        - **Mr. Fernando Masaveu Herrero**, Director.
    - Four Independent Directors.
        - **Ms. Ana María Plaza Arregui**, Director and Chairwoman of the Audit and Compliance Committee.
        - **Mr. John de Zulueta Greenebaum**, Director and Chairman of the Appointments, Remuneration and Corporate Governance Committee.
        - **Ms. Rita Estevez Luaña**, Director.
        - **Ms. Elena Otero-Novas Miranda**, Director.

The Board demonstrates a strong commitment to gender diversity, with **57% female representation** (four women and three men), and **67% of non-executive directors** being **independent directors** (six in total), enhancing its impartiality in decision-making. The composition of the board can be consulted on the corporate website.

Percentage of independent directors	57%
Percentage of women*	57% on the Board Membership of the Ibex Gender Equality Index 58% on the Management Team
Skills matrix	Yes
Nationality	Two
Average age	57 (from ages 49 to 77)

*The figure of 57% of women on the board includes the Executive Director.

In Spain, the inclusion of worker representatives on the Board of Directors is neither mandated by applicable regulations nor a legal requirement, nor is it recommended by the supervisory authority.

All Board members possess experience and/or training in the insurance industry, as evidenced by their professional background summaries available on the corporate website, in the Annual Corporate Governance Report, and in the skills matrix published by the Group.

The **Fitness and Propriety Policy** outlines the requirements that directors must meet under regulations governing insurance and reinsurance companies, including sufficient knowledge and experience, especially in insurance and financial services.

The **Board of Directors Selection Policy** stipulates that, collectively, they must possess expertise and professional experience in the insurance and financial markets, financial and actuarial analysis, the regulatory framework applicable to the insurance sector, and a range of competencies detailed in the competency matrix.

A more comprehensive overview of governance processes related to sustainability is provided in section S1-1. Policies concerning the Group's own workforce, detailed in section S1, elaborate further on the policies, procedures, and measures tied to the Group's engagement and management of these issues.

Committees

The Board of Directors has two advisory committees:

Audit and Compliance Committee

The **Audit and Compliance Committee**, composed of the following members:

MEMBER	POSITION	LEGAL CATEGORY
Mrs. Ana María Plaza Arregui	Chairwoman	Independent
Mrs. Elena Otero-Novas Miranda	Member	Independent
Mr. Alfonso Botín-Sanz de Sautuola y Naveda	Member	Proprietary
Mr. Pablo González-Schwitters Grimaldo	Non-board Secretary	

Percentage of independent directors	67%
Percentage of women	67%
Number of meetings in 2024	10
Attendance ratio	100%

The members of the Audit and Compliance Committee, particularly its Chair, have been selected based on their collective expertise and experience in accounting, auditing, and risk management, encompassing both financial and sustainability aspects. Detailed resumes of the committee members are available on the corporate website.

Key responsibilities of the **Audit and Compliance Committee** include, among others:

- Reporting to the General Shareholders' Meeting, via its Chair, on the company's control status and the committee's activities throughout the financial year.
- Recommending to the Board of Directors, for approval at the General Shareholders' Meeting, the appointment, re-election, or replacement of external auditors and sustainability information verifiers, along with their engagement terms. Ensuring the

independence of the external auditor and sustainability information verifier while overseeing adherence to the audit and verification contract.

- Understanding, monitoring, and assessing the preparation process and integrity of both financial and non-financial information, as well as the associated risk control and management systems for the company and, where applicable, the Group. These risks include operational, technological, cybersecurity, legal, social, environmental, political, reputational, and corruption-related factors.
- Regarding the Non-Financial Information Statement and Sustainability Report:
    - Supervising the preparation and presentation of non-financial information for the Company and its Group, providing reports on this process—along with the integrity and clarity of the information—to the Appointments, Remuneration and Corporate Governance Committee, which subsequently recommends its submission to the Board for approval.
    - Overseeing the selection and engagement process of the independent verification services provider tasked with validating non-financial information, proposing their appointment to the Board of Directors.
    - Serving as a liaison with the independent verifier to monitor the progress of their work, providing updates to the Appointments, Remuneration and Corporate Governance Committee.
- The committee delivers prior reports to the Board of Directors on all legally required matters, such as related-party transactions requiring Board approval.
- Supervising and evaluating the company's regulatory compliance framework.
- Ensuring adherence to the Internal Code of Conduct on the Securities Market, the Code of Ethics, and other internal codes of conduct, and overseeing and enhancing the confidential reporting mechanism for Stakeholders.

Appointments, Remuneration and Corporate Governance Committee

The Appointments, Remuneration and Corporate Governance Committee, composed of the following members:

MEMBER	POSITION	LEGAL CATEGORY
Mr. John de Zulueta Greenebaum	Chairman	Independent
Mrs. Rita Estévez Luaña	Member	Independent
Mr. Alfonso Botín-Sanz de Sautuola y Naveda	Member	Proprietary
Mr. Pablo González-Schwitters Grimaldo	Non-board Secretary	

Percentage of independent directors	67%
Percentage of women	33%
Number of meetings in 2024	6
Attendance ratio	100%

The **primary responsibilities** of the **Appointments, Remuneration and Corporate Governance Committee** include:

- Proposing the appointment, ratification, re-election, and removal of independent directors, as well as providing reports on other directors.

- Evaluating the necessary balance of skills, abilities, knowledge, diversity, and experience for the Board of Directors.
- When required, its Chair reports to the General Shareholders' Meeting on the Committee's activities throughout the year.
- Overseeing the company's corporate governance framework.
- Monitoring the sustainability strategy and practices, assessing compliance levels and reviewing sustainability policies to ensure they support value creation.
- Collecting information from the Audit and Compliance Committee on the identification, evaluation, and oversight of ESG (environmental, social, and governance) risks, facilitating joint sessions as needed.
- Establishing guidelines, criteria, and reference standards for preparing the non-financial information statement and reporting to the Board accordingly. Before formulation, reviewing, validating, and submitting the non-financial information statement to the Board, incorporating insights from the Audit and Compliance Committee on the preparation process and information integrity.
- Reviewing and validating sustainability-related sections of any corporate report, whether mandatory or voluntary.
- Proposing the directors' remuneration policy to the Board, including individual remuneration for executive directors, and, where applicable, external directors for duties beyond standard directorship, along with other contract terms.
- Recommending the Remuneration Policy for senior management, including general managers or those performing senior roles under direct Board supervision. Furthermore, determining the remuneration for non-senior management professionals whose activities significantly influence the company's risk profile.

Executive committees.

At the executive level, the Línea Directa Group has the following committees: Executive Committee and Steering Committee, made up of all **members of the Management Team**, which **at February 2025** are as follows:

MEMBER	POSITION
Patricia Ayuela de Rueda	CEO
Pablo González-Schwitters	Secretary-General
Carlos Rodríguez Ugarte	Chief Financial Officer
Diego Ferreiro Sánchez	Commercial and Health Director
Isabel Guzmán Lillo	Head of Services and Benefits
Mar Garre del Olmo	Head of People, Communication and Sustainability
Eva del Mazo Fernández	Head of Portfolio and Home
Olga Moreno Sanguino	Head of Quality and Customer Experience
Ana Sánchez Galán	Head of Technology and Cybersecurity
Antonio Valor García	Head of Marketing
Juan José Álvarez Fernández	Chief Technical Officer
Inmaculada Aldea Málaga	Chief Risk Officer
Marian Gómez Roig	Head of Transformation

The Steering Committee's composition was updated as of late January 2025.

The **Executive Committee**'s primary role is to conduct weekly oversight and proactive tracking of the business, its key performance indicators, and the progress of the business plan endorsed by the Board of Directors.

The **Steering Committee** evaluates and oversees significant initiatives and projects of particular importance, as directed by the CEO or management team members.

The **Project Prioritisation Committee**, comprising management team members, oversees strategic projects requiring IT development, determining their priority based on alignment with the Business Plan's objectives.

The **Reserves and Claims Committee** serves as a forum for information sharing, discussion, and decision-making on matters related to claims management and the adequacy of reserves, as established by the Board and its committees. Its members include the Chief Financial Officer, the Head of Services and Benefits, the Chief Technical Officer, the Chief Risk Officer, and the Head of the Actuarial Function.

The **Investment Committee**, consisting of the CEO, the CFO, and the Heads of Investment and daily portfolio management. This Committee ensures that daily investment activities align with the Board of Directors' Investment Objectives and Guidelines. This committee provides reports to the Board at least quarterly.

The **Standing Risk Committee** is responsible for facilitating and monitoring the implementation of effective risk management practices at the Línea Directa Group through the reporting of risks by the first lines of defence. It is led by the Chief Risk Officer and is made up of the Heads of Internal Control of Financial Information, Data Quality, Risk Management and Internal Control, Regulatory Compliance and the Actuarial Function.

The **Product Approval and Monitoring Committee** ensures adherence to the product control and governance policy. Its members include the Head of Marketing, the Chief Technical Officer, the Secretary-General, the Chief Risk Officer, the Finance Director, and the Commercial Director.

Lastly, the **Sustainability Committee** is tasked with developing the Sustainability Plan for submission to the Board of Directors, overseeing and tracking its implementation, setting priorities, making executive decisions, and driving initiatives to ensure the plan's execution as approved by the Board. It comprises the Head of People, Communication and Sustainability, the Chief Financial Officer, the Secretary-General, the Head of Marketing, and the Head of Services and Benefits. The Diversity Advisory Committee, which ensures fulfilment of commitments outlined in the Diversity Policy, operates within this Committee's social domain.

Roles and responsibilities of the Board of Directors.

The **Board of Directors** serves as the primary administrative and representative body of the Group, as stipulated by law, the Company Bylaws, and its Regulations, which govern its composition, functioning, and authority. The Board oversees the progress of business operations and the management of both financial and non-financial risks, including those tied to sustainability.

Risk management and oversight are handled by the **Corporate Risk Area**, which encompasses critical functions such as **Risk Management, Internal Control, Regulatory Compliance, and the Actuarial Function**. The **Audit and Compliance Committee** monitors these activities, providing quarterly updates to the Board of Directors. Concurrently, the Standing Risk Committee oversees the application of robust risk management practices, ensuring they align with the risk appetite defined by the Board and comply with relevant regulatory requirements.

The **Appointments, Remuneration and Corporate Governance Committee** is tasked with monitoring the sustainability strategy and its associated policies, assessing compliance levels and verifying that environmental and social practices adhere to the Board's established guidelines. The **Sustainability Committee**, with assistance from the **Sustainability Working**

Group, executes the Sustainability Plan approved by the Board, prioritising actions and advancing strategic initiatives.

Reporting lines and oversight mechanisms.

The reporting structure and supervisory processes are explicitly outlined in the Regulations of the Board of Directors and the General Risk Policy:

- The **Audit and Compliance Committee** receives quarterly updates from the Chief Risk Officer and submits its findings to the Board.
- The **Chief Risk Officer** also delivers quarterly reports to the Committee, which serves as the primary authority for risk oversight.

Furthermore, the CEO and the executive committees are responsible for the daily management of the Group and the execution of decisions made by the Board.

Expertise and competencies in sustainability.

The Board of Directors and its Committees collectively possess sustainability expertise, derived from the professional backgrounds of their members and reinforced by a **knowledge enhancement** program delivered to all Board members throughout the 2024 financial year. Conducted by external trainers, this program covered topics such as **ESG** and **CSRD requirements**. Additionally, under the Board Regulations, members can seek external advice to gain deeper insights into specific sustainability-related topics.

The Audit and Compliance Committee members, particularly its Chair, collectively demonstrate substantial experience in managing financial and non-financial risks, as reflected in their professional profiles on the corporate website and the Group's **skills matrix**.

Skills			Alfonso Botín-Sanz de Sautuola y Naveda	Patricia Ayuela	John de Zulueta	Ana Plaza	Rita Estévez	Elena Otero-Novas	Fernando Masaveu
Regulated sectors	Insurance, banking and stock exchange	1.1 Insurance	x	x	x	x	x	x	x
		1.2 Banking	x	x	x		x		x
		1.3 Stock exchange	x		x	x	x	x	x
Financial and non-financial	Finance, accounting, investments and operations evaluation. Non-financial information. Audit.	2.1 Analysis of financial information	x	x	x	x	x	x	x
		2.2 Analysis of non-financial information	x	x	x	x		x	x
		2.3 Audit / Verification	x		x	x	x	x	x
Risks	Identification, evaluation, management and supervision of financial and non-financial risks	3.1 Financial risk management and supervision	x		x	x			x
		3.2 Management and supervision of non-financial risks	x	x	x	x		x	x
		3.3 Regulatory compliance	x		x	x	x	x	x
Digital transformation	Digitalisation. Information and communication technologies (ICT). Cybersecurity. Artificial Intelligence.	4.1 Digitalisation and ICT	x	x	x	x	x		
		4.2 Cybersecurity			x		x	x	
		4.3 Personal data protection	x		x		x	x	
		4.4 Artificial Intelligence		x			x		
Diversity	Diversity of gender, nationality and age	5.1. Gender	Male	Female	Male	Female	Female	Female	Male
		5.2. Nationality	Spanish	Spanish	American	Spanish	Spanish	Spanish	Spanish
		5.3. Age (<50) (51-60) (>60)	Between 50 and 60	Between 50 and 60	More than 60	Between 50 and 60	Between 50 and 60	Between 50 and 60	Between 50 and 60
Sustainability	Experience and training in ESG matters	6.1. Environmental issues	x		x	x			x
		6.2. Social issues	x		x	x	x	x	x
		6.3. Issues of governance and business conduct	x	x	x	x	x	x	x
Customers	Commercial and marketing. Quality. Consumers	7.1 Commercial and marketing	x	x	x		x	x	x
		7.2 Quality and consumers	x	x	x			x	x
Strategy	Strategy. Business development	8. Strategy and business development	x	x	x	x	x	x	x
International	International experience in the insurance sector	9. International experience in the insurance sector		x			x		
Boards	Experience on other boards	10. Experience on other boards	x	x	x	x	x	x	x
People	People management. Talent and remuneration	11. People management. Talent and remuneration	x	x	x	x	x	x	x

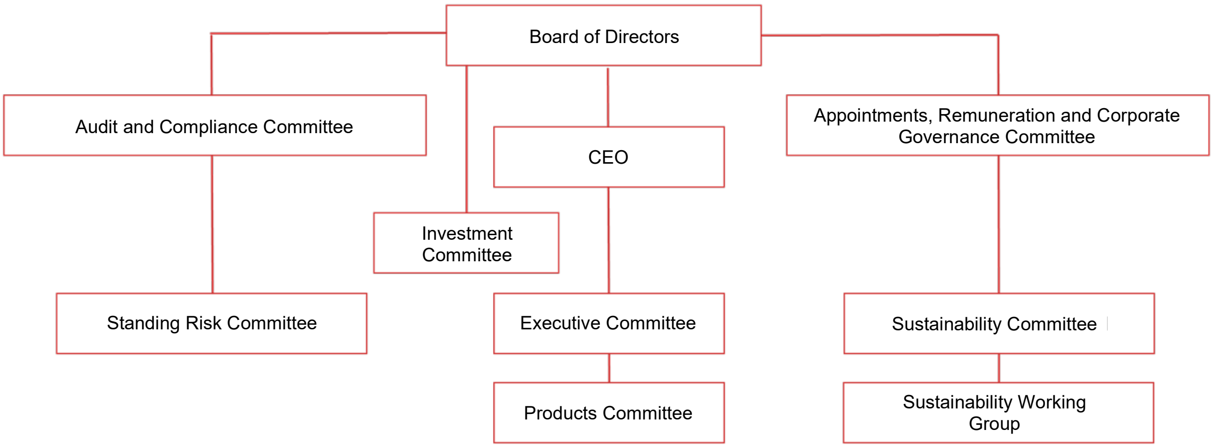
Regarding the Board of Directors, **four out of seven members** possess **professional experience, training, and competencies** in the **three key areas** deemed material for sustainability: environmental matters, social issues, and governance and business conduct. Additionally, **six of the seven** directors have **expertise in managing and overseeing non-financial risks**. Board members also undergo targeted training on strategic and emerging topics identified as material by the Group, including sustainability.

Organisation of sustainability governance.

The Group structures sustainability governance through the following bodies and groups:

- Board of Directors: Approves and supervises the sustainability strategy and policy.
- Appointments, Remuneration and Corporate Governance Committee: Evaluates compliance with the sustainability strategy and its policies.
- Sustainability Committee: Designs and executes the Sustainability Plan, proposing objectives and supervising their fulfilment.
- Sustainability Working Group: Facilitates the implementation of the plan across the organisation.
- Standing Risk Committee: Supervises ESG and other non-financial risks, ensuring an adequate level of internal control.

Sustainability governance



Subjects

ESG risks, non-financial information reporting, the appointment of and coordination with the non-financial information verifier, sustainable practices (including investments, products, and initiatives), climate strategy, sustainability policies, plans, targets, indicators, and the monitoring of ESG performance, as well as alignment with national and international initiatives.

The diagram illustrates a governance framework that integrates strategic sustainability goals.

GOV-2. Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies.

At Línea Directa Aseguradora, the Appointments, Remuneration and Corporate Governance Committee and the Sustainability Committee are pivotal in overseeing, assessing, and deciding on sustainability-related matters.

As previously outlined, the **Appointments, Remuneration and Corporate Governance Committee** holds several **key sustainability responsibilities**, including:

- Tracking the company’s sustainability strategy, practices, and goals, assessing compliance levels, and reviewing sustainability policies to ensure they contribute to value creation.
- Ensuring that the Group’s environmental and social practices align with the Board-approved policies and strategy.

- Informing the Board of Directors about participation in national and international associations and initiatives that entail commitments to action or best practices.

The **Sustainability Committee** is tasked with drafting the **Sustainability Plan** for submission to the Appointments, Remuneration and Corporate Governance Committee and the Board of Directors. It oversees and tracks **compliance**, sets priorities, makes executive decisions, and drives initiatives to ensure the successful implementation of the Board-approved Sustainability Plan.

This establishes a structured process for sustainability oversight and reporting, involving the **regular preparation, review, and assessment of the policies and goals outlined in the Sustainability Plan**, with a clear reporting channel between the Sustainability Committee and the Appointments, Remuneration and Corporate Governance Committee.

The Board approves the result of the double materiality exercise. Quarterly updates on the monitoring of actions and compliance levels related to the identified material IROs (impacts, risks, and opportunities) are provided to the Audit and Compliance Committee and the Appointments, Remuneration and Corporate Governance Committee. At year-end, the annual evaluation is concluded with a presentation of the results to both committees.

Throughout the year, these committees oversee the identified IROs and the corresponding objectives. Depending on progress and specific circumstances, the outcomes of the double materiality assessment are reported to the committees at least quarterly.

Furthermore, the Sustainability Committee is tasked with developing the Sustainability Plan for submission to the Board of Directors, overseeing and tracking its implementation, setting priorities, making executive decisions, and driving initiatives to ensure the plan's execution as approved by the Board. It comprises the Head of **People, Communication and Sustainability**, the Chief Financial Officer, the **Secretary-General**, the Head of **Marketing**, and the Head of **Services and Benefits**. The **Diversity Advisory Committee**, which ensures fulfilment of commitments outlined in the Diversity Policy, operates within this Committee's social domain.

In 2024, the Board of Directors approved the list of material impacts, risks, and opportunities (IROs) identified through the double materiality assessment, with details provided in section IRO-1. Description of the processes to identify and assess material impacts, risks and opportunities.

GOV-3. Integration of sustainability-related performance in incentive schemes.

At Línea Directa Aseguradora S.A., sustainability-related performance is incorporated into incentive structures via the variable remuneration of the CEO and Steering Committee members, as outlined in the Remuneration Policy ratified at the **General Shareholders' Meeting** on 24 March 2022.

For 2024, the CEO's annual variable remuneration includes two non-financial metrics:

1. Achievement of actions within the **2023-2025 Sustainability Plan**.
2. Achievement of specific **quality benchmarks** measured by the **Net Satisfaction Score** (NSS).

For long-term variable remuneration, the CEO participates in the Long-Term Incentive Plan (ILP 2023-2025), which allocates a 10% weighting to specific Sustainability Plan actions and the Group's inclusion in the DJSI index by 2025, representing the highest level of compliance.

This sustainability-focused remuneration framework also extends to Steering Committee members. Per the policy, 30% of the CEO's annual variable remuneration is tied to sustainability metrics, while the long-term incentive for the entire Steering Committee assigns a 10% weighting to sustainability goals.

The Remuneration Policy for Directors is ratified by the General Shareholders' Meeting every three years. Additionally, the specific targets tied to short-term variable remuneration are set annually to ensure consistency with strategic sustainability objectives.

For further details, Línea Directa provides the Annual Remuneration Report on its corporate website for interested parties and submits it to the National Securities Market Commission (CNMV).

GOV-4. Due diligence statement.

Línea Directa Aseguradora has carried out a **Human Rights Due Diligence exercise** with the aim of addressing regulatory trends, the requirements of supervisors and analysts and the commitments assumed by the Group.

The objective of Línea Directa's due diligence process (and that of its monitoring and reporting) is to be in line with best practices in human rights and to meet the requirements of different ESG analysts, serving as support for the measurement of social impacts, regulated by Law 11/2018 on Non-Financial Information and Diversity, which transposes EU Directive 2014/95 and establishes a framework for human rights analysis.

The following international frameworks have been taken into account for the due diligence procedure, most of which are also included in the Group's Human Rights Policy:

- The International Bill of Human Rights of the United Nations (UN).
- The ILO Declaration on Fundamental Principles and Rights at Work, as well as its core conventions (including freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation).
- The OECD Guidelines for Multinational Enterprises.
- The European Convention on Human Rights.
- The EU Action Plan for Human Rights and Democracy 2020-2024

Línea Directa Aseguradora is firmly committed to the application of other national and international human rights standards, always with the aim of expanding its commitment in this area and integrating them into its risk management, decision-making and governance processes in its operations and in its relations with its Stakeholders.

This commitment will also enable the Group to promote transparency in all its policies and procedures and to engage with customers, industry and other Stakeholders to share best practice in this area, address common issues and offer real solutions.

Línea Directa Aseguradora's human rights due diligence process includes the identification of potential human rights violations based on the Group's commitments. The commitments acquired cover **five dimensions** of the Group: **as an employer, as an insurer, as an investor, as a collaborator and partner and in relation to its environment**.

The identification of risk events goes hand in hand with the delimitation of actual or potential negative impacts and defines the criteria to be considered in order to facilitate their assessment, prioritisation and management. The process was defined and developed with the involvement of an independent third party and the **key areas responsible** for each of the five dimensions.

The risk event assessment process is carried out based on Línea Directa Aseguradora's risk analysis methodology, in order to ensure uniformity of criteria. The methodology also defines how to assess the impact, likelihood and severity of each event.

Human rights due diligence is conducted **at least every three years**.

This methodology will be used to **identify potential human rights risks** in transactions, the value chain, business-related activities and new business relationships such as mergers, acquisitions or joint ventures.

Once the impact and likelihood variables have been assessed, the severity of each risk event is determined, allowing the Group's human rights risk map to be drawn up.

A categorisation of potential human rights violations has been carried out taking into account each of the dimensions of Línea Directa Aseguradora's **Human Rights Policy**: as an employer, as an insurer, as an investor, as a collaborator and partner and in relation to its environment.

The following guidelines were also used:

- UNEP-FI's guide to environmental, social and governance (ESG) risk management in general insurance business and the PSI or Principles for Sustainable Insurance.
- The International Finance Corporation's Guide to Human Rights Impact Assessment and Management.

For each of the risk events included in this document, we have contextualised what the threat may be, the Stakeholders that would be affected and the link to Línea Directa Aseguradora's Human Rights Policy. This means:

- Description of the risk event and its link to human rights (main and related). The following aspects have been taken into account: forced labour, human trafficking, child labour, right of association, right to collective bargaining, equal pay, discrimination and right to the environment.
- Stakeholders affected by each risk event: customers, employees, suppliers and/or the public.
- Linking each risk event to the commitments defined and included in the Human Rights Policy
- Risk mapping frequency: the company's risk map is reviewed on a regular basis as each risk is reviewed at least once a year. The mapping of these risks is carried out jointly by the Corporate Risk area and the area responsible for the management of each threat.

GOV-5. Risk management and internal controls over sustainability reporting.

At the Línea Directa Group, the management of risks and internal controls related to sustainability information disclosure is embedded within its Risk Management and Internal Control System. This framework is structured to identify, evaluate, mitigate, and monitor sustainability-related risks while fostering an effective control environment that supports long-term sustainability goals.

Key features of the risk management and internal control system.

In 2024, the Línea Directa Aseguradora Group initiated the development and implementation of its **Internal Control over Sustainability Reporting** (ICSR). The Línea Directa Group ICSR is modelled on the **COSO** (Committee of Sponsoring Organizations of the Treadway Commission) **methodological framework**, aiming to ensure that reported information is accurate and compliant with international standards. It establishes governance and control mechanisms akin to the Group's Internal Control over Financial Reporting (ICFR) system, tailored specifically to the sustainability information disclosed.

To outline the process and responsibilities for implementing and managing the Internal Control over Sustainability Reporting (ICSR) and to establish a comprehensive framework for internal control over the sustainability information disclosed by the Group, the Línea Directa Group has formulated an **Internal Control over Sustainability Reporting Policy**. This policy was ratified at the Línea Directa Board of Directors meeting on 26 September 2024, reflecting the Board's commitment to creating an effective internal control system for sustainability data.

While the policy sets out key responsibilities and guiding principles, a separate Línea Directa Group **ICSR Methodology** document, aligned with the COSO framework, provides a detailed breakdown of the control environment, risk identification and assessment for sustainability information, control activities, information and communication processes, and oversight of the system's operation.

Thus, the process is both established and documented, with ongoing efforts to further refine its development.

The scope of the ICSR is primarily determined by materiality, while also incorporating qualitative considerations. It begins with the Group's double materiality analysis, conducted in accordance with CSRD guidelines and the ESRS framework, which identifies reportable indicators by assessing both the entity's environmental impact and the risks and opportunities posed by Stakeholders to the entity. This dual perspective—impact materiality and financial materiality—guides the assessment of relative significance.

Once material processes and indicators are pinpointed through this double materiality lens, qualitative factors are considered, such as the complexity involved in compiling or extracting the data to be reported.

Relevant business processes have been assigned to designated areas that, under the **oversight of the Internal Control over Sustainability Reporting area**, are tasked with implementing controls to address identified information risks.

These responsible areas perform the first-level control function within the Internal Control over Sustainability Reporting (ICSR). The Internal Control over Sustainability Reporting function will request proof of these controls' execution and, supervised by the Group's Corporate Risk Management Department, will fulfil the second-level control role. The Group's Internal Audit Department oversees the ICSR's operation and effectiveness as part of its third-level control function.

All processes and sub-processes within the ICSR are clearly defined and documented through flowcharts, descriptive narratives for each process, and risk and control matrices. These matrices outline the processes and sub-processes, associated risks, mitigating controls, and the frequency of these controls' application.

Approach to risk assessment and prioritisation.

At the Línea Directa Group, risk assessment is an ongoing, dynamic process aimed at identifying and analysing risks across all organisational levels, with a particular focus within the Internal Control over Sustainability Reporting (ICSR) on risks tied to sustainability information disclosure.

Before identifying risks, the Group first determines which indicators will be integrated into the control environment to ensure the information's **security and reliability**, prioritising them based on their relative importance as defined by the CSRD, alongside business-specific factors and the technological tools supporting the processes.

After establishing the material indicators, their locations, applications, and the hosting processes, the Group identifies risks related to potential inaccuracies in the reported sustainability information.

The risk identification and evaluation within the ICSR are guided by **sustainability information control objectives**, which the Group has established based on the qualities required under section 2 of ESRS 1 of the CSRD:

- Relevance
- Faithful representation (requiring that information be complete, neutral and accurate).
- Comparability
- Verifiability
- Understandability

During the risk identification process, the Internal Control team evaluates factors that could lead to deviations in the reported information, compromising the required attributes. Risks that could undermine the reliability of sustainability information include calculation mistakes, misapplication of standards, system malfunctions, insufficient knowledge of critical data, errors in estimates or projections, and other diverse risks.

Following identification, these risks are assessed. The purpose of this assessment is to determine their potential impact on achieving objectives tied to the reliability of sustainability information and to gauge the vulnerability of sustainability reports to significant errors in the absence of controls.

Risk is evaluated based on its impact and likelihood, requiring an assessment of both the significance and probability of a material error occurring. The significance of a risk is determined using:

- **quantitative criteria** for numerical, monetary, or percentage-based indicators.
- **qualitative criteria**, employing measurement scales for predefined qualitative factors to assign a rating, thereby standardising expert judgement in the evaluation.

Probability is **weighted** on a scale from very low to very high, and the criticality or risk level is calculated by multiplying the likelihood of the event by the assigned importance rating.

Primary risks identified and mitigation approaches.

The key risks identified that could compromise the reliability of sustainability information include:

- Errors or omissions in data entry within management tools.
- Mistakes in calculations or the application of standards during indicator development.
- System malfunctions.
- Lack of relevant policies and/or procedures for sustainability information.
- Discrepancies with financial reporting.

After identifying risks, response measures are developed. The control objectives linked to each risk are evaluated, and specific controls are established to safeguard these objectives. The effectiveness of each control in mitigating risk is assessed based on its contribution to achieving the associated control objectives. Additional factors influencing mitigation strength are considered, including the control type (preventive or detective), its frequency, and whether it is automated or manual.

Key controls implemented include reviewing and reconciling data in the tools used for extraction, verifying calculated indicators, overseeing relevant policies, applying automated checks on data shared with other reports, and monitoring for system failures.

Integration of risk assessment and internal controls.

The Group's Internal Information Control area, under the oversight of the Corporate Risk Management department, evaluates and tests the controls reported by business units to confirm their proper operation, effective design, and ability to mitigate associated inherent risks. The findings from these assessments indicate whether corrective actions are needed.

To ensure oversight by the appropriate governing bodies, the Internal Control over Sustainability Reporting (ICSR) area compiles reports detailing the outcomes of these efforts and highlights any issues requiring attention.

Per the **Regulations of the Board of Directors**, the Audit and Compliance Committee is tasked with understanding, overseeing, and assessing the preparation process and integrity of both financial and non-financial information, as well as the associated risk control and management systems for the Company.

Accordingly, the Committee monitors and evaluates the preparation process and integrity of the sustainability information presented in the Sustainability Report, while also assessing the effectiveness of the internal control system (ICSR) in identifying, managing, and reporting key risks. To fulfil its supervisory role over the internal control system, the Committee relies on regular reports that provide sufficient insight and a comprehensive conclusion regarding the system's reliability and confidence level, confirming whether the entity has adhered to relevant reporting policies and regulations, and offering improvement recommendations as needed.

To support this oversight, the internal Control over Sustainability Reporting area generates the following reports:

- Quarterly ICSR Report submitted to the Audit Committee, highlighting key developments from the quarter, including progress in the function's development, control outcomes, provided and reviewed evidence, open incidents, follow-up on prior months' incidents, among others.
- Annual ICSR Report to the Audit Committee, delivered at year-end alongside the fourth-quarter report, providing an executive summary of the year's ICSR activities to give the Audit and Compliance Committee a concise overview of the financial year.
- Results Report to the Steering Committee, detailing significant findings relevant to their respective departments.

Strategy

SBM-1. Strategy, business model and value chain.

The Línea Directa Group embeds sustainability into its operations and culture through multi-year sustainability plans designed to create value for the organisation and its identified Stakeholders.

The current **three-year 2023-2025 Sustainability Plan** for Línea Directa Aseguradora serves as the Group's roadmap for addressing environmental, social, and corporate governance priorities. This fifth Sustainability Plan aims to steer the Línea Directa Group toward sustainable growth, fostering ESG principles internally and leveraging its direct business model as a key strength for Stakeholders.

Comprising nearly 100 actions, the plan targets objectives established through a materiality assessment. These objectives include embedding sustainability into product and service innovation, enhancing value creation to meet the expectations of analysts and investors for sustainable business practices, and proactively aligning with European Union sustainability regulations.

Reflecting the increasingly multidisciplinary nature of sustainability, the Group has crafted strategic priorities for each dimension aligned with material aspects identified across these **three ESG pillars**.

The Plan introduces significant updates, adapting the Group's strategy to meet post-listing expectations. Notably, the assessment conducted under the **Dow Jones Sustainability Index** has been integrated into the plan's development, driven by investor interest following the Group's invitation to participate actively in the 2022 evaluation.

Environmental perspective.

The Línea Directa Group's direct business model, centralised at a single headquarters, inherently enhances its environmental efficiency relative to competitors.

Operating in a sector pivotal to the shift toward a low-carbon economy, the Group plays a dual role as both an institutional investor and an insurer. It also bears a responsibility to address societal needs, such as sustainable mobility.

Línea Directa meets Stakeholder expectations by responsibly managing its operations, innovating sustainable products and services, overseeing its value chain with care, and incorporating ESG criteria into its investment portfolio.

Within this framework, the environmental dimension focuses on **three key areas**:

- **Sustainable business development:** Creating and advancing products and services that encourage sustainable mobility practices, enhance home habitability and energy efficiency, and improve people's well-being and health.
- **Climate roadmap:** The Group has adopted a climate strategy aligned with TCFD recommendations, outlining a decarbonisation plan for its operations and investment portfolio.
- **Eco-efficient management and circular economy:** Línea Directa fosters resource efficiency by reducing consumption, generating renewable energy internally, and implementing systematic waste management processes.

Social perspective.

Recognising its influence as an insurer, employer, and community participant, Línea Directa operates as a responsible entity dedicated to societal progress and engagement with the communities it serves.

Key areas of action in this dimension include:

- **Diversity, equality, and human rights:** The Group fosters a just society by **upholding** values of equality and diversity and ensuring respect for human rights across its operations and Stakeholder interactions.
- **Talent:** Línea Directa adopts best practices to attract, retain, and support talent, emphasising employee well-being, diversity, workplace safety, and health.
- **Advancing social strategy:** Through strategic partnerships, internal initiatives, and the Línea Directa Foundation—focused on Road Safety—the Group advances its social objectives. Additional priorities of the Group regarding this social perspective include combating social exclusion and encouraging healthy lifestyles.

Good governance perspective.

Good governance is a cornerstone for Línea Directa. The Group adheres to governance best practice recommendations regarding the structure and operation of its governance system, progressively adopting leading market standards.

Ethics, robust corporate governance, and core values are integral to the Group's culture, guiding all activities and processes—including transparent information reporting, responsible product marketing, financial investment strategies, and supply chain management.

This dimension focuses on four key areas:

- **Responsible and quality marketing.** The Group champions ethical, accessible product and service marketing, paired with top-tier customer service standards.
- **Corporate governance, ethics, compliance, and risks.** Línea Directa enhances its governance framework, develops an ESG risk map, and implements an ethics channel and Human Rights Due Diligence process.
- **Responsible investment and underwriting.** The Group's investment approach aligns with ESG best practices, solidifying its role as a sustainable underwriter.
- **Responsible supply chain.** Línea Directa incorporates ESG criteria into its supply chain management practices.

Furthermore, the Línea Directa Group has aligned its sustainability strategy with the Sustainable Development Goals (SDGs). The Group fulfils various roles through its operations—as an insurer, employer, investor, partner, collaborator, and social actor.

Within its 2023-2025 Sustainability Plan, the organisation has set targets that significantly support 12 of the 17 SDGs:

- **SDG 3** Health and Well-being.
- **SDG 4** Quality Education.
- **SDG 5** Gender Equality.
- **SDG 7** Affordable and Clean Energy.
- **SDG 8** Decent Work and Economic Growth.

- **SDG 9** Industry, Innovation and Infrastructure.
- **SDG 10** Reduced Inequalities.
- **SDG 11** Sustainable Cities and Communities.
- **SDG 12** Responsible Consumption and Production.
- **SDG 13** Climate Action.
- **SDG 16** Peace, Justice and Strong Institutions.
- **SDG 17** Partnerships for the Goals.

Core components of Línea Directa Aseguradora's strategy.

Established in 1995 as a pioneer in direct car insurance distribution, Línea Directa has since expanded its offerings, branching into additional segments to become a multi-product non-life insurer. Today, it operates in Motor (covering cars, motorcycles, and commercial vehicles), Home, and Health insurance sectors. Ranking 13th in the Non-Life insurance category by premium volume, the company boasts a turnover of EUR 1,019.6 million and serves 3.4 million policyholders.

Línea Directa Aseguradora, a Spanish insurer operating across Spain, employs 2,400 staff and focuses on direct non-life insurance distribution to the public via telephone and digital platforms (website and mobile app).

Motor insurance.

Motor insurance forms the backbone of the Línea Directa Group's commercial operations. By the close of 2024, this segment represented 81.0% of the company's premium revenue, generating € 826.2 million, and comprised **73.2% of its policyholder base**, serving 2.5 million customers.

The Group provides a tailored and extensive array of policies for cars, motorcycles, personal mobility vehicles, and professional vehicles, catering to individuals, self-employed professionals, SMEs, and large enterprises. Additionally, it offers specialised insurance for vehicles in Spain owned by residents of other countries, notably the United Kingdom and Germany.

The company's product lineup includes traditional options (fully comprehensive, fully comprehensive with excess, extended third-party, and basic third-party) as well as unique offerings like Superterceros, which enhances third-party coverage to include certain own-damage scenarios.

Beyond its core brand, the Línea Directa Group operates two distinct brands in this sector: Penélope Seguros, launched in 2012 with coverage tailored for women, and Aprecio, designed specifically for motorcycle enthusiasts.

Home insurance.

Línea Directa entered the home insurance market in 2008 and, by the end of the year, insures 739,000 homes, generating a premium turnover of € 157.9 million. This segment accounts for **21.5% of the customer portfolio** and 15.5% of the Group's total revenue. Similar to its motor insurance offerings, the company provides a specialised home insurance product for properties in Spain owned by residents of other countries.

In recent years, the Group has enhanced its home insurance portfolio through partnerships with companies in complementary sectors, enabling customers to access additional housing-related services on preferential terms.

Health insurance.

Línea Directa Aseguradora entered the health insurance market in late 2017. By the end of 2024, the Group had 121,000 policyholders and generated € 33.9 million in revenue, placing it among Spain's top 25 health insurers.

In this sector, Línea Directa collaborates with a service operator to offer a medical directory comprising 51,000 professionals and 1,000 health centres and hospitals. The Group provides three policy types—Specialists, Comprehensive, and Dental—aligned with market standards, alongside a group insurance offering under the Vivaz brand.

Personal mobility insurance.

Recent years have seen a significant shift in mobility, ushering in new transportation options. Among these, personal mobility vehicles (PMVs) like electric scooters and bicycles have gained prominence. Responding to this trend, Línea Directa has introduced Personal Mobility Insurance, the first fully digital insurance tailored for users of all PMV types.

This coverage offers flexibility, allowing customers to opt for short-term protection for a single trip via an on/off or pay-per-use model, or annual coverage. Users can activate or deactivate their insurance through the app, paying solely for the time they use it.

New product offerings.

As part of its strategy to diversify its business and strengthen its multi-product stance, Línea Directa Aseguradora has recently introduced innovative products and services in mobility, housing, and health to address evolving customer insurance needs.

In 2023, Línea Directa Aseguradora added a ground-breaking Home Insurance coverage—unique in Spain—that safeguards homeowners from the legal and financial fallout of illegal property occupation. This includes legal support from the company, coverage of legal costs to reclaim the property, and compensation for refurbishment expenses and other related costs. Initially offered as an add-on to Home Insurance, since 2024, it has also been available as a standalone product.

In 2024, Línea Directa launched its most extensive Pet Insurance (for dogs and cats), featuring coverage for fines and penalty management, daily pet care advice, televeterinary services with video consultations and chat, 24/7 year-round veterinary emergency support, and electronic prescription services.

Línea Directa Asistencia.

The Group includes a **subsidiary, Línea Directa Asistencia, focused on verification, expert evaluation, and travel assistance services**. Operating through a vast network of collaborators across Spain, the Group provides 24/7 vehicle and personal assistance, 365 days a year.

Through partnerships with European members of the Astrum Alliance—a global leader in travel assistance company networks—it extends these services to Spanish and international customers both within and beyond Spain, offering round-the-clock support in Spanish, English, German, and Portuguese. This assistance covers vehicles and occupants in cases of breakdowns, accidents, or theft.

Línea Directa Asistencia delivers mobility and roadside solutions via its in-house team and a broad, skilled collaborator network, featuring services like a digital tow truck accessible through a mobile app, on-site replacement vehicles, photo-based verification, mechanical support, and transportation to ITV (vehicle inspection) centres.

Línea Directa Asistencia also serves as an emergency response hub across various autonomous communities. When the eCall device in a crashed vehicle is triggered, specialists from the Group's subsidiary reach out to the customer to coordinate the emergency response. If contact cannot be made, Línea Directa Asistencia alerts emergency services, supplying details about the accident and its location to expedite medical assistance.

Centro Avanzado de Reparaciones (CAR, Advanced Repair Centre).

Alongside a robust network of over 1,000 bodywork, mechanical, and glass repair collaborators, the Línea Directa Group operates **two proprietary**, cutting-edge Advanced Repair Centres (CARs) in **Madrid** and **Barcelona**.

These facilities provide end-to-end customer service, managing everything from claim initiation to vehicle repair, while upholding the Group's rigorous standards of quality, dedication, and excellence.

In 2024, the two CARs completed 13,418 repairs, with CAR Madrid—operational since 2008—handling 7,076 vehicles, accounting for 52.7% of the total. Meanwhile, CAR Barcelona, operational since 2018, managed 6,342 claims this year, representing 47.3% of the total.

The expertise and data gathered from both centres have greatly enhanced the Group's ability to innovate in repair processes, improve quality, and lower accident-related costs. Notably, the CAR workshops operate all internal and external processes entirely online, enabling customers to handle tasks such as rescheduling appointments, requesting replacement vehicles, or tracking repair progress via the internet.

This efficiency contributes to high user satisfaction. This is reflected in Net Satisfaction Scores (NSS) of 40.94% for CAR Barcelona and 42.79% for CAR Madrid by the end of 2024.

Additionally, CAR maintains its own fleet of replacement vehicles, provided to customers at no cost until repairs are finalised.

Sustainable and other product offerings.

In alignment with its three-year Sustainability Plan, Línea Directa Aseguradora has been developing and introducing products and services that not only support business and growth goals across its three operational sectors but also aim to positively impact society and the environment.

In the Motor sector, Línea Directa offers a dedicated insurance policy for **zero-emission vehicles** (including plug-in hybrids), featuring tailored coverage focused primarily on vehicle batteries. By the end of 2024, Línea Directa's portfolio included over **36,000 electric and plug-in hybrid vehicles**, securing an **8% market share** of new registrations in this category.

Additionally, to address consumer uncertainty stemming from restrictions on high-emission vehicles and the emergence of new mobility and ownership trends, Línea Directa introduced **Llámalo X** (Call it X) in 2020. This all-risk insurance policy bundles a car with a fixed monthly fee, covering maintenance and taxes, and periodically features zero-emission vehicles. From its debut through the end of 2024, Línea Directa's portfolio for this product is projected to reach approximately 1,885 policies with an included car.

Furthermore, all Línea Directa customers can use the **ConducTOP** mobile app, a tool that evaluates driving habits to promote safer and more sustainable practices. The app assesses factors such as smooth turning and braking, acceleration, adherence to speed limits, and driver focus. Policyholders who score higher earn points and discounts redeemable for various products and services.

The Group also caters to emerging mobility trends by offering insurance for **personal mobility vehicle** (PMV) users, covering devices such as scooters, electric bicycles, skateboards, roller skates, Segways, unicycles, and hoverboards. Customers can choose coverage for a single trip via an 'on/off' or pay-per-use option, or opt for year-long protection.

In the Home segment, to encourage energy efficiency, Línea Directa provides **solar panel coverage** alongside its standard Home policy, safeguarding against theft or accidental damage to the installations.

Sustainability plan and goals for products, services, and Stakeholders.

Under its 2023-2025 Sustainability Plan, Línea Directa aims to provide products and services accessible to the general population in Spain—its operational market—while prioritising vulnerable groups. These offerings are designed to advance sustainable mobility, enhance home habitability and energy efficiency, and improve customer well-being.

Among the key objectives of the Plan for the 2024 financial year, the Group foresees, in car insurance segment, an increase in the number of policies for electric and plug-in hybrid vehicles compared to the prior year.

In Home insurance, launching a new insurance product, coverage, or service tailored for energy-efficient homes.

And in Health insurance, boosting telemedicine consultations, expanding telepharmacy service usage, and growing the proportion of target customers enrolled in the Vivaz Actividad mobile app's feature to encourage healthy lifestyles.

As regards Stakeholder engagement, as a publicly listed entity since 2021, the Línea Directa Group revisited its Stakeholder strategy in 2023. This review enabled the Group to refine its Stakeholder definitions and clarify how it will address their expectations within these relationships.

Interactions with Stakeholders occur primarily through economic or social channels—via products and services or through the Group's broader activities—and are inherently bidirectional.

The strength and nature of these relationships can influence the attainment of the Group's strategic goals, underscoring their importance. Consequently, in 2023, the Group updated its Stakeholder Map, reassessing priorities and defining a strategy and commitments for Stakeholder engagement. Furthermore, the Group has refined its dialogue and communication channels to enhance responsiveness and alignment with Stakeholder expectations, supporting the successful realisation of medium- and long-term objectives.

In 2024, Línea Directa tracked and assessed key performance indicators linked to the commitments outlined in the last review. These commitments encompass transparency with Stakeholders, service quality, supplier collaboration, workplace environment, employee care, and partnerships with third parties. The evaluation revealed a compliance rate nearing 100%.

A core goal of the Línea Directa Group's **2023-2025 Sustainability Plan** is to foster sustainable business by designing, developing, and promoting products and services that encourage sustainable transportation, enhance the habitability and energy efficiency of customers' homes, and, in the health sector, improve customer well-being—particularly for the most vulnerable.

In recent years, Línea Directa has introduced various products that align with the business and growth targets of its three operational sectors (Motor, Home, and Health) while aiming to positively impact the environment and society.

In 2016, Línea Directa launched an insurance policy tailored for fully electric cars. Building on the Sustainability Plan's objectives, this coverage was expanded in 2023 to include plug-in hybrid vehicles and electric motorcycles. As of now, Línea Directa insures 36,000 electric and plug-in hybrid vehicles.

The Sustainability Plan also aims to enhance the Group's **personal mobility vehicle insurance offerings**. To achieve this, Línea Directa began marketing this policy this year, initially under the Safe&GO brand, now integrated **under the Línea Directa brand** to leverage its recognition and reach.

In the housing sector, the Sustainability Plan includes the introduction of insurance for energy-efficient homes. Accordingly, the company has developed and is currently offering coverage for solar panel installations, protecting against breakage and theft, as well as compensating for losses in energy production.

Likewise, Línea Directa has advanced the phased rollout of its anti-squatting insurance, initially introduced in 2023 as an add-on to home insurance and subsequently launched in 2024 as a standalone product.

In the Health sector, the Sustainability Plan focuses on expanding telemedicine and telepharmacy services while encouraging healthy habits through greater adoption of the Vivaz Actividad mobile app, which tracks and rewards users' physical activity and sleep patterns.

The Línea Directa Group 2023-2025 Sustainability Plan also emphasises responsible marketing, including efforts to ensure the accessibility of all digital platforms (corporate website, commercial website, and mobile apps) for universal use.

In 2023, the Group began enhancing the accessibility of its corporate website, aligning with the **WCAG/WAI guidelines** established by the **World Wide Web Consortium (W3C)**, an international body that sets standards and recommendations to promote internet usability and development. The development of the Línea Directa Group's website has been based on compliance with the W3CWAI WCAG 2.1 Web Content Accessibility Guidelines, in its AA level of requirement. A specialist consultancy was commissioned to carry out an accessibility audit in accordance with the requirements of WCAG 2.1.

In 2024, Línea Directa achieved a notable milestone by securing the AA standard for its **commercial website**, ensuring an inclusive browsing experience for all users. This certification reflects the company's advancement in universal accessibility, aligning with the European WCAG/WAI 2.1 (Web Content Accessibility Guidelines) set by the World Wide Web Consortium (W3C), which defines three compliance tiers: A (basic requirements), AA (best practices), and AAA (highest accessibility level).

In 2024, aligning with its goal of introducing sustainable products, services, or coverage, Línea Directa launched a **video interpretation service for the deaf** in partnership with the CNSE Foundation to enhance inclusion and accessibility in customer service. This initiative enables hearing-impaired customers and non-customers alike to access a range of services and inquiries related to Línea Directa's offerings, such as purchasing insurance, reviewing policy terms, reporting accidents, or requesting roadside assistance, among other options.

The 2023-2025 Sustainability Plan serves as the Línea Directa Group's guiding framework for environmental, social, and governance (ESG) priorities over this three-year span. Aligned with the United Nations' sustainable development strategy, the Plan is structured around the three ESG pillars and encompasses **6 objectives, 15 strategic lines, and over 100 specific actions**. Its goals include driving business through a sustainable product portfolio, attracting and developing talent, fostering a sustainability-focused culture, delivering value to shareholders, appealing to responsible investors, establishing the Group as a recognised ESG brand, and amplifying its positive social and environmental impact.

From an environmental perspective, the Línea Directa Group's 2023-2025 Sustainability Plan incorporates a roadmap to address climate change, targeting emissions reductions across the organisation with a goal of achieving Net Zero by 2050. This includes a range of Línea Directa initiatives such as promoting responsible consumption, advancing circular economy practices, supporting decarbonisation efforts, and strengthening a sustainable mobility and business framework.

The centralised, direct business model of Línea Directa Aseguradora, with operations consolidated at a single headquarters, inherently provides the Group with superior environmental efficiency compared to its competitors. Operating in a sector pivotal to the shift toward a low-carbon economy, the Group plays a dual role as both an institutional investor and an insurer. It also bears a responsibility to address societal needs, such as sustainable mobility.

Línea Directa meets Stakeholder expectations by responsibly managing its operations, innovating sustainable products and services, overseeing its value chain with care, and incorporating ESG criteria into its investment portfolio.

Within this framework, the environmental dimension focuses on three key areas:

- Sustainable business development: Creating and advancing products and services that encourage sustainable mobility practices, enhance home habitability and energy efficiency, and improve people's well-being and health.
- Climate roadmap: The Group has adopted a climate strategy aligned with TCFD recommendations, outlining a decarbonisation plan for its operations and investment portfolio.
- Eco-efficient management and circular economy: Línea Directa fosters resource efficiency by reducing consumption, generating renewable energy internally, and implementing systematic waste management processes.

In the **social domain**, the Línea Directa Group has established a public policy outlining principles and commitments that reflect its stance on nurturing, promoting, and safeguarding diversity and equality as core societal values.

Recognising its influence as an insurer, employer, and social participant, the Group is dedicated to advancing societal well-being and actively engages with the communities in its operational regions.

Key areas of action in this dimension include:

- Advancing diversity, equality, and human rights as essential foundations for inclusion.
- Adopting best practices for attracting, retaining, and engaging talent, alongside enhancing employee well-being, safety, and health in the workplace.
- Strengthening the social strategy through strategic partnerships, internal initiatives, and the Línea Directa Foundation, which prioritises Road Safety.

Additionally, **governance** represents a critical priority for Línea Directa. The Group adheres to governance best practice recommendations regarding the structure and operation of its governance system, progressively adopting leading market standards.

Ethics, robust corporate governance, and core values are integral to the Group's culture, guiding all activities and processes—including transparent information reporting, responsible product marketing, financial investment strategies, and supply chain management.

This dimension focuses on four key areas:

- **Responsible and quality marketing:** The Group champions ethical, accessible product and service marketing, paired with top-tier customer service standards.
- **Corporate governance, ethics, compliance, and risks:** Línea Directa enhances its governance framework, develops an ESG risk map, and implements an ethics channel and Human Rights Due Diligence process.
- **Responsible investment and underwriting:** The Group's investment approach aligns with ESG best practices, solidifying its role as a sustainable underwriter.
- **Responsible supply chain:** Línea Directa incorporates ESG criteria into its supply chain management practices.

Business model and value chain.

Línea Directa is a technology-driven company emphasising innovation and the digitalisation of its operations. It primarily serves customers through telephone and digital channels, operating without a physical branch network and centralising its activities at its headquarters in Tres Cantos, Madrid.

Línea Directa relies on the following essential inputs to conduct its operations:

- **Human capital:** Specialised teams across various domains, including: People, Communication, and Sustainability, which oversees human resources and communication aligned with the Group's commercial, financial, and reputational goals; Portfolio Department, which addresses policyholder needs, concerns, and requests, managing critical processes like loyalty and retention; Technical Area, which establishes underwriting policies and classifies commercial profiles by risk; and Services and Benefits, which ensures effective delivery of benefits and services.

  Línea Directa also has a Technology Area, which supports operations with technological infrastructure; Transformation Area, which drives digital innovation and enhances processes and tools; Corporate Risks, serving as a key line of defence for the Group; Commercial Area, fuelling growth through sales; Corporate Quality and Customer Experience, ensuring excellence across all processes; Marketing, generating demand across distribution channels; Finance, encompassing procurement, treasury, reserving, reinsurance, investor relations, and financial reporting; and a General Secretariat, handling facilities management, tax guidance, corporate governance, legal counsel, and data protection.

  Lastly, Internal Audit acts as the Group's third line of defence. The Group also has two Advanced Repair Centres (CARs).

- **Material resources:** Línea Directa maintains an extensive network of partner workshops specialising in bodywork, mechanical repairs, and glass services. This is complemented by two cutting-edge, proprietary Advanced Repair Centres (CAR) in Madrid and Barcelona. These facilities provide end-to-end customer service, managing everything from claim initiation to vehicle repair, while upholding the Group's rigorous standards of quality, dedication, and excellence.

The Group also ensures the availability of essential materials at its Tres Cantos headquarters to support insurance services as a fallback.

- **Digital and technological resources:** A robust digital and technological infrastructure underpins customer management, data analysis, and process optimisation.

The strategy for acquiring, enhancing, and maintaining these resources revolves around:

- **Talent Management:** Ongoing training, along with talent attraction and retention initiatives, to sustain human capital development.
- **Digitalisation:** Streamlining processes through advanced technological platforms for managing customers, suppliers, and other Stakeholders, as well as analysing data
- **Efficient resource and collaborator network management:** Minimising physical material use and shifting toward sustainable operations, including carbon footprint assessment and reduction efforts.

This approach ensures operational efficiency and service quality while advancing the Group's strategic and sustainability goals.

Through its business model, Línea Directa creates value for Stakeholders such as customers, shareholders and investors, employees, and suppliers, among others.

- **Customers:** Línea Directa delivers a seamless, personalised experience via digital and telephone channels, offering insurance products customised to individual needs. Customers enjoy competitive pricing and efficient service, including swift, transparent claims handling. Looking ahead, the Group aims to enhance its digital offerings, leveraging artificial intelligence and emerging technologies to elevate the customer experience.
- **Shareholders and investors:** The company recognises the importance of delivering profitability through an optimised business model that integrates digitalisation, operational efficiency, and sustainability. Dividend details for each financial year are disclosed in the financial statements.
- **Employees:** Línea Directa provides training and development opportunities within an inclusive environment focused on employee satisfaction. A flexible work model and well-being programs support employees' professional and personal growth.
- **Suppliers:** Línea Directa fosters stable, collaborative relationships with suppliers, grounded in transparency, efficiency, and sustainability. This includes partner workshops, which benefit from a steady stream of business and demand, enabling them to sustain their operations.

Línea Directa's **value chain** serves as a key asset for customers, spanning product development to final delivery. It is structured across three distinct phases: upstream, internal operations, and downstream.

In the upstream stages, Línea Directa depends on resources such as technology, materials, financing, and health service providers. This is supported by a network of suppliers, critical suppliers, and affiliated companies. Within its operations, Línea Directa maintains a broad ecosystem of bodywork, glass, and mechanical workshops—categorised as collaborators and non-collaborators—alongside travel assistance services, expert firms, medical evaluators, and legal support teams. Additionally, the Group utilises multiple external call centres to facilitate distribution, portfolio management, claims processing, and other functions.

During its operational phase, Línea Directa operates under its primary brand as well as its owned brands—Aprecio, Penélope Seguros, and Vivaz—and leverages its cutting-edge Advanced Repair Centres (CAR) located in Madrid and Barcelona.

In the downstream phase of its value chain, the Group distinguishes between investment activities and customer-facing services and benefits. In its investment operations, Línea Directa integrates ESG criteria into its analysis, ensuring effectiveness and impartiality in applying these standards to Group investment decisions, with tailored sectoral guidelines. The Group also aligns its investment portfolio with decarbonisation goals and demonstrates its commitment to initiatives like the United Nations' Principles for Responsible Investment (PRI).

For outsourced services, Línea Directa maintains a dedicated policy ensuring that any outsourcing driven by the Group is in compliance with relevant regulations, notably Directive 2009/138/EC and its implementing rules (Solvency II) for outsourcing insurance or reinsurance activities, and the European Digital Operational Resilience Act (DORA) applicable to any ICT service outsourcing.

The partial or full outsourcing of services adheres to the following action principles:

- It aligns with Línea Directa's customer service quality standards, with service levels and supplier oversight clauses formalised in contracts.
- It does not result in the delegation or loss of control over the management of the outsourced activity or service by Línea Directa.
- It does not disproportionately elevate or negatively impact the organisation's risk profile.

Key highlights of the business model and value chain.

1. Línea Directa's primary activities, resources, distribution channels, and customer segments span the **Motor, Multi-risk, and Health** insurance sectors. The Group also operates the Advanced Repair Centre (ARC), its cutting-edge workshop in Madrid and Barcelona, and Línea Directa Asistencia, its travel assistance subsidiary.

Motor insurance forms the backbone of the Línea Directa Group's commercial operations. By the end of 2024, the Motor segment contributed 81.0% of the company's premium income, generating € 826.2 million in revenue and serving 2.5 million customers—73.2% of the total portfolio. This performance positions Línea Directa Aseguradora as Spain's sixth-largest Motor insurer by premium volume.

The Group provides a tailored, comprehensive policy range covering cars, motorcycles, heavy vehicles, personal mobility vehicles, and professional vehicles, serving individuals, large corporations, SMEs, and the self-employed.

The company's product lineup includes traditional options (fully comprehensive, fully comprehensive with excess, extended third-party, and basic third-party) as well as unique offerings like Superterceros, which enhances third-party coverage to include certain own-damage scenarios. Additionally, the company offers specialised coverage, such as protection for animal-related accidents and the option to choose between repair or compensation for certain claims. Beyond its core brand, the Línea Directa Group operates two distinct brands in this sector: Penélope Seguros and Aprecio, a specialised motorcycle insurance offering.

In the **Home insurance** line, Línea Directa recorded a premium turnover of € 157.9 million and insured 739,000 homes. This segment accounts for 15.5% of the Group's revenue and 21.5% of its customer base. By the end of 2024, Línea Directa ranked the company 13th in the Home insurance sector by turnover.

In the **Health insurance sector**, Línea Directa Aseguradora also operates under its own brand and the Vivaz brand for group policies. It currently serves 121,000 policyholders with € 33.9 million in revenue, placing it among Spain's top 25 health insurers.

Growth in this area is driven by its digital-first approach, seamless and flexible customer experience, competitive pricing, and an extensive, high-quality medical network—developed in partnership with a service operator—featuring a broad array of professionals, health centres, and hospitals.

Línea Directa Asistencia is the Group's subsidiary specialising in travel assistance services. Operating through a vast network of collaborators across Spain, the Group provides 24/7 vehicle and personal assistance, 365 days a year. Furthermore, through **partnerships with European members of the Astrum Alliance**, it extends these services to Spanish and international customers both within and beyond Spain, offering round-the-clock support in Spanish, English, German, and Portuguese. This assistance covers vehicles and occupants in cases of breakdowns, accidents, or theft.

Línea Directa also has two cutting-edge, proprietary **Advanced Repair Centres** (CAR) in Madrid and Barcelona. These facilities provide end-to-end customer service, managing everything from claim initiation to vehicle repair, while upholding the Group's rigorous standards of quality, dedication, and excellence.

The Línea Directa Group primarily relies on direct distribution channels, providing insurance via telephone and online platforms, with a firm emphasis on digital and technological solutions. Additionally, the company employs a sophisticated customer segmentation system that incorporates factors such as accident history, enabling it to offer competitive, risk-adjusted pricing tailored to each policyholder.

2. Its key business relationships and their key characteristics, including relationships with customers and suppliers.

Línea Directa's critical business relationships stem from its direct business model, which operates without a physical office network. This approach requires robust technological infrastructure to support both internal operations and interactions with key Stakeholders.

A cornerstone of these relationships is demand generation, where Línea Directa ranks among Spain's top advertisers, as recognised by leading industry monitors like Infoadex. Operating predominantly through direct channels, the company executes impactful advertising campaigns across diverse platforms, including digital and mass media, solidifying its status as one of the nation's most recognisable brands.

In its customer relationships, Línea Directa fosters the following key strategies:

- Marketing and demand generation within the existing portfolio to encourage cross-selling of products.
- Personalised risk underwriting, tailoring pricing based on each customer's specific risk profile and circumstances.
- 'Por ser' loyalty program, a renewal-focused initiative offering substantial benefits to encourage policy retention.
- Enabling digital channels to promote more efficient and immediate dialogue and interaction with customers, such as web support or the corporate App that allows multiple services and processes. In fact, the Línea Directa App enables users to purchase additional company products, modify existing policies, enrol in and track points within the loyalty program, and review or attach policy documents, including

digital signing. It also supports requesting a tow truck without a phone call, filing accident reports, and submitting vehicle photos and documentation for damage verification, among other functionalities.

- Satisfaction surveys: Assessing policyholder satisfaction and recommendation levels to gauge the quality of each process.
- Value-added services: Offerings designed to enhance policyholders' perception of excellence.

Most providers are tied to the upstream stages of Línea Directa's value chain and are classified by service type: technology, materials, financing, health, and other miscellaneous categories. Suppliers related to service delivery typically fall within the operational scope of the value chain, including workshops (both Group-owned and external), the tow truck network, expert assessors, and medical personnel, the latter of which are currently outsourced.

Línea Directa fosters supplier relationships through various channels outlined in the Stakeholder Map, as approved by the Board of Directors. The nature of each collaborator determines the interaction method, which may involve a dedicated website, engagement with collaborator networks, or coordination with designated teams and managers responsible for specific processes.

The selection of service providers occurs through targeted tenders managed by a specialised department, ensuring legal clarity and adherence to key requirements and criteria for identifying the most appropriate partners. Suppliers are also classified based on their level of involvement in each process.

3. The **cost structure and revenue of its business segments**, in line with IFRS 8 disclosure requirements in the financial statement, where applicable.

In its **Motor segment**, Línea Directa saw a 4.2% rise in issued insurance premiums (net of reinsurance), reaching **€ 826.2 million**, alongside a growth of 43,000 policyholders. The company has also effectively navigated the inflationary pressures impacting the economy in recent years, particularly in the benefits area. Notably, Línea Directa improved its Motor branch accident rate by 9.2 points, bringing it to 74.7%. These achievements contributed to a combined ratio of 94.8%, a 9.7-point improvement over the previous year.

The **Home insurance** segment saw a 5.6% rise in issued premiums, totalling **€ 157.8 million**. The policyholder count grew in 2024 to 739,000—a 1.7% increase from 2023. This line achieved a combined ratio of 88.3%, reflecting a 7.5 percentage point improvement.

In the **Health insurance segment**, Línea Directa recorded **€ 33.9 million** in revenue, up 11.4% from the prior year, with the customer base expanding by 3.5% to 121,000. The combined ratio in this line improved by 17.9 percentage points to 140.3%.

Additionally, Línea Directa operates **other insurance lines**, primarily comprising card insurance with financial institutions and its newly launched products. As of 31 December 2024, these activities generated **€ 1.0 million** in revenue.

4. The potential impacts, risks and opportunities in its significant sector(s) and their possible relationship to its own business model or value chain.

Given that this year marks the first year of reporting under CSRD regulations—and with sectoral standards yet to be released—potential risks faced by companies in the sector cannot be fully identified until sustainability reports compliant with CSRD are published.

SBM-2. Interests and views of Stakeholders.

Línea Directa's commitment to its Stakeholders is outlined in the **Stakeholder Map**, endorsed by the Appointments and Remuneration Committee of the Board of Directors. This map employs a proprietary methodology drawing from sources like Mitchell, Forética, and ISO 9001, among others.

Under this framework, key Stakeholders are categorised into **two tiers**: by their **relationship** to Línea Directa and by their **level of influence**.

The relationship-based classification distinguishes between primary Stakeholders—individuals or entities **directly impacted** by the Group's actions, goals, and policies—and secondary Stakeholders, who are **indirectly affected** by its business activities. Regarding influence levels, Línea Directa categorises Stakeholders into high, medium, and low tiers.

The Stakeholder map, based on degree of influence, is structured as follows:

- **High Influence:** Shareholders, customers, regulatory bodies and public administrations, employees, suppliers, and the media.
- **Medium Influence:** Analysts, proxy advisors, sector associations, opinion leaders, consumer associations, and trade unions.
- **Low Influence:** Business schools, the third sector, universities, non-customers, potential employees, and society at large.

Based on their relationship, primary or direct Stakeholders include shareholders, customers, regulatory bodies and public administrations, employees, and suppliers, while all others are classified as secondary Stakeholders.

The **Stakeholder Map** outlines each Stakeholder's expectations, the Company's commitments, and the corresponding objectives and communication channels. It also includes a defined strategy and commitments for engaging with each group, irrespective of their classification (primary or secondary; high, medium, or low influence). It also contains the level of progress toward set objectives.

Each Stakeholder group's relationship is tied to a specific area or department identified in the Línea Directa Stakeholder Map, tasked with reporting to the Sustainability Working Group on engagement activities. These updates are consistently linked to specific commitments, objectives, and key performance indicators (KPIs).

Línea Directa's Stakeholder Map details the company's commitments to each Stakeholder group, summarised as follows:

- **Shareholders:** Ensuring transparent dissemination and prioritisation of information, preventing market abuse, and maintaining openness.
- **Customers:** Providing clear contractual details, prompt responses, quality service delivery, social media customer support, consistent and positive experiences across channels, offering top-value products at competitive prices, developing innovative products tailored to their needs, sharing product and service information via commercial channels, and keeping customers updated at key moments.
- **Regulators and Public Administration:** Delivering transparent and timely information.
- **Suppliers:** Offering transparency and comprehensive information during tender processes, providing regular, accessible, and management-relevant updates,

fostering stable, medium- to long-term partnerships, engaging in sectoral and business forums, and inviting suppliers to corporate events.

- **Employees:** Ensuring transparent and regular communication about Group results, actively listening and improving the work environment, preserving Línea Directa's culture, fostering an agile and effective connection with the People Department via multiple channels, offering personalised support and tailored programs at key moments, and assessing the Group's internal and external reputation or perception.
- **Media:** Maintaining transparency, sharing significant Group updates, producing and distributing reports of public interest, and publishing corporate information in an accessible manner.
- **Analysts:** Engaging in their key reports relevant to the Group, providing financial and non-financial information through public channels, and upholding transparency.
- **Consumer Associations:** Monitoring and supplying pertinent information relevant to their interests.
- **Trade Unions:** Sustaining open dialogue.
- **Business Schools:** Partnering through agreements, posting job openings, organising programs and events, and supporting entrepreneurial initiatives.
- **Third Sector:** Implementing agreements, facilitating volunteer opportunities, making donations, and engaging in solidarity purchasing.
- **Universities:** Establishing collaboration agreements, sharing job vacancies, arranging programs and events, delivering lectures, and participating in fairs.
- **Non-Customers:** Promoting top-value products at competitive prices, developing tailored new products, providing product and service information via commercial channels, and ensuring responsible advertising.
- **Potential Employees:** Highlighting the Group's activities and culture across various channels, advertising openings, and enhancing the candidate experience.
- **Society:** Sharing Group information through diverse channels, consistently aiming to uphold exemplary and responsible conduct.

In its collaboration with Stakeholders, Línea Directa maintains continuous dialogue, integrating improvements or suggestions that enhance the company's value. Over the years, this engagement has led to the development of numerous products tailored to the needs of customers and non-customers, including configurable Home insurance, All-Risk motorcycle insurance, Health insurance that incentivises healthy habits, the Night-time Assistance Service for Young People, and anti-squatting coverage, among others.

Additionally, where appropriate, Línea Directa acknowledges and rewards Stakeholders whose commitment, significance, or quality of work bolsters the company's performance or advances its economic, social, or reputational goals.

This includes recognising employees who exemplify corporate values, suppliers who demonstrate excellence, and media outlets that excel in reporting on road safety—a key focus of the Línea Directa Foundation's social mission.

Focus of the strategy with respect to own workforce.

The Línea Directa Group upholds a Code of Ethics that **prioritises people within its business operations**. Both the Corporate Human Rights Policy and the Code of Ethics safeguard against negative risks to the workforce arising from the Business Strategy. Additionally, the Due Diligence process assesses the impacts of Línea Directa's various roles, including its role as an employer.

It is worth highlighting a key aspect of this approach, which involves **engaging the workforce to align them with the business strategy**, as outlined earlier. This is achieved through regular updates from the CEO to the leadership team. This involves beginning each year with an overview of the overarching business strategy, followed by progress tracking at various checkpoints. To gauge the effects of the business strategy on the workforce throughout the year and act as a counterbalance, Línea Directa conducts various opinion surveys segmented by department. These surveys offer a comprehensive view of the situation, helping to identify any negative impacts or emerging risks.

Although the organisation lacks elected worker representatives, it sustains ongoing communication with the most prominent trade unions at the sectoral level. Within the Group, multiple union branches operate, exercising their rights as safeguarded by current laws, the Corporate Human Rights Policy, and the Code of Ethics.

As a member of the UNESPA sectoral association, Línea Directa facilitates an open dialogue channel between leading unions and the insurance industry.

Focus of the strategy with respect to customers.

Línea Directa has a Human Rights Policy that is intended to serve as a guide in protecting and respecting these rights, preventing their violation and reflecting the Group's commitment to international, local and industry standards, such as the UN Global Compact, the UN Principles for Responsible Investment and the UN Principles for Sustainable Insurance. In addition to describing how this protection is implemented in its operations, the Policy also outlines Línea Directa's commitments in its operations as an insurer, to its professionals as an employer and to suppliers as a business partner.

The Group also has a Human Rights Due Diligence process. The human rights due diligence process includes the identification of potential human rights violations based on the Company's commitments.

The commitments acquired cover five dimensions of the Group, including its relationship with customers as an insurer. The other four dimensions analysed refer to other Stakeholders in terms of its performance as an employer, investor, collaborator and its relationship with society in general. The identification of risk events with regard to end consumers goes hand in hand with the delimitation of actual or potential negative impacts and defines the criteria to be considered in order to facilitate their assessment, prioritisation and management. The process was defined and developed with the involvement of an independent third party and the key areas responsible for each of the five dimensions.

Human rights due diligence is conducted at least every three years. Through its Human Rights Policy and Due Diligence process, the Línea Directa Group is crafting a strategy to pinpoint potential human rights risks tied to its business activities and commercial relationships, enabling the implementation of mitigating actions.

As an insurer, the Group has identified potential human rights concerns, including responsible marketing, accessibility and discrimination in products and services, and data processing. The policy also considers the following vulnerable groups for each identified area: women, children, immigrants, contractors, and local communities. Attention has also been paid to the older population from the point of view of product design and marketing, and to people with disabilities from the same point of view and also from the point of view of integration into the Group's workforce.

Ethics, robust corporate governance, and core values are integral to the **Group's culture,** guiding all activities and processes—including transparent information reporting, responsible product marketing, financial investment strategies, and supply chain management. In that regard, the Group champions ethical, accessible product and service marketing, paired with top-tier customer service standards. In line with this commitment, Línea Directa follows the **UNESPA Guide to Good Practices in Transparency in Insurance Marketing**, which outlines the core principles for ethical insurance marketing across all sales channels.

On data protection, the Group maintains a **Privacy and Data Protection Governance Framework**, supported by a dedicated team and a data protection officer. It also has a **Privacy Policy**, whose main line of action prioritises safeguarding customers' personal and confidential information. Accordingly, all Línea Directa Group employees are required to uphold the general principles outlined in the **General Data Protection Policy** to ensure compliance in this domain.

In assessing material impacts, risks, and opportunities (IROs), no potential or actual negative or positive effects tied to responsible marketing or customer satisfaction were identified. This outcome indicates that the Group does not view its commercial activities as contributing to or worsening significant material impacts.

Due diligence process.

Línea Directa Aseguradora's human rights due diligence process includes the identification of potential human rights violations based on the Group's commitments. The commitments made cover five dimensions: as an employer, as an insurer, as an investor, as a collaborator and partner and, lastly, in relation to its environment. The identification of risk events goes hand in hand with the delimitation of actual or potential negative impacts and defines the criteria to be considered in order to facilitate their assessment, prioritisation and management.

In its role as an employer, Línea Directa considers equal treatment in people management, fair working conditions, workplace freedom, a safe work environment, and robust information security and data protection. As a collaborator and partner, the focus is on supplier approval, registration, and contracting processes, alongside risk control and mitigation strategies.

In its capacity as an insurer, the Group prioritises responsible marketing, accessibility and non-discrimination in products and services, and data processing safeguards. As an investor, its role involves emphasising investments in stable companies and countries while fostering medium- and long-term partnerships. Lastly, in relation to its environment, Línea Directa promotes human rights and societal contributions.

Leveraging its direct-distribution business model without branch networks, Línea Directa maintains ongoing dialogue with Stakeholders to address their interests and opinions, and identify their expectations, needs, and demands.

Via the communication channels outlined in the Stakeholder Map, Línea Directa gathers feedback from each Stakeholder, occasionally prompting adjustments and shifts in the Group's commercial and corporate strategies.

For instance, the anti-squatting coverage introduced in 2023 emerged from customer conversations, reflecting their desire for a product offering legal protection amid widespread squatting across Spain. Similarly, employee climate surveys inform decision-making by capturing workforce concerns, challenges, and perspectives. These decisions have the aim of enhancing relationships and improving Stakeholder perceptions.

In 2025, Línea Directa plans to introduce new products to the market, reinforcing its multi-product strategy and addressing the needs expressed by customer and non-customer Stakeholder groups. These launches aim to deliver comprehensive solutions across each sector, capitalising on commercial synergies, cross-selling opportunities, and solidifying Línea Directa's position as a leading insurance group.

In that regard, Línea Directa anticipates that these 2025 product offerings will enhance its reputation as a major, multi-product insurer, consistently focused on building a company that meets customers' diverse needs with integrated solutions, while boosting synergies, strategic alignment, and growth potential.

Communication with administrative, management and supervisory bodies.

The administrative, management, and supervisory bodies were briefed on the Stakeholder Map, including Stakeholder composition, expectations, and the Group's commitments to them. The Sustainability Committee, alongside relevant departments, conducts an annual review of these Stakeholder relationships. This Stakeholder evaluation and classification system, overseen by the Appointments and Remuneration Committee of the Board of Directors, adheres to the Mitchell methodology. This approach identifies and prioritises Stakeholders based on **relevance and materiality**, addressing their needs and demands through tailored measures and resources. The methodology emphasises fostering relationships with collaborators as vital to shaping the organisation's commitments and strategies, ensuring the impact and success of its initiatives.

As previously outlined, the responsibility for managing Línea Directa's Stakeholder relationships rests with the involved departments, which report their activities, communications, and goals to the Sustainability Working Group. This engagement is guided by the **Stakeholder Scorecard**, which tracks factors such as Stakeholder identification, the responsible department, Stakeholder expectations, Group commitments, and communication channels, among others.

The Sustainability Working Group convenes to address and oversee significant matters in this domain, including, where relevant, the state of Stakeholder relationships. It provides a comprehensive, organisation-wide perspective that goes beyond individual departmental oversight. The Sustainability Working Group reports to the Sustainability Committee, composed of members of the Company's Steering Committee, ensuring the management team stays informed on key sustainability matters.

As noted earlier, responsibility for Línea Directa's Stakeholder relationships rests with the relevant departments, which relay their activities, Stakeholder feedback, and demands to the Sustainability Working Group. This engagement is guided by the Stakeholder Scorecard, which tracks factors such as Stakeholder identification, the responsible department, Stakeholder expectations, Group commitments, and communication channels, among others.

The Sustainability Working Group convenes to address and oversee significant matters in this domain, including, where relevant, the state of Stakeholder relationships. It provides a comprehensive, organisation-wide perspective that goes beyond individual departmental oversight. The Sustainability Working Group reports to the Sustainability Committee, composed of members of the Company's Steering Committee, ensuring the management team stays informed on key sustainability matters.

SBM-3. Material impacts, risks and opportunities and their interaction with strategy and business model.

The material impacts, risks, and opportunities (IROs) for the Línea Directa Group stem from the initial identification phase within the Double Materiality analysis. In that regard, these IROs are derived from the strategic priorities outlined in the

Group's 5th Sustainability Plan for 2023-2025, tailored to its business model and industry. These priorities guide the Group's ESG actions, translating into specific initiatives within the Plan that align the business strategy with broader Group objectives, striving for a balanced integration across all strategies.

The **environmental dimension** of the Plan emphasises environmental management, responsible consumption, and the circular economy; combating climate change and advancing decarbonisation; and promoting sustainable mobility, housing, and health.

It aligns with Sustainable Development Goals (SDGs): SDG 7, SDG 11, SDG 12, and SDG 13.

The **social dimension** of the 2023-2025 Sustainability Plan, as approved, encompasses diversity, equality, and human rights; talent development, well-being, and culture; responsible supply chain management; social contributions tied to the business; and corporate volunteering efforts.

The actions of this dimension support SDG 3, SDG 4, SDG 5, and SDG 10.

The **governance dimension** comprises the following areas: Sustainable products and services; digitalisation and innovation; information security; responsible investment; ethics, compliance, and risk management; a customer-centric quality focus; and transparency and Stakeholder dialogue.

It connects to SDG 8, SDG 9, SDG 16, and SDG 17.

Based on the double materiality assessment conducted by Línea Directa Aseguradora, detailed in section IRO-1 of this chapter, the following material impacts, risks, and opportunities (IROs) have been identified. These are categorised by topic, specifying their relevant sub-topics and their connection to either the value chain or the Group's own operations.

To address these IROs, the Group employs tools that enable it to adapt its business model to evolving regulatory, technological, social, and environmental conditions. These tools will be explored in detail in the chapters dedicated to each material topic, where the specific effects of each impact, risk, and opportunity on Línea Directa's business model will be elaborated.

Topic: Climate change mitigation and adaptation (ESRS E1 Climate change)

Sub-topic	Sub-topic linked to ESRS	Positive / Negative Risk / Opportunity	IRO description	Value chain
Climate change adaptation	Climate change adaptation Climate change mitigation	Positive impact	Enhanced climate management resulting from the adoption of climate commitments within the corporate environmental strategy	Upstream - Shareholders and investors
Climate change adaptation	Climate change adaptation Climate change mitigation	Positive impact	Assistance to clients in transitioning to a lower-carbon economy	Upstream - Shareholders and investors
Climate change adaptation	Climate change adaptation	Risk	Rising severity, frequency, and duration of extreme weather events	Downstream
Climate change adaptation	Climate change adaptation Climate change mitigation	Positive impact	Decreased GHG emission levels and progress toward Paris Agreement goals through the business strategy	Upstream - Shareholders and investors Suppliers

Topic: Responsible marketing and customer satisfaction (ESRS S4 consumers and end-users)

Sub-topic	Sub-topic linked to ESRS	Positive / Negative Risk / Opportunity	IRO description	Value chain
Customer satisfaction, alongside the handling of complaints and claims	Information-related impacts for consumers and/or end-users Social inclusion of consumers and/or end-users	Risk	Delivery of services that fall short of or inadequately meet customer expectations	Downstream
Responsible marketing	Personal safety considerations for consumers or end users Social inclusion of consumers or end users	Opportunity	Encouragement of innovation within the Company to enhance customer well-being and satisfaction through a diverse, specialised product and service portfolio tailored to their needs	Downstream
Responsible marketing	Information-related impacts for consumers and/or end-users Social inclusion of consumers and/or end-users	Opportunity	Creation of a more accessible product and service range designed to align with customers' specific needs and traits	Downstream
Responsible marketing	Social inclusion of consumers and/or end-users	Opportunity	Enhancement of accessibility and support for vulnerable groups' needs through insurance customised to their unique circumstances	Downstream

Topic: Safety, health and well-being of workers (ESRS S1 Own workforce)

Sub-topic	Sub-topic linked to ESRS	Positive / Negative Risk / Opportunity	IRO description	Value chain
Labour standards and employee rights	Working conditions	Positive impact	Greater job stability for employees, supported by fair working conditions, competitive wages, and the Company's focus on permanent employment	Upstream - Shareholders and investors Own operations - Own workforce
Employee well-being and work-life balance	Working conditions	Positive impact	Enhanced employee well-being through efforts to promote work-life balance, digital disconnection, social benefits, and healthy habits	Upstream - Shareholders and investors Own operations - Own workforce

Topic: Diversity, equity and inclusion (ESRS S1 Own workforce)

Sub-topic	Sub-topic linked to ESRS	Positive / Negative Risk / Opportunity	IRO description	Value chain
Diversity, equity and inclusion	Equal treatment and opportunities for all	Opportunity	Expansion of initiatives and measures to foster the integration and employment inclusion of diverse groups (e.g., individuals with functional diversity) within the workforce and leadership bodies	Upstream - Shareholders / investors Own operations - Own workforce

Topic: Talent management and professional development (ESRS S1 Own workforce)

Sub-topic	Sub-topic linked to ESRS	Positive / Negative Risk / Opportunity	IRO description	Value chain
Attraction and loyalty of talent	Working conditions	Opportunity	Recruitment of skilled talent driven by the Company's reputation as an appealing employer	Own operations
Training and professional development	Equal treatment and opportunities for all	Positive impact	Employee satisfaction stemming from skill development, knowledge expansion, and opportunities for internal advancement within the Company	Upstream - Shareholders and investors Own operations - Own workforce
Training and professional development	Equal treatment and opportunities for all	Risk	Insufficient professional development for employees in emerging market trends and needs	Own operations

Topic: Ethics, good governance and responsible culture (ESRS G1 Business conduct)

Sub-topic	Sub-topic linked to ESRS	Positive / Negative Risk / Opportunity	IRO description	Value chain
Adherence to the Code of Ethics and other internal policies	Corporate culture	Positive impact	Cultivation of an ethical culture (e.g., through outreach initiatives) and maintaining integrity in dealings with employees, customers, suppliers, and other Stakeholders	Upstream - Shareholders and investors / Suppliers Own operations - Own workforce Downstream - Customers
Adherence to the Code of Ethics and other internal policies	Protection of whistle-blowers	Positive impact	Encouraging transparency in reporting mechanisms, including channels for harassment and ethics concerns	Upstream - Shareholders and investors / Suppliers Own operations - Own workforce Downstream - Customers
Adherence to the Code of Ethics and other internal policies	Protection of whistle-blowers	Risk	Poor management of the ethics channel, compromising whistleblower confidentiality and anonymity	Upstream - Shareholders / investors Own operations

Topic: Regulatory compliance (specific to Línea Directa Aseguradora)

Sub-topic	Sub-topic linked to ESRS	Positive / Negative Risk / Opportunity	IRO description	Value chain
Regulatory compliance	Entity-specific	Risk	Regulatory shifts impacting the organisation economically	Upstream - Shareholders / investors Own operations

Topic: Risk management (specific to Línea Directa Aseguradora)

Sub-topic	Sub-topic linked to ESRS	Positive / Negative Risk / Opportunity	IRO description	Value chain

Management of financial and ESG risks	Entity-specific	Risk	Insufficient formulation of strategies and action plans to address and prevent unidentified environmental, social, and governance risks	Own operations

Topic: Digitalisation and innovation (specific to Línea Directa Aseguradora)

Sub-topic	Sub-topic linked to ESRS	Positive / Negative Risk / Opportunity	IRO description	Value chain
Enhanced efficiency and innovation in business development	Entity-specific	Positive impact	Decreased reliance on material resources and improved process efficiency through digitalisation	Own operations - Own workforce
Enhanced efficiency and innovation in business development	Entity-specific	Opportunity	Adoption of cutting-edge technologies and digital systems to differentiate the Company from competitors	Downstream - Own operations

Topic: Design of ESG products (specific to Línea Directa Aseguradora)

Sub-topic	Sub-topic linked to ESRS	Positive / Negative Risk / Opportunity	IRO description	Value chain
Sustainable products	Entity-specific	Opportunity	Supporting customers in the energy transition and shift to a sustainable economy, including through alternative products and services	Downstream - Own operations

Topic: Investment with ESG criteria (specific to Línea Directa Aseguradora)

Sub-topic	Sub-topic linked to ESRS	Positive / Negative Risk / Opportunity	IRO description	Value chain
Responsible investment	Entity-specific	Positive impact	Contributing to emissions reduction by investing in companies focused on renewable energy or projects designed to lower their emissions	Upstream – Shareholders / investors
Responsible investment	Entity-specific	Opportunity	Investing in sectors that help mitigate climate change	Upstream - Shareholders / investors Downstream Own operations
Responsible investment	Entity-specific	Opportunity	Pursuing responsible investments, such as real estate with strong energy certifications, green or blue bonds, or other products qualifying under Article 8 or 9 of the SFDR.	Upstream - Shareholders / investors Downstream Own operations
Responsible investment	Entity-specific	Opportunity	Supporting companies with explicitly environmentally and socially responsible strategies, emphasising activities that reduce emissions and address all aspects of climate change	Upstream - Shareholders / investors Downstream

				Own operations

Topic: Cybersecurity and data protection (specific to Línea Directa Aseguradora)

Sub-topic	Sub-topic linked to ESRS	Positive / Negative Risk / Opportunity	IRO description	Value chain
Cybersecurity	Entity-specific	Risk	Vulnerability to cyberattacks resulting from inadequate management of information protection systems	Upstream - Suppliers and shareholders / investors Downstream Own operations
Privacy and data protection	Entity-specific	Risk	Stakeholder data breaches caused by system failures or weak oversight	Upstream - Suppliers and shareholders / investors Downstream Own operations

The present and projected effects of these material impacts, risks, and opportunities positively influence the Línea Directa Group's business model, strengthening its market position and ESG integration across the value chain. These effects span the entire value chain of Línea Directa Aseguradora, with a particular emphasis on its own operations—fostering an inclusive, respectful, and stable workplace—and downstream, where the Group prioritises customer well-being and access to high-quality, sustainable products. With a view to addressing these effects, the Group implements policies, actions, and commitments that bolster its strategy and decision-making for both the present and future.

Additionally, the Línea Directa Group capitalises on identified material opportunities, enhancing its 5th Sustainability Plan for 2023-2025 through responsible investments in sustainability-focused companies, sustainable products that aid customer transitions, process digitalisation via emerging technologies, and workforce empowerment through talent attraction

The **positive material impacts** identified in the double materiality assessment benefit the environment by enhancing climate management, supporting clients in transitioning to a low-carbon economy, and pursuing responsible investments, among other efforts that drive emissions reductions. For people, the Group's policies, commitments, and workplace initiatives promote stability, fair conditions, and talent attraction, among other priorities.

These material impacts are tied to the Group's business model and industry, as well as its strategy, originating from the strategic priorities outlined in the 5th Sustainability Plan for 2023-2025, as previously noted.

The material impacts identified are predominantly short-term, aligning with the reference period used in the company's financial statements. In that regard, the Group engages with these impacts through its business model—such as by providing sustainable products to customers—and its strategy, which includes adopting new policies, goals, and actions to improve the environmental, social, and governance management of its operations.

The **risks and opportunities** pinpointed in the double materiality assessment have been analysed using temporal and economic benchmarks. Thus, considering the **economic valuation, a risk or opportunity** is rated as very low if its financial statement impact is below € 50,000; low if the impact is between € 50,000 and € 100,000; medium if the impact is between € 100,000 and

€ 300,000; high if its financial statement impact is between € 300,000 and € 1,000,000; and, lastly, a risk or opportunity is rated as very high if its financial statement impact exceeds € 1,000,000.

Risks and opportunities materialising within the current fiscal year are classified as short-term; those expected within 2 to 5 years are assessed with a medium-term horizon; and those anticipated beyond 5 years are evaluated as long-term.

Following this initial double materiality exercise, the next reassessment of impacts, risks, and opportunities (IROs) will examine whether the Group's financial position has shifted due to the strategies implemented to manage the initially identified IROs. This will include analysing whether capital expenditures were required, adjustments were made to business areas, and what financing was secured to execute the strategy.

The Línea Directa Group's strategy and business model are tailored to build resilience against the material impacts and risks highlighted in the double materiality assessment. The pinpointing of IROs in specific domains demonstrates that the exercise is closely aligned with the Group's operations and intrinsic nature, enabling the strategy and business model to effectively amplify positive impacts, reduce negative impacts and associated risks, and capitalise on detected opportunities.

Regarding **material environmental** impacts, risks, and opportunities (IROs), Línea Directa Aseguradora's direct business model—primarily centralised at a single operations hub serving all of Spain—enables strong oversight of efficiency and resilience for the years ahead. This model supports a dedicated action plan for environmental management and energy efficiency, which will gradually extend to its subsidiaries. Additionally, coupled with digitalisation, the Group pursues initiatives to minimise material resource use and enhance process efficiency.

Furthermore, this business model, aligned with its corporate purpose of **"Innovate, protect, and bring closer,"** has proven its strength by establishing Línea Directa as a multi-product insurer. The Group innovates by introducing new products, services, and coverage that positively impact society. These notably include offerings for electric and plug-in hybrid vehicles, electric motorcycles, and solar panel coverage. The **design of ESG-focused products** represents an opportunity embedded in the Group's Sustainability Plan, targeting the launch of four sustainable products, services, or coverages by 2025. In recent years, Línea Directa has introduced products to support a sustainable economy, shielding consumers from risks that leave them vulnerable and aiding their choices to adopt alternative energy sources.

On **weather-related risks**, the Group released its inaugural Climate Risks and Opportunities report in 2024, assessing climate impact scenarios across its portfolio. This TCFD-aligned report highlights the Group's resilience to both transition and physical risks. Concerning the identified physical material risks, Línea Directa enhances its resilience through modelling, advancing the circular economy, and diversifying its portfolio geographically. The strategy also involves establishing training programs and nurturing internal talent to tackle emerging climate change challenges. Additionally, the Group is equipped to handle scenarios of rising reinsurance costs and reinsurance tied to portfolios heavily concentrated in high climate-impact regions. Línea Directa is guided by a Reinsurance Policy that sets explicit limits on contractable ratings.

Within this dimension, one impact and multiple opportunities have been recognised related to investments adhering to ESG criteria. In its 2023-2025 Sustainability Plan, the Línea Directa Group committed to the United Nations' Principles for Responsible Investment (PRI). It also adopted a **Sustainable Investment Policy** that incorporates divestment and exclusion strategies for coal and oil & gas sectors. The Group tracks the portion of its portfolio exposed to these sectors and other controversies, with oversight provided by its Investment Committee, which receives regular updates on these matters.

On the social risks, impacts, and opportunities (RIOs) related to **consumers**, Línea Directa established the Department of **Quality and Customer Experience** in 2024. This department monitors customer satisfaction and manages complaints and claims. It plays a vital role in the short and medium term to address and reduce the risk of customer dissatisfaction. Additionally, the Línea Directa Group maintains a dedicated New Products innovation unit within the Marketing department. Beyond driving its own initiatives, this unit acts as a hub for Group-wide innovation, supporting training and intrapreneurship programs like 10x. To seize the opportunity of enhancing accessibility for underserved groups, the Group has implemented accessibility features on both its commercial and corporate websites, adhering to WCAG 2.1 standards. This approach was integrated into the 2023-2025 Sustainability Plan and executed in line with its objectives. Furthermore, Línea Directa has introduced a customer service initiative for deaf individuals via a video call platform, developed in partnership with the non-profit State Confederation of the Deaf (Confederación Estatal de Personas Sordas – CNSE).

Within the **social dimension**, regarding opportunities, risks, and impacts (ORIs) related to employees, the Group prioritises improving working conditions and supporting employee health and well-being. This focus is embedded in its 2023-2025 Sustainability Plan, which ties to long-term variable remuneration and encourages participation in the Group's Well-being Program initiatives. Additionally, the establishment of the Diversity Committee in 2023 created a dedicated entity to uphold diversity, equity, and inclusion within the workforce. The Group also fosters professional growth and training through various programs, identifying specific needs to deliver targeted training, all of which supports its talent attraction and retention strategy.

In the **Governance domain**, the Línea Directa Group upholds strong ethical standards through a framework that includes a Code of Ethics, a whistleblowing channel ensuring whistleblower anonymity, an ethics manager who thoroughly tracks cases, and a **Whistleblowing Channel Policy** that ensures proper management, transparency, and the **protection** and **confidentiality of whistleblowers**.

Additionally, the Group's Corporate Risks area maintains a comprehensive risk map, incorporating ESG risks, which enables the implementation of effective controls to address identified risks. This is supported by a Standing Risk Committee. To manage risks from regulatory changes, the Corporate Risk area includes a **Regulatory Compliance** department and a **Chief Compliance Officer** tasked with identifying and anticipating legislative shifts, complemented by a standing Compliance Committee. Both the Standing Risk Committee and Compliance Committee report to the Audit and Compliance Committee, keeping the Board informed and facilitating strategic adjustments based on the insights provided.

Regarding cybersecurity, the Group recognises the critical need to establish robust digital and information security governance. Given its direct business model, which relies heavily on and is reshaped by the digitalisation of its operations, the Group conducts an Own Risk Solvency Assessment (ORSA) that incorporates a capital evaluation under a global cyberattack scenario. Furthermore, the Group employs a Chief Information Security Officer (CISO) and maintains an **Information Security Policy** to uphold its commitments in this domain. Regular controls and security assessments are also conducted to safeguard customer information.

Since 2024 marks the inaugural year of the Group conducting the double materiality exercise, no changes have occurred in the identified impacts, risks, and opportunities, as they have been assessed for the first time using the methodology outlined below.

Consequently, the current and anticipated financial effects requested in this section are not provided.

This report encompasses data from all entities within the Línea Directa Group: Línea Directa Aseguradora, S.A., Línea Directa Asistencia, S.L.U., Centro Avanzado de Reparaciones (CAR), S.L.U., Ámbar Medline, S.L.U. and LDActivos, S.L.U.

The Group's entire operations are based in Spain. Línea Directa Aseguradora manages all its activities centrally, leveraging a highly disintermediated and direct business model. Its office facilities are situated in Tres Cantos, Madrid, with no additional offices elsewhere in Spain.

The Group's subsidiary, Línea Directa Asistencia, located in Pozuelo de Alarcón, Madrid, focuses on verification, expert appraisal, and travel assistance services. Operating through a vast network of collaborators across Spain, the Group provides 24/7 vehicle and personal assistance, 365 days a year.

Furthermore, alongside a vast network of over 1,000 collaborating bodywork, mechanical, and glass repair workshops, the Group operates two cutting-edge, proprietary Advanced Repair Centres (CARs) in Madrid and Barcelona.

The Línea Directa brand stands as one of the insurer’s key strategic assets. Additionally, it embodies the Group’s identity and core essence: a distinctive and effective approach to insurance, marked by strength, leadership, and values. Since its inception in 1995, the Línea Directa Group has fostered a direct connection with its customers through straightforward, vibrant communication. Combined with its innovative spirit and the digitalisation of its processes, this approach has solidified the Company’s status as a top insurer in Spain, evolving into a prominent multi-branch organisation. Its primary channels of engagement are telephone and online digital platforms.

Impact, risk and opportunity management

IRO-1. Description of the processes to identify and assess material impacts, risks and opportunities.

The Double Materiality process.

Presently, various sustainability milestones are converging, heightening the need to pinpoint and comprehend the issues most pertinent to an organisation's Stakeholders. This understanding enables the organisation to address their expectations and seize opportunities emerging from this evolving landscape.

Double Materiality focuses on recognising factors that directly influence—either actually or potentially—the organisation (economic risks and opportunities) as well as its surroundings (positive and negative impacts).

The Double Materiality analysis entails assessing the most significant aspects for the organisation from a twofold perspective. This includes both the materiality of the impact (inside-out) and financial materiality (outside-in), encompassing direct operations and the full value chain, upstream and downstream alike.

- **Financial Materiality** (outside-in). This pertains to sustainability factors that present Risks or Opportunities for the Línea Directa Group by affecting—positively or negatively—its growth, reputation, access to European funding, and more. The identification of Financial Materiality IROs (Impacts, Risks, and Opportunities) has been informed by Línea Directa Aseguradora's Integrated Risk Management System.

- **Impact Materiality** (inside-out). This refers to the actual or potential effects—positive or negative—that the Group exerts on people or the environment over the short, medium, and long term. It encompasses aspects tied to internal operations as well as the entire value chain, both upstream and downstream, including the influence of services and relationships with companies and organisations.

The outcomes of this evaluation have identified the material Impacts, Risks, and Opportunities (IROs) that require management through targeted action plans.

The methodology employed for the double materiality analysis is outlined below and comprises the following steps:

1. Context analysis.

The initial phase involves **analysing the sector context** (external) and the entity's business model (internal). This process yields a preliminary identification of potentially material topics from a comprehensive sustainability standpoint. It facilitates a thorough understanding of the entity across all its dimensions, as well as the current and future dynamics of the sector.

Additionally, during this stage, a visual representation of the **Value Chain** is created, encompassing the entities under analysis, their interrelationships, interactions with Stakeholders, the activities they undertake, and their funding sources. The primary purpose of this value chain is to map the identified Impacts, Risks, and Opportunities (IROs) to the specific segments of the chain they impact, once they have been determined.

During the context analysis phase, the following information sources were utilised:

- **Internal sources**, including the Group's reports, policies, and plans related to the various topics under review

- **External sources**, such as sustainability reporting frameworks like GRI and EFRAG, ESG evaluations from analysts including S&P and SASB, and regulatory documents like the CNMV's annual report.
- **Other sources**, such as the World Economic Forum, were also considered.

These sources will be regularly revisited and refreshed to reflect any updates or changes for use in future analyses.

2. **Preliminary identification of issues and sub-issues.**

To organise the Impacts, Risks, and Opportunities (IROs) for identification and assessment, an initial list of issues was compiled. This approach enhances comprehension of the analysis and helps pinpoint the aspects most significant to the Group. The definition of these issues draws from the European Sustainability Reporting Standards (ESRS), which will guide future company reporting under the new CSRD directive.

The list of Topics and Sub-topics was developed based on the framework of Topics, Sub-topics, and Sub-subtopics outlined in ESRS 2 AR 16.

These issues are further broken down into sub-topics, offering increased detail to the analysis and enabling a more precise categorisation of IROs.

3. **Identification of impacts, risks, and opportunities.**

An initial assessment of the Group's Impacts, Risks, and Opportunities (IROs) was conducted alongside the gathering of data through surveys targeting the Group's key Stakeholders—namely employees, customers, shareholders, and suppliers

Beyond **Stakeholder participation in surveys**, focus groups were held with the Group's employees, and interviews were conducted with members of Línea Directa Aseguradora's management team. The purpose of these surveys is to incorporate Stakeholders' perspectives into the **evaluation of topics and sub-topics**, ensuring a more comprehensive outcome. The **ratings provided by respondents are weighted** based on each Stakeholder group's relevance and influence on the organisation, as determined by the Group's Stakeholder prioritisation.

To identify the Impacts, Risks, and Opportunities (IROs), data from the sources utilised in the project's initial phase were analysed and taken into account.

- **Impact**: The influence that the organisation's processes, activities, products, services, or relationships exert on people or the environment over time.
- **Risk**: Uncertain environmental, social, or governance events or conditions that, if they materialise, could negatively affect the organisation's sustainability strategy, its ability to achieve goals and create value, potentially impacting its decisions and Stakeholder relationships.
- **Opportunity**: Uncertain environmental, social, or governance events or conditions that, if they materialise, could positively influence the organisation's sustainability strategy, its ability to achieve goals and create value, potentially impacting its decisions and interactions with Stakeholders.

Impacts reflect the viewpoint of Impact Materiality, whereas Risks and Opportunities align with Financial Materiality.

During the identification phase of impacts, risks, and opportunities, the interconnections between material impacts and the identified risks and opportunities were considered by distinguishing and associating them at the sub-topic level. Additionally, the risks outlined in the Group's risk map were reviewed, and an exercise was conducted to connect those IROs that aligned with risks previously recognised by the entity.

The list of material impacts and their relationships with identified risks and opportunities is elaborated below:

ESG	ID	Topic	Sub-topic	Rate	Material impact	Dependencies
E	1	Mitigation and adaptation to climate change	Climate change adaptation	Positive impact	Enhanced climate management resulting from the adoption of climate commitments within the corporate environmental strategy	ID 6: Integration of environmental criteria into the business strategy and model
E	2	Mitigation and adaptation to climate change	Climate change adaptation	Positive impact	Assistance to clients in transitioning to a lower-carbon economy	ID 15: Expansion of the insurance portfolio's exposure to clients dedicated to decarbonisation
E	7	Mitigation and adaptation to climate change	Transition and mitigation efforts related to climate change	Positive impact	Decreased GHG emission levels and progress toward Paris Agreement goals through the business strategy	ID 22: Adoption of more ambitious targets for reducing the carbon footprint tied to the Company's operations
S	51	Safety, health and well-being of workers	Labour standards and employee rights	Positive impact	Greater job stability for employees, supported by fair working conditions, competitive wages, and the Company's focus on permanent employment	ID 68: Recruitment of skilled talent driven by the Company's reputation as an appealing employer
S	56	Safety, health and well-being of workers	Employee well-being and work-life balance	Positive impact	Enhanced employee well-being through efforts to promote work-life balance, digital disconnection, social benefits, and healthy habits	ID 55: Introduction of new initiatives to support employees' mental health in the workplace
S	69	Enhancement of talent management and professional development	Training and professional development	Positive impact	Employee satisfaction stemming from skill development, knowledge expansion, and opportunities for internal advancement within the Company	ID 70: Insufficient professional development for employees in emerging market trends and needs
G	71	Ethics, good governance and responsible culture	Adherence to the Code of Ethics and other internal policies	Positive impact	Cultivation of an ethical culture (e.g., through outreach initiatives) and maintaining integrity in dealings with employees, customers, suppliers, and other Stakeholders	No dependencies
G	72	Ethics, good governance and responsible culture	Adherence to the Code of Ethics and other internal policies	Positive impact	Encouraging transparency in reporting mechanisms, including channels for harassment and ethics concerns	No dependencies
EN	88	Digitalisation and innovation	Enhanced efficiency and innovation in business development	Positive impact	Decreased reliance on material resources and improved process efficiency through digitalisation	No dependencies

EN	102	Investment with ESG criteria	Responsible investment	Positive impact	Contributing to emissions reduction by investing in companies focused on renewable energy or projects designed to lower their emissions	ID 110: Investing in sectors that help mitigate climate change

4. Assessment methodology.

The materiality value of each Impact, Risk, and Opportunity (IRO) has been derived from the quantitative data provided.

Impacts. The evaluation of impacts was conducted based on the following metrics:

- **Probability of occurrence**: Assesses the likelihood of the impact occurring, applicable to potential impacts, and rated as low, medium, high, or very high.
- **Scale**: Measures the impact's significance to Stakeholders, with input from employees, customers, shareholders, and suppliers consulted for the materiality assessment.
- **Scope**: Identifies the geographical extent affected by each impact, categorised as limited, medium, or global.
- **Remediability**: Evaluates the economic and temporal difficulty of restoring the pre-impact state if the impact is negative, rated as easy, with effort, difficult, very difficult, or irremediable
- **Qualitative information**: Provides a qualitative evaluation that enhances the analysis and includes additional relevant details for each IRO. This is broken down into:
    - Justification of quantitative metrics: A rationale is provided explaining the basis for the assigned values of Scope, Likelihood, and Remediability for each IRO.
    - Governance and management: Identifies the internal Group body tasked with overseeing the IRO, along with a concise overview of its duties.
    - Strategy: Encompasses the strategies, plans, policies, methodologies, reports, and objectives established for managing the IRO, where applicable.
    - Time horizon: Classified as short, medium, or long term.

When evaluating impacts, it is important to note that for impacts with both positive and negative potential, negative impacts are prioritised based on their severity and likelihood of occurrence, while positive impacts are prioritised by their magnitude, scope, and, subsequently, probability.

Risks. Risk assessment relies on metrics evaluating financial impact and the likelihood of the risk occurring. The midpoint of these financial ranges and the percentage probability of risk materialisation are combined to calculate the final financial materiality in euros, with this process repeated three times—once for each time horizon.

A qualitative evaluation of the various risks is also conducted across three scenarios, incorporating internal and external data based on their relevance to the entity within each time horizon.

To determine the financial impact value, economic ranges have been defined.

- **Probability**: Assesses the likelihood of a Risk or Opportunity occurring. For potential Risks or Opportunities, this is rated as very low, low, medium, high, or very high. The Probability of Financial Materiality uses the same thresholds as the risk map to ensure consistency between methodologies.

- **Economic valuation**: This metric quantifies the economic impact of a risk or opportunity on the organisation, categorised as very low, low, medium, high, or very high.

Opportunities. The evaluation of opportunities combines metrics of financial impact and the probability of the opportunity materialising. The midpoint of the economic ranges and the percentage probability of occurrence of the opportunity are used to calculate the final financial materiality in euros, with this process performed three times—once for each time horizon.

A qualitative evaluation of the various opportunities is also conducted across three scenarios, incorporating internal and external data based on their relevance to the entity within each time horizon.

To determine the financial impact value, economic ranges have been defined.

- **Probability**: Assesses the likelihood of a Risk or Opportunity occurring. For potential Risks or Opportunities, this is rated as very low, low, medium, high, or very high. The Probability of Financial Materiality uses the same thresholds as the risk map to ensure consistency between methodologies.
- **Economic valuation**: This metric quantifies the economic impact of a risk or opportunity on the organisation, categorised as very low, low, medium, high, or very high.

The risks identified in the double materiality exercise have been aligned with the ESG risks already recorded and documented within the Group's Risk Management System.

Consequently, these risks are integrated into the review and analysis processes established by the Corporate Risks area for its oversight functions, managed in accordance with the current methodological framework and operational practices.

For the identified Opportunities, a justified value is assigned to their financial impact and probability, drawing on the context of Línea Directa Aseguradora and its entities, insights from analysed documentation, the geopolitical landscape, sectoral data, and regulatory factors.

After compiling the final list of Impacts, Risks, and Opportunities—categorised by their respective topics and sub-topics—each has been assessed using the methodology described earlier.

5. Results.

To determine the **impact materiality** at the sub-topic level, the highest value within each sub-topic was selected. For **Risks and Opportunities**, the greatest value was adopted as the financial materiality result for each sub-topic.

To calculate the impact materiality for each topic, the maximum score from the highest-ranking sub-topic within each topic was used.

Maximum values were preferred over averaging the IROs within a sub-topic, as averaging would diminish the significance of the final scores. After obtaining the results, thresholds will be established to determine which topics and sub-topics are deemed material. Specifically, the top 25% of values (≥75%)—those topics and sub-topics falling within the highest 25% of scores in either impact or financial materiality—are classified as material.

By intersecting both materialities (impact and financial), the Línea Directa Group identified nine material environmental, social, and governance (ESG) issues.

List of material topics and their relationship with ESRS:

- Climate change mitigation and adaptation (ESRS E1 Climate change)
- Responsible marketing and customer satisfaction (ESRS S4 consumers and end-users)
- Safety, health and well-being of workers (ESRS S1 Own workforce)
- Diversity, equity and inclusion (ESRS S1 Own workforce)
- Talent management and professional development (ESRS S1 Own workforce)
- Ethics, good governance and responsible culture (ESRS G1 Business conduct)
- Regulatory compliance (specific to Línea Directa Aseguradora)
- Risk management (specific to Línea Directa Aseguradora)
- Digitalisation and innovation (specific to Línea Directa Aseguradora)
- Design of ESG products (specific to Línea Directa Aseguradora)
- Investment with ESG criteria (specific to Línea Directa Aseguradora)
- Cybersecurity and data protection (specific to Línea Directa Aseguradora)

The **Group's governing bodies have approved** these results.

This report elaborates on the impacts, risks, and opportunities pinpointed through the analysis, while also describing the governance, strategy, and management approaches for each of the material IROs.

IRO-2. Disclosure Requirements in ESRS covered by the undertaking's sustainability statements.

Following the **double materiality** assessment conducted by the Group, the **topics** listed below have been determined to be **material** from both a financial and impact standpoint:

- Climate change mitigation and adaptation through business
- Responsible marketing and customer satisfaction
- Safety, health and well-being of workers
- Diversity, equity and inclusion
- Enhancement of talent management and professional development
- Ethics, good governance and responsible culture
- Regulatory compliance
- Risk management
- Digitalisation and innovation
- Investment with ESG criteria
- ESG product design
- Cybersecurity and data protection

These issues will be included in the current sustainability report, as they are deemed priorities due to their significance to Stakeholders and their influence on the Group's business strategy, in line with the methodology described earlier.

Conversely, following a thorough evaluation and in compliance with established standards, the Group has determined that the following issues do not meet the threshold of relative importance required to be classified as material:

- Management of the Group’s own environmental impacts (E2, E3, E4, E5): This encompasses areas such as pollution, water and marine resources, biodiversity and ecosystems, and resource use and the circular economy. While their general relevance is acknowledged, these impacts are limited given the nature of the Group's operations, which do not involve industrial or production activities with significant environmental consequences.
- Promotion of sustainability in the value chain (S2): The Group has determined that, due to its business model, its ability to influence the sustainability of suppliers and the supply chain is moderate compared to other industries.
- Commitment to communities and social impact (S3): While the Group undertakes efforts to support social development, this matter is not regarded as strategic or a priority in terms of its material effect on business operations or the primary expectations of Stakeholders.
- Transparency and dialogue with Stakeholders (ES): Although this is a key element of good governance, it has been evaluated as adequately addressed within current reporting and governance frameworks, requiring no further specific attention in this report.

In each instance, the Group remains dedicated to ongoing improvement and monitoring of these non-material topics, ensuring that if their significance increases over time, appropriate steps will be taken to integrate them into sustainability management and reporting processes.

Section 4 outlines the metrics applied to assess the IROs (section IRO-1), including factors such as scale, scope, probability, and remediability, along with the weightings assigned and the varying time horizons considered. Within the same section, Section 5 details the process for setting materiality thresholds (both impact and financial), using the highest values for each topic or sub-topic as a benchmark, and explains how these thresholds determine what information is deemed material for inclusion in the report.

The table mandated by ESRS 2, which pertains to data points derived from other EU legislation, has been omitted from this report, as those regulations currently do not apply to the Línea Directa Group.

ENVIRONMENTAL DIMENSION

Taxonomy

Disclosure of the EU Taxonomy Regulation.

The aim of the EU taxonomy is to steer capital flows towards sustainable activities, with the main challenge for companies being the adaptation of their business model towards a low-carbon economy.

Regulatory context.

In recent years, the European Commission, in the context of the 2015 Paris Agreement on Climate Change and the United Nations 2030 Agenda for Sustainable Development, commissioned a group of technical experts to develop the European Union (EU) strategy for sustainable finance, as part of its commitment to direct capital flows towards sustainable activities.

As a result of this strategy, in December 2021, the Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council and setting out the technical eligibility criteria that an activity must meet in order to contribute substantially to the objectives of "Climate Change Mitigation" and "Climate Change Adaptation".

In June 2023, the European Commission has laid out, by means of Delegated Acts, the technical criteria for the other four environmental objectives set, which are: "Water protection", "Circular economy", "Pollution prevention" and "Biodiversity and ecosystems", thus completing its green Taxonomy.

Sustainable activities.

The Taxonomy establishes a set of harmonised criteria to determine in a homogeneous way whether an activity or investment is sustainable by making a substantial contribution to one of the environmental goals set out in the Regulation.

Indicators.

Línea Directa Aseguradora has assessed both its 2023 activity and investments based on the methodology set by the Taxonomy. In 2024, Línea Directa reviewed and updated the degree of alignment, taking into account the minimum safeguards. In relation to the key indicators of the investment portfolio taxonomy, Línea Directa Group has prepared the ICR of its assets according to the Taxonomy using templates from Annexes X and XII to Delegated Regulation (EU) 2021/2178, taking into account its amendments.

Premiums.

Línea Directa has calculated the proportion and amount of gross premiums written in Non-Life and reinsurance business from activities identified as environmentally sustainable according to the Taxonomy.

The Company's activity corresponds to the category "Non-Life insurance: insurance against climate-related risks", pertaining to the contribution to the Climate Change Adaptation objective.

KPIs related to underwriting activities have been calculated as the ratio of gross Non-Life premiums written corresponding to eligible underwriting activities according to the taxonomy to total gross Non-Life premiums written.

Procedure adopted by Línea Directa.

Línea Directa has assessed the **eligibility** and **alignment** of its **premiums** within the scope of its insurance business activities. In this context, the European Commission's Regulation (EU) 2020/852 establishes criteria for determining which activities are environmentally sustainable. Línea Directa has evaluated the key underwriting results indicator for major non-life insurance and reinsurance firms, as outlined in Annex X of Delegated Regulation (EU) 2021/2178, at a consolidated level. From this perspective, no significant risks have been identified, as the company's operations are exclusively within the insurance sector and do not extend to other unrelated business activities. Both eligible and ineligible Non-Life insurance activities have been taken into account, as well as all subsidiaries in which the company has a 100% interest.

The underwriting activity KPI shows what proportion of all Non-Life underwriting activities is composed of activities related to climate change adaptation carried out in accordance with points 10.1 and 10.2 of Annex II to Delegated Regulation (EU) 2021/2139 on the European Union Climate Taxonomy.

Indicators have been developed to allow the company to quantify the eligibility of each underwriting, ensuring the traceability and robustness of data.

Eligibility exercise.

Due to changes in eligibility criteria from previous years in 2023, and coinciding with the second year the degree of alignment is analysed, Línea Directa has calculated the premiums it derives from insurance of activities that contribute significantly to achieving the objective of adapting to climate change (activities 10.1 and 10.2 of Annex II to Delegated Regulation (EU) 2021/2139, included as such because they cover damages caused by bad weather not covered by the Insurance Compensation Consortium, in both the Motor and Home segments).

In the Motor segment, own damage and windscreen coverages have been looked at in this context, estimating the impact on premiums of claims incurred from events related to meteorological phenomena. Estimates have been made using data from net premiums written for these coverages, drawing up a risk premium and a net premium issued for atmospheric damage.

For the Home segment, all premiums derived from insurance against atmospheric phenomena and electrical damage, covering damage caused by high-intensity meteorological events, have been included. In the Health segment, no specific coverages have been found to directly insure against damages to health resulting from climate change.

In calculating alignment, the company has taken into account the Technical Screening Criteria (TSC) of the activity. For both the Motor and Home segments, the following criteria are met:

1. Underwriting models reflect the risks of climate change. The Group does not only base its calculations on historical trends, but also takes into account expected trends and forward-looking projections included both in the ORSA and in the Task Force on Climate-related Financial Disclosures (TCFD). TCFD also includes impact management, risks and opportunities of climate change with projections between 5 and 10 years.

2. The TCFD published by the Group in 2024 sets out a climate change governance model, the management of climate change risks and opportunities, as well as the relevant strategy, objectives and metrics.
3. Policyholders may see their premiums reduced if the insured case meets the criteria of lower exposure to atmospheric phenomena.
4. The renewal of the policies is annual and should a weather event take place, the Group will make the conditions to renew or maintain the coverage available at the time of renewal. These conditions are subject to substantial changes depending on the history of weather events and the damage they cause.
5. Policies will benefit from discounts if preventive measures are taken by the insured or if they have a lower risk in the face of adverse weather phenomena. These conditions are described in the relevant contracts.
6. The products are marketed with comprehensive details on coverage, including protection against weather-related risks.
7. Customers are also informed about beneficial measures and optional coverage options that can enhance their insurance and prevent underinsurance.
8. Línea Directa Aseguradora is an insurance provider operating in the Motor, Home, and Health sectors. The company lacks authorisation from the relevant authorities to underwrite policies for facilities tied to fossil fuel activities (oil, gas, or coal).
9. Línea Directa collaborates annually with the CCS, ICEA, UNESPA and the DGSFP, providing information requested for analysis and research on issues of climate change and adaptation.
10. Línea Directa treats all claims incurred in accordance with the applicable legislation, taking into account the stipulated deadlines.

Compliance with DNSH.

The Group's insurance operations do not contradict any other environmental goals outlined in the Taxonomy. Línea Directa is **committed to mitigating climate change**, implementing measures that reduce its impact on the environment. It does not ensure any activity related to the extraction, transportation, refining and distribution of coal, gas or oil.

The company's activity **does not have a significant impact** on water resources, the circular economy, pollution or the objective of protecting biodiversity. The company meets the criteria of the ***Do No Significant Harm*** principle (DNSH).

Social safeguards.

Línea Directa meets the minimal social safeguards set out in Articles 3 and 18 of the EU Taxonomy Regulation regarding human rights, corruption, taxation and fair competition. A body of policies (Human Rights Policy, Anti-Corruption Policy, Fiscal Policy and its Code of Ethics, among others) shapes the company's position on these matters.

The Group has human rights due diligence procedures in place, covering employees, suppliers, customers, investors and the public, in order to prevent the violation of fundamental rights.

Línea Directa is also part of the United Nations Global Compact, which promotes the fight against child labour, forced labour and the protection of fundamental rights.

In addition, it has procedures in place to monitor and establish disciplinary measures in the event of criminal acts, and carries out periodic training activities to make all corporate procedures and policies known among its professionals, especially among its Senior Management.

Línea Directa has not been convicted or sanctioned for human rights violations, corruption or bribery, tax evasion or for not respecting competition laws during the year 2024.

Asset taxonomy.

Línea Directa Group has prepared the ICR of its assets according to the Taxonomy using templates from Annexes X and XII to Delegated Regulation (EU) 2021/2178, taking into account its amendments.

In the regulatory context of the European Taxonomy, the proportion of the Group's investments directed at financing activities that comply with the Taxonomy or are related to these activities (as a proportion of total investments), has been calculated over of turnover and of investments in fixed assets or CapEx.

For this purpose, all consolidated balance sheet assets have been identified and included in the denominator, excluding exposures to central governments, central banks and supranational issuers. Among the assets included in the denominator are exposures to:

- Financial and non-financial companies not subject to Articles 19a and 29a of Directive 2013/34/EU (outside the NFRD and inside the EU).
- Non-EU financial and non-financial companies from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU (Outside the NFRD and outside the EU).
- Financial and non-financial companies subject to Articles 19a and 29a of Directive 2013/34/EU.
- Derivatives.
- Other counterparties and assets (including deposits, own and investment property, intangible assets, etc.).
- The numerator includes the proportion of exposures which:
- Comply with the taxonomy towards financial and non-financial companies subject to Articles 19a and 29a.
- Are not investments related to life insurance contracts where the investment risk is borne by the policyholders, and which are intended to finance or are related to activities falling within the Taxonomy.
- Conform to the Taxonomy vis-à-vis other counterparties and assets.

In the alignment exercise, 100% of the investments have been taken into account, excluding those categories not included in the Taxonomy. As there are no off-balance sheet assets, the total assets covered and the total assets under management are equal, i.e. 100% coverage.

To calculate the alignment and eligibility of exposures to financial and non-financial companies within the NFRD, primary data sources were used, analysing all information published by these companies in non-financial information reports in 2024, reporting on the 2023 financial year.

It was not possible to calculate the aligned percentage of the portfolio of investment funds due to a lack of information in this respect. Línea Directa has investment funds that include listed companies, debt and venture capital. In these cases, no information on the underlying assets is available.

Regarding property, most of the buildings are for own use and have not been included in the numerator because they are not considered as investments, and the remaining investment property does not meet all the technical criteria for activity 7.7 as set out in Delegated Regulation (EU) 2021/2139.

Finally, we include information on fossil gas and nuclear activities according to the disclosure requirements of Delegated Regulation (EU) 2022/1214. The following tables provide information on the exposures of portfolio companies engaged in fossil gas and nuclear energy activities.

Metrics related to the EU Taxonomy.

The commitments outlined in the Sustainable Investment Policy are evident in the alignment of Línea Directa's investment portfolio with the EU Taxonomy.

According to the 2023 "**Report on the breakdowns relating to the European Taxonomy by financial institutions. 2023**" from the CNMV, the Group achieved a portfolio eligibility of 14.1% by business volume—1.5% above the average—and an alignment of 2.30%, nearly 3% higher than the average. In terms of CAPEX, the Group recorded 12.7% eligibility, surpassing the average by 5.5%, and 4.5% alignment, exceeding the average of other analysed companies by 4.9%. For non-life and reinsurance premiums under the Taxonomy, although below the average, 100% of eligible premiums align with the Technical Screening Criteria (TSC), the Do No Significant Harm principle, and the safeguards.

Taxonomy of premiums.

		Substantial contribution		Absence of material injury ("No material injury")					
Economic activities (1)	Absolute premiums, year t (2)	Proportion of premiums, year t (3)	Proportion of premiums, year t-1 (4)	Climate change mitigation (5)	Water and marine resources (6)	Circular economy (7)	Pollution (8)	Biodiversity and ecosystems (9)	Minimum guarantees (10)
	EUR	%	%						
A.1. Non-Life insurance and reinsurance underwriting activities that comply with the Taxonomy (environmentally sustainable)	**16,954.8**	**1.7%**	**2.1%**	S	S	S	S	S	S
A.1.1 Of which, reinsured	0.0	0%	0.0%						
A.1.2 Of which, arising from reinsurance business	0.0	0%	0.0%						
A1.2.1 Of which, reinsured (retrocession)	0.0	0%	0.0%						
A.2 Non-Life insurance and reinsurance activities eligible under the Taxonomy, but not environmentally sustainable (non-taxonomy compliant activities)	**0.0**	**0%**	**0.0%**						
B. Non-Life insurance and reinsurance activities not eligible under the Taxonomy	**1,002,650.7**	**98.3%**	**97.9%**						
Total (A.1 + A.2 + B)	**1,019,605.5**	**100.0%**	**100.0%**						

Taxonomy of Investments 2024

Table: Ratio of investments of insurance or reinsurance companies directed to the financing of activities which comply with the Taxonomy, or are linked to these activities, to total investments.			
The weighted average value of all investments of insurance or reinsurance companies directed towards the financing of economic activities **which comply with the Taxonomy** or are linked to these activities, **in relation to the value of the total assets covered by the key performance indicator**, with the following weights for investments in companies:		The weighted average value of all investments of insurance or reinsurance companies oriented towards the financing of economic activities **which comply with the Taxonomy** or are linked to these activities, with the following weights for investments in companies:	
In terms of turnover: %	3.47%	In terms of turnover: [monetary value]	€ 30,452,080
In terms of investments in fixed assets: %	5.04%	In terms of investments in fixed assets: [monetary value]	€ 44,260,729
The percentage of assets covered by the key performance indicator in relation to the total investments of insurance or reinsurance undertakings (total assets under management). Excluding investments in sovereign entities.		The monetary value of the assets covered by the key performance indicator. Excluding investments in sovereign entities.	
Coverage ratio: %	100.0%	Coverage: [monetary value]	€ 877,485,372
Additional and supplementary disclosures: breakdown of the denominator in the key performance indicator			
The percentage of derivatives relative to total assets covered by the key performance indicator. X%	0.53%	The monetary value of derivatives. [monetary value]	€ 4,652,130
The share of exposures to **financial and non-financial companies not subject to Articles 19a and 29a of Directive 2013/34/EU** in the total assets covered by the key performance indicator:		Value of exposures to financial and non-financial companies not subject to Articles 19a and 29a of Directive 2013/34/EU:	
Non-financial companies:	5.75%	Non-financial companies [monetary value]:	€ 50,450,411
Financial companies:	13.65%	Financial companies [monetary value]:	€ 119,762,578
The share of exposures to non-EU **financial and non-financial companies** from non-EU countries **not subject to Articles 19a and 29a of Directive 2013/34/EU** in the total assets covered by the key performance indicator:		Value of exposures to **financial and non-financial companies** from non-EU countries **not subject to Articles 19a and 29a of Directive 2013/34/EU**:	
Non-financial companies:	3.75%	Non-financial companies [monetary value]:	€ 32,901,650
Financial companies:	11.90%	Financial companies [monetary value]:	€ 104,409,462
The share of exposures to **financial and non-financial companies subject to Articles 19a and 29a of Directive 2013/34/EU** in the total assets covered by the key performance indicator:		Value of exposures to **financial and non-financial companies subject to Articles 19a and 29a of Directive 2013/34/EU**:	
Non-financial companies:	15.76%	Non-financial companies [monetary value]:	€ 138,274,417
Financial companies:	23.82%	Financial companies [monetary value]:	€ 208,981,315
The share of exposures to other counterparties and assets in total assets covered by the key performance indicator: X%	40.50%	Value of exposures to other counterparties and assets: [monetary value]	€ 355,358,341
The share of investments of insurance or reinsurance companies, other than investments related to Life insurance contracts under which the investment risk is borne by policyholders, which are directed to finance activities which comply with the Taxonomy or are linked to these activities: X%	99.90%	Value of investments of insurance or reinsurance companies, other than investments related to Life insurance contracts under which the investment risk is borne by policyholders, which are directed to finance activities which comply with the Taxonomy or are linked to these activities: [monetary value]	€ 877,485,203
Value of all investments that finance economic activities that are **not eligible under the Taxonomy** in relation to the value of total assets covered by the key performance indicator:		Value of all investments that finance economic activities that are not eligible under the Taxonomy:	
In terms of turnover: %	87.07%	In terms of turnover: [monetary value]	€ 763,986,361
In terms of investments in fixed assets: %	86.7%	In terms of investments in fixed assets: [monetary value]	€ 760,351,017
Value of all investments that finance economic activities that are **eligible under the Taxonomy, but do not comply with it**, in relation to the value of total assets covered by the key performance indicator:		Value of all investments that finance **economic activities eligible under the Taxonomy, but which do not comply with it**:	
In terms of turnover: %	9.46%	In terms of turnover: [monetary value]	€ 83,046,762
In terms of investments in fixed assets: %	8.30%	In terms of investments in fixed assets: [monetary value]	€ 72,873,457
Additional and supplementary disclosures: breakdown of the numerator in the key performance indicator			
The share of **taxonomy-compliant exposures to financial and non-financial corporations subject to Articles 19a and 29a** in total assets covered by the key performance indicator:		Value of **taxonomy-compliant exposures to financial and non-financial companies subject to Articles 19a and 29a**:	
Non-financial companies		Non-financial companies	
In terms of turnover: %	2.7%	In terms of turnover: [monetary value]	€ 24,094,172

In terms of investments in fixed assets: %	4.4%	In terms of investments in fixed assets: [monetary value]	€ 38,611,064
Financial companies:		Financial companies:	
In terms of turnover: %	0.7%	In terms of turnover: [monetary value]	€ 6,357,908
In terms of investments in fixed assets: %	0.6%	In terms of investments in fixed assets: [monetary value]	€ 5,571,912
The share of investments of insurance or reinsurance companies, other than investments related to Life insurance contracts under which the **investment risk is borne by policyholders**, which are directed to finance activities which comply with the Taxonomy or are linked to these activities:		Value of investments of insurance or reinsurance companies, other than investments related to Life insurance contracts **under which the investment risk is borne by policyholders,** which are directed to finance activities which comply with the Taxonomy or are linked to these activities:	
In terms of turnover: %	3.5%	In terms of turnover: [monetary value]	€ 30,452,080
In terms of investments in fixed assets: %	5.0%	In terms of investments in fixed assets: [monetary value]	€ 44,260,729
The share of taxonomy-compliant exposures to **other counterparties and assets** in the total assets covered by the key performance indicator:		Value of taxonomy-compliant exposures to other counterparties and assets in relation to the total assets covered by the key performance indicator:	
In terms of turnover: %	— %	In terms of turnover: [monetary value]	€ 0
In terms of investments in fixed assets: %	— %	In terms of investments in fixed assets: [monetary value]	€ 77,753

Breakdown of the numerator of the key performance indicator by environmental goal				
Activities that comply with the Taxonomy, provided that social safeguards and absence of significant harm are assessed as positive:				
1) Climate change mitigation	In terms of turnover: %	€ 0	Transition activities: % (turnover)	0%
			Transition activities: % (CapEx)	0%
	CapEx: %	€ 0	Facilitating activities: % (turnover)	0%
			Facilitating activities: % (CapEx)	0%
2) Adaptation to climate change	In terms of turnover: %	€ 0	Facilitating activities: % (turnover)	0%
	CapEx: %	€ 0	Facilitating activities: % (CapEx)	0%
(3) Sustainable use and protection of water and marine resources	In terms of turnover: %	€ 0	Facilitating activities: % (turnover)	0%
	CapEx: %	€ 0	Facilitating activities: % (CapEx)	0%
4) Transition to a circular economy	In terms of turnover: %	€ 0	Facilitating activities: % (turnover)	0%
	CapEx: %	€ 0	Facilitating activities: % (CapEx)	0%
5) Pollution prevention and control	In terms of turnover: %	€ 0	Facilitating activities: % (turnover)	0%
	CapEx: %	€ 0	Facilitating activities: % (CapEx)	0%
6) Protection and restoration of biodiversity and ecosystems	In terms of turnover: %	€ 0	Facilitating activities: % (turnover)	0%
	CapEx: %	€ 0	Facilitating activities: % (CapEx)	0%

APPENDIX XII	
Table 1: Activities related to nuclear and fossil gas energy	
Activities related to nuclear energy	
The company undertakes, finances or is involved in the research, development, demonstration and deployment of innovative power generation facilities that produce energy from nuclear processes with a minimum of fuel cycle waste.	NO
The company undertakes, finances or is involved in the construction and safe operation of new nuclear facilities for the production of electricity or process heat, including for urban heating or industrial processes such as hydrogen production, as well as their safety upgrades, using the best available technologies.	NO
The company undertakes, finances or is involved in the safe operation of existing nuclear facilities for the production of electricity or process heat, including for urban heating or industrial processes such as the production of hydrogen from nuclear energy, as well as their safety upgrades.	YES
Activities related to fossil gas	
The company undertakes, finances or is involved in the construction or operation of power generation facilities that produce electricity from gaseous fossil fuels.	YES
The company undertakes, finances or has exposures to the construction, renovation and operation of combined heat/cold and power plants using gaseous fossil fuels.	YES
The company undertakes, finances or has exposures to the construction, renovation and operation of heat generation facilities producing heat/cooling from gaseous fossil fuels.	NO

Table 2: Taxonomy-compliant economic activities (denominator)

Economic activities	Amount and share (information should be presented in monetary amounts and in percentages)											
	CCM + CCA				Climate change mitigation (CCM)				Climate change adaptation (CCA)			
	In terms of turnover	CapEx	Turnover (%)	CapEx (%)	In terms of turnover	CapEx	Turnover (%)	CapEx (%)	In terms of turnover	CapEx	Turnover (%)	CapEx (%)
Amount and share of Taxonomy-compliant economic activity as defined in section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of other Taxonomy-compliant economic activities not mentioned in rows 1 to 6 in the denominator of the applicable ICR	**€ 877,485,372**	**€ 877,485,372**	100%	100%	**€ 877,485,372**	**€ 877,485,372**	100%	100%	**€ 0**	**€ 0**	**0%**	**0%**
Total applicable ICR	**€ 877,485,372**	**€ 877,485,372**	100%	100%	**€ 877,485,372**	**€ 877,485,372**	100%	100%	**€ 0**	**€ 0**	**0%**	**0%**

Table 3 Taxonomy-compliant economic activities (numerator)

Economic activities	Amount and share (information should be presented in monetary amounts and in percentages)											
	CCM + CCA				Climate change mitigation (CCM)				Climate change adaptation (CCA)			
	In terms of turnover	CapEx	Turnover (%)	CapEx (%)	In terms of turnover	CapEx	Turnover (%)	CapEx (%)	In terms of turnover	CapEx	Turnover (%)	CapEx (%)
Amount and share of Taxonomy-compliant economic activity as defined in section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of other Taxonomy-compliant economic activities not mentioned in rows 1 to 6 in the numerator of the applicable ICR	**€ 30,452,080**	**€ 44,260,729**	100%	100%	**€ 30,452,080**	**€ 44,260,729**	100%	100%	**€ 0**	**€ 0**	**0%**	**0%**
Total amount and share of Taxonomy-compliant economic activities in the numerator of the applicable ICR	**€ 30,452,080**	**€ 44,260,729**	100%	100%	**€ 30,452,080**	**€ 44,260,729**	100%	100%	**€ 0**	**€ 0**	**0%**	**0%**

Table 4: Economic activities eligible under the Taxonomy but which do not comply with it

Economic activities	Amount and share (information should be presented in monetary amounts and in percentages)											
	CCM + CCA				Climate change mitigation (CCM)				Climate change adaptation (CCA)			
	In terms of turnover	CapEx	Turnover (%)	CapEx (%)	In terms of turnover	CapEx	Turnover (%)	CapEx (%)	In terms of turnover	CapEx	Turnover (%)	CapEx (%)
Amount and share of activities eligible under the Taxonomy but which do not comply with it as defined in section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of activities eligible under the Taxonomy but which do not comply with it as defined in section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of activities eligible under the Taxonomy but which do not comply with it as defined in section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 9,308	€ 0	0%	0%	€ 9,308	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of activities eligible under the Taxonomy but which do not comply with it as defined in section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 116,608	€ 23,043	0%	0%	€ 116,608	€ 23,043	0%	0%	€ 0	€ 0	0%	0%
Amount and share of activities eligible under the Taxonomy but which do not comply with it as defined in section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 32,260	€ 4,290	0%	0%	€ 32,260	€ 4,290	0%	0%	€ 0	€ 0	0%	0%
Amount and share of activities eligible under the Taxonomy but which do not comply with it as defined in section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of other economic activities eligible under the taxonomy but not conforming to it and not mentioned in rows 1 to 6 (above) in the denominator of the applicable ICR	**€ 82,888,586**	**€ 72,846,124**	**100%**	**100%**	**€ 82,888,586**	**€ 72,846,124**	**100%**	**100%**	**€ 0**	**€ 0**	**0%**	**0%**
Amount and share of economic activities eligible under the Taxonomy but not conforming to it in the denominator of the applicable ICR	**€ 83,046,762**	**€ 72,873,457**	**100%**	**100%**	**€ 83,046,762**	**€ 72,873,457**	**100%**	**100%**	**€ 0**	**€ 0**	**0%**	**0%**

Table 5 Economic activities not eligible under the Taxonomy

Economic activities	Amount and share (information should be presented in monetary amounts and in percentages)			
	In terms of turnover		CapEx	
	Amount	%	Amount	%
Amount and share of the economic activity referred to in row 1 of Table 1 that is not eligible under the Taxonomy according to section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	0%	€ 0	0%
Amount and share of the economic activity referred to in row 1 of Table 1 that is not eligible under the Taxonomy according to section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	0%	€ 0	0%
Amount and share of the economic activity referred to in row 1 of Table 1 that is not eligible under the Taxonomy according to section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	101,840.39	0%	€ 0	0%
Amount and share of the economic activity referred to in row 1 of Table 1 that is not eligible under the Taxonomy according to section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	0%	€ 0	0%
Amount and share of the economic activity referred to in row 1 of Table 1 that is not eligible under the Taxonomy according to section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	0%	€ 0	0%
Amount and share of the economic activity referred to in row 1 of Table 1 that is not eligible under the Taxonomy according to section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	0%	€ 0	0%
Amount and share of other economic activities not eligible under the Taxonomy and not mentioned in rows 1 to 6 (above) in the denominator of the applicable ICR	**€ 0**	**0%**	**€ 760,351,017**	**100%**
Amount and share of economic activities not eligible under the Taxonomy in the denominator of the applicable ICR	**€ 763,986,361**	**100%**	**€ 760,351,017**	**100%**

TAXONOMY OF INVESTMENTS 2023

Table: Ratio of investments of insurance or reinsurance companies directed to the financing of activities which comply with the Taxonomy, or are linked to these activities, to total investments.

The weighted average value of all investments of insurance or reinsurance companies directed towards the financing of economic activities which comply with the Taxonomy or are linked to these activities, in relation to the value of the total assets covered by the key performance indicator, with the following weights for investments in companies:		The weighted average value of all investments of insurance or reinsurance companies oriented towards the financing of economic activities which comply with the Taxonomy or are linked to these activities, with the following weights for investments in companies:	
In terms of turnover: %	2.3%	In terms of turnover: [monetary value]	€ 16,788,428
In terms of investments in fixed assets: %	4.5%	In terms of investments in fixed assets: [monetary value]	€ 32,669,969
The percentage of assets covered by the key performance indicator in relation to the total investments of insurance or reinsurance undertakings (total assets under management). Excluding investments in sovereign entities.		The monetary value of the assets covered by the key performance indicator. Excluding investments in sovereign entities.	
Coverage ratio: %	100.0%	Coverage: [monetary value]	€ 730,786,933

Additional and supplementary disclosures: breakdown of the denominator in the key performance indicator

The percentage of derivatives relative to total assets covered by the key performance indicator. X%	0.8%	The monetary value of derivatives. [monetary value]	€ 5,908,568
The share of exposures to financial and non-financial companies not subject to Articles 19a and 29a of Directive 2013/34/EU in the total assets covered by the key performance indicator:		Value of exposures to financial and non-financial companies not subject to Articles 19a and 29a of Directive 2013/34/EU:	
Non-financial companies:	0.4%	Non-financial companies [monetary value]:	€ 2,997,210
Financial companies:	0.0%	Financial companies [monetary value]:	€ 0
The share of exposures to non-EU financial and non-financial companies from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU in the total assets covered by the key performance indicator:		Value of exposures to financial and non-financial companies from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU:	
Non-financial companies:	6.9%	Non-financial companies [monetary value]:	€ 50,514,378
Financial companies:	7.2%	Financial companies [monetary value]:	€ 52,289,292
The share of exposures to financial and non-financial companies subject to Articles 19a and 29a of Directive 2013/34/EU in the total assets covered by the key performance indicator:		Value of exposures to financial and non-financial companies subject to Articles 19a and 29a of Directive 2013/34/EU:	
Non-financial companies:	13.7%	Non-financial companies [monetary value]:	€ 100,360,961
Financial companies:	24.1%	Financial companies [monetary value]:	€ 175,928,734
The share of exposures to other counterparties and assets in total assets covered by the key performance indicator: X%	46.9%	Value of exposures to other counterparties and assets: [monetary value]	€ 342,787,791
The share of investments of insurance or reinsurance companies, other than investments related to Life insurance contracts under which the investment risk is borne by policyholders, which are directed to finance activities which comply with the Taxonomy or are linked to these activities: X%	0.0%	Value of investments of insurance or reinsurance companies, other than investments related to Life insurance contracts under which the investment risk is borne by policyholders, which are directed to finance activities which comply with the Taxonomy or are linked to these activities: [monetary value]	€ 0
Value of all investments that finance economic activities that are not eligible under the Taxonomy in relation to the value of total assets covered by the key performance indicator:		Value of all investments that finance economic activities that are not eligible under the Taxonomy:	
In terms of turnover: %	85.9%	In terms of turnover: [monetary value]	€ 627,766,768
In terms of investments in fixed assets: %	87.3%	In terms of investments in fixed assets: [monetary value]	€ 638,132,409
Value of all investments that finance economic activities that are eligible under the Taxonomy, but do not comply with it, in relation to the value of total assets covered by the key performance indicator:		Value of all investments that finance economic activities eligible under the Taxonomy, but which do not comply with it:	
In terms of turnover: %	11.8%	In terms of turnover: [monetary value]	€ 86,231,737
In terms of investments in fixed assets: %	8.2%	In terms of investments in fixed assets: [monetary value]	€ 59,984,556

Additional and supplementary disclosures: breakdown of the numerator in the key performance indicator

The share of taxonomy-compliant exposures to financial and non-financial corporations subject to Articles 19a and 29a in total assets covered by the key performance indicator:		Value of taxonomy-compliant exposures to financial and non-financial companies subject to Articles 19a and 29a:	
Non-financial companies		Non-financial companies	
In terms of turnover: %	2.3%	In terms of turnover: [monetary value]	€ 16,677,146
In terms of investments in fixed assets: %	4.5%	In terms of investments in fixed assets: [monetary value]	€ 35,576,037
Financial companies:		Financial companies:	
In terms of turnover: %	0.0%	In terms of turnover: [monetary value]	€ 111,282
In terms of investments in fixed assets: %	0.0%	In terms of investments in fixed assets: [monetary value]	€ 93,932
The share of investments of insurance or reinsurance companies, other than investments related to Life insurance contracts under which the investment risk is borne by policyholders, which are directed to finance activities which comply with the Taxonomy or are linked to these activities:		Value of investments of insurance or reinsurance companies, other than investments related to Life insurance contracts under which the investment risk is borne by policyholders, which are directed to finance activities which comply with the Taxonomy or are linked to these activities:	
In terms of turnover: %	0.0%	In terms of turnover: [monetary value]	€ 0
In terms of investments in fixed assets: %	0.0%	In terms of investments in fixed assets: [monetary value]	€ 0
The share of taxonomy-compliant exposures to other counterparties and assets in the total assets covered by the key performance indicator:		Value of taxonomy-compliant exposures to other counterparties and assets in relation to the total assets covered by the key performance indicator:	
In terms of turnover: %	0.0%	In terms of turnover: [monetary value]	€ 0
In terms of investments in fixed assets: %	0.0%	In terms of investments in fixed assets: [monetary value]	€ 0

Breakdown of the numerator of the key performance indicator by environmental goal

Activities that comply with the Taxonomy, provided that social safeguards and absence of significant harm are assessed as positive:				
1) Climate change mitigation	In terms of turnover: %	1.9%	Transition activities: % (turnover)	0.0%
			Transition activities: % (CapEx)	0.0%
	CapEx: %	3.9%	Facilitating activities: % (turnover)	0.0%
			Facilitating activities: % (CapEx)	0.0%
2) Adaptation to climate change	In terms of turnover: %	0.2%	Facilitating activities: % (turnover)	0.0%
	CapEx: %	0.2%	Facilitating activities: % (CapEx)	0.0%
(3) Sustainable use and protection of water and marine resources	In terms of turnover: %	0.0%	Facilitating activities: % (turnover)	0.0%
	CapEx: %	0.0%	Facilitating activities: % (CapEx)	0.0%
4) Transition to a circular economy	In terms of turnover: %	0.0%	Facilitating activities: % (turnover)	0.0%
	CapEx: %	0.0%	Facilitating activities: % (CapEx)	0.0%
5) Pollution prevention and control	In terms of turnover: %	0.0%	Facilitating activities: % (turnover)	0.0%
	CapEx: %	0.0%	Facilitating activities: % (CapEx)	0.0%
6) Protection and restoration of biodiversity and ecosystems	In terms of turnover: %	0.0%	Facilitating activities: % (turnover)	0.0%
	CapEx: %	0.0%	Facilitating activities: % (CapEx)	0.0%

APPENDIX XII

Table 1: Activities related to nuclear and fossil gas energy

Activities related to nuclear power	
The company undertakes, finances or is involved in the research, development, demonstration and deployment of innovative power generation facilities that produce energy from nuclear processes with a minimum of fuel cycle waste.	YES
The company undertakes, finances or is involved in the construction and safe operation of new nuclear facilities for the production of electricity or process heat, including for urban heating or industrial processes such as hydrogen production, as well as their safety upgrades, using the best available technologies.	YES
The company undertakes, finances or is involved in the safe operation of existing nuclear facilities for the production of electricity or process heat, including for urban heating or industrial processes such as the production of hydrogen from nuclear energy, as well as their safety upgrades.	YES
Activities related to fossil gas	
The company undertakes, finances or is involved in the construction or operation of power generation facilities that produce electricity from gaseous fossil fuels.	YES
The company undertakes, finances or has exposures to the construction, renovation and operation of combined heat/cold and power plants using gaseous fossil fuels.	YES
The company undertakes, finances or has exposures to the construction, renovation and operation of heat generation facilities producing heat/cooling from gaseous fossil fuels.	YES

Table 2: Taxonomy-compliant economic activities (denominator)

Economic activities	Amount and share (information should be presented in monetary amounts and in percentages)											
	CCM + CCA				Climate change mitigation (CCM)				Climate change adaptation (CCA)			
	In terms of turnover	CapEx	Turnover (%)	CapEx (%)	In terms of turnover	CapEx	Turnover (%)	CapEx (%)	In terms of turnover	CapEx	Turnover (%)	CapEx (%)
Amount and share of Taxonomy-compliant economic activity as defined in section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 39,814	€ 16,180	0%	0%	€ 39,814	€ 16,180	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 15,782	€ 10,787	0%	0%	€ 15,782	€ 10,787	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of other Taxonomy-compliant economic activities not mentioned in rows 1 to 6 in the denominator of the applicable ICR	**€ 730,731,337**	**€ 730,759,966**	**100%**	**100%**	**€ 730,731,337**	**€ 730,759,966**	**100.0%**	**100.0%**	**€ 0**	**€ 0**	**0%**	**0%**
Total applicable ICR	**€ 730,786,933**	**€ 730,786,933**	**100%**	**100%**	**€ 730,786,933**	**€ 730,786,933**	**100.0%**	**100.0%**	**€ 0**	**€ 0**	**0%**	**0%**

Table 3 Taxonomy-compliant economic activities (numerator)

Economic activities	Amount and share (information should be presented in monetary amounts and in percentages)											
	CCM + CCA				Climate change mitigation (CCM)				Climate change adaptation (CCA)			
	In terms of turnover	CapEx	Turnover (%)	CapEx (%)	In terms of turnover	CapEx	Turnover (%)	CapEx (%)	In terms of turnover	CapEx	Turnover (%)	CapEx (%)
Amount and share of Taxonomy-compliant economic activity as defined in section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of Taxonomy-compliant economic activity as defined in section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of other Taxonomy-compliant economic activities not mentioned in rows 1 to 6 in the numerator of the applicable ICR	**€ 16,788,428**	**€ 32,669,969**	**100%**	**100%**	**€ 16,788,428**	**€ 32,669,969**	**100%**	**100%**	**€ 0**	**€ 0**	**0%**	**0%**
Total amount and share of Taxonomy-compliant economic activities in the numerator of the applicable ICR	**€ 16,788,428**	**€ 32,669,969**	**100%**	**100%**	**€ 16,788,428**	**€ 32,669,969**	**100%**	**100%**	**€ 0**	**€ 0**	**0%**	**0%**

Table 4: Economic activities eligible under the Taxonomy but which do not comply with it

Economic activities	Amount and share (information should be presented in monetary amounts and in percentages)											
	CCM + CCA				Climate change mitigation (CCM)				Climate change adaptation (CCA)			
	In terms of turnover	CapEx	Turnover (%)	CapEx (%)	In terms of turnover	CapEx	Turnover (%)	CapEx (%)	In terms of turnover	CapEx	Turnover (%)	CapEx (%)
Amount and share of activities eligible under the Taxonomy but which do not comply with it as defined in section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%

Amount and share of activities eligible under the Taxonomy but which do not comply with it as defined in section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of activities eligible under the Taxonomy but which do not comply with it as defined in section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of activities eligible under the Taxonomy but which do not comply with it as defined in section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 470,109	€ 40,514	0%	0%	€ 470,109	€ 40,514	0%	0%	€ 0	€ 0	0%	0%
Amount and share of activities eligible under the Taxonomy but which do not comply with it as defined in section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 24,831	€ 10,822	0%	0%	€ 24,831	€ 10,822	0%	589%	€ 0	€ 0	0%	0%
Amount and share of activities eligible under the Taxonomy but which do not comply with it as defined in section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%	€ 0	€ 0	0%	0%
Amount and share of other economic activities eligible under the taxonomy but not conforming to it and not mentioned in rows 1 to 6 (above) in the denominator of the applicable ICR	**€ 85,736,797**	**€ 59,933,219**	**100%**	**100%**	**€ 85,736,797**	**€ 59,933,219**	**100%**	**100%**	**€ 0**	**€ 0**	**0%**	**0%**
Amount and share of economic activities eligible under the Taxonomy but not conforming to it in the denominator of the applicable ICR	**€ 86,231,737**	**€ 59,984,556**	**100%**	**100%**	**€ 86,231,737**	**€ 59,984,556**	**100%**	**100%**	**€ 0**	**€ 0**	**0%**	**0%**

Table 5 Economic activities not eligible under the Taxonomy

Economic activities	Amount and share (information should be presented in monetary amounts and in percentages)			
	In terms of turnover		CapEx	
	Amount	%	Amount	%
Amount and share of the economic activity referred to in row 1 of Table 1 that is not eligible under the Taxonomy according to section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	0%	€ 0	0%
Amount and share of the economic activity referred to in row 1 of Table 1 that is not eligible under the Taxonomy according to section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	0%	€ 0	0%
Amount and share of the economic activity referred to in row 1 of Table 1 that is not eligible under the Taxonomy according to section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 35,626	0%	€ 42,768	0%
Amount and share of the economic activity referred to in row 1 of Table 1 that is not eligible under the Taxonomy according to section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	0%	0.00	0%
Amount and share of the economic activity referred to in row 1 of Table 1 that is not eligible under the Taxonomy according to section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	0%	0.00	0%
Amount and share of the economic activity referred to in row 1 of Table 1 that is not eligible under the Taxonomy according to section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable ICR	€ 0	0%	0.00	0%
Amount and share of other economic activities not eligible under the Taxonomy and not mentioned in rows 1 to 6 (above) in the denominator of the applicable ICR	**€ 627,731,142**	**100%**	**€ 638,089,641**	**100%**
Amount and share of economic activities not eligible under the Taxonomy in the denominator of the applicable ICR	**€ 627,766,768**	**100.0%**	**€ 638,132,409**	**100%**

Climate Change (ESRS E1)

Governance

GOV-3: Integration of sustainability-related performance in incentive schemes

The Línea Directa Group has integrated climate change considerations into the variable remuneration frameworks for various groups within the organisation, including the CEO, the Steering Committee, identified non-managerial staff, and personnel in corporate roles. These considerations are aligned with the climate goals outlined in the Group's Sustainability Plan and detailed below, in compliance with the disclosure requirements of subchapter E1-4 Targets related to climate change mitigation and adaptation, ensuring that environmental objective management is consistent with variable remuneration structures.

Integration of climate objectives into variable remuneration

Throughout the financial year, the Group's corporate areas, operating under a quarterly variable remuneration system, incorporated specific climate-related goals in the third quarter. These goals, derived from the Sustainability Plan, included:

1. Establishing a **methodology** for calculating **emissions linked to policies**.
2. Formulating an **interim 2030 target** to achieve the Net Zero goal by 2050, aligned with the SBTi initiative, for approval by the Sustainability Committee.
3. Committing to the **Principles for Responsible Investment** (PRI).

Furthermore, certain areas like the General Secretariat and Corporate Risks incorporated additional objectives:

- Secretary-General:
  - Establishing **environmental targets** for indicators reported in the NFIS, approved by the Sustainability Committee.
  - **Renewing ISO 14001** and **ISO 50001** certifications and preparing for the ISO 45001 pre-audit.
- Corporate risks:
  - Compiling the **ORSA (Own Risk and Solvency Assessment)**, which includes evaluating climate-related risks.

Indicators in annual variable remuneration

For the CEO and the Steering Committee, a 2024 variable remuneration goal tied to environmental management was established, aiming for a **10%** reduction in the Company's **energy consumption** (including mains electricity, diesel, and natural gas) **compared to 2022**. This target aligns with the emission reduction goals outlined in subchapter E1-4 Targets related to climate change mitigation and adaptation and forms part of the 2024 Sustainability Plan.

Long-term variable remuneration (2023-2025)

The **long-term incentive** program (ILP), applicable to the CEO, Management, and select middle managers, incorporates the following environmental goals:

1. Reducing electricity, natural gas, and diesel consumption in 2025 relative to 2022 levels.

2 Preparing and publishing TCFD reports aligned with the recommendations effective as of 31 December 2025.

These targets aim to drive the shift toward sustainability and uphold the Group's climate commitments.

Proportion of remuneration tied to climate objectives

The average percentage of variable remuneration linked to climate goals during the period is 2.17%. This figure represents a weighted average of the percentages allocated to climate objectives within the variable remuneration of the relevant groups, with specific details for each group recorded in internal documentation.

Alignment with objectives in subchapter E1-4 Targets related to climate change mitigation and adaptation

The climate-related goals embedded in the variable remuneration align with the Group's strategic commitments, which encompass:

1 Setting environmental targets for all Group indicators by 2024.

2 Pursuing carbon neutrality by 2030 and Net Zero by 2050 in partnership with the SBTi initiative.

3 Achieving a 10% reduction in energy consumption by 2024 compared to 2022.

4 Calculating emissions from the motor portfolio in 2024 using the PCAF methodology.

5 Generating TCFD reports that evaluate climate risks and opportunities across short-, medium-, and long-term scenarios.

6 Incorporating the impact of climate change into the Solvency II ORSA model, accounting for its effects on underwriting and claims.

Strategy

SBM-3. Material impacts, risks and opportunities and their interaction with strategy and business model

Recognition of climate risks

Línea Directa has pinpointed a significant climate change-related risk within the sub-topic of Adaptation to climate change, falling under the wider category of Mitigation and adaptation to climate change through business. This risk, categorised as a physical risk, stems from the growing severity, frequency, and duration of extreme weather events, which have already notably impacted the Company's income statement, particularly in the Home insurance sector.

These escalating events adversely affect multiple areas, including a rise in claim frequency and costs, elevated operating expenses due to increased call volumes, and a decline in service quality. Additionally, reinsurance rates are anticipated to rise as international reinsurers transfer losses from these events into premiums, even in relatively less impacted markets like Spain. Over the long term, certain reinsurers might face insolvency due to their exposure to industries highly vulnerable to default during the shift to a low-carbon economy.

Beyond this significant risk, the Group has also identified additional climate-related risks, categorised as transition risks. Though not deemed material, these are incorporated into the risk management and monitoring framework. They encompass risks tied to emerging sustainability regulations, insufficient environmental data for coverage assessments, heightened capital requirements, effects on fossil fuel vehicle sales, and regulatory limitations linked to climate change

Resilience analysis

Línea Directa's **strategy for resilience** against **climate change** seeks to embed environmental, social, and governance (ESG) factors into its corporate and business strategy, facilitating a shift toward a sustainable, low-carbon economy. This resilience analysis addresses both adaptation to climate risks and the leveraging of opportunities arising from the energy transition.

The analysis is based on two key strategies:

1. Enhancing resilience to climate change impacts by implementing an underwriting policy that accounts for the rise in extreme weather events and a tailored reinsurance program to mitigate natural catastrophe risks.
2. Advancing toward a decarbonised economy by capitalising on business opportunities related to electric mobility, the circular economy, and the targets of achieving carbon neutrality by 2030 and Net Zero by 2050.

The analysis encompasses both the Group's own operations and the most significant risks within its value chain, adopting a holistic approach that addresses both physical and transition risks.

Outcomes of the resilience analysis

Línea Directa has conducted a **climate scenario** analysis consistent with TCFD recommendations, evaluating climate risks across short-, medium-, and long-term horizons. This analysis incorporates assumptions about **macroeconomic trends**, shifts in **energy consumption**, and **technological advancements** that could affect its business model. Additionally, it assesses the anticipated financial impacts of physical and transition risks, determining their effects on underwriting, claims, and the capital requirements governed by **Solvency II**. To achieve this, Línea Directa evaluated multiple scenarios reflecting the identified and defined risks, analysing them from the perspectives of underwriting, reinsurance, and financial investment. These scenarios, elaborated in detail within **Línea Directa's TCFD Report**, include risks such as a decline in the portfolio due to reduced sales of fossil fuel vehicles and urban vehicle bans, as well as rising accident rates and operational costs driven by the increased frequency and severity of physical climate-related impacts, which would inevitably elevate accident expenses.

The analysis has demonstrated the Group's ability to adapt to climate challenges, underscoring its agility in refining its strategy and implementing mitigation measures. Examples of these initiatives include expanding market share in electric vehicles, creating new products and services tailored to customers' needs amid climate change impacts, and achieving a 22.6% reduction in energy consumption between 2022 and 2024. Furthermore, providing sustainability training to 70% of the workforce underscores the commitment to transitioning toward a more sustainable business model.

The resilience analysis also demonstrates Línea Directa's capacity to weave the findings of this process into strategic decisions and investments, securing the business's long-term sustainability and enhancing its standing in an evolving economic and regulatory landscape.

Impact, risk and opportunity management

IRO-1. Description of the processes to identify and assess material impacts, risks and opportunities related to climate change

As outlined in the chapter ESRS 2 IRO-1 Management of impacts, the Línea Directa Group has adopted a Double Materiality process to pinpoint and evaluate the Impacts, Risks, and Opportunities (IROs) associated with climate change. This process considers both impact materiality (inside-out perspective) and financial materiality (outside-in perspective). It enables the Group to address the influence of its operations and strategy on the climate, as well as the risks and opportunities that climate change poses to the organisation. The analysis encompasses all internal operations, the value chain, and engagements with Stakeholders such as employees, customers, suppliers, and shareholders

The double materiality process relies on a systematic methodology that involves analysing the internal and external context, initially identifying pertinent issues, assessing material impacts, risks, and opportunities, and prioritising them based on their significance. In relation to climate change, this approach has been enhanced with a targeted analysis of risks and opportunities, as elaborated in the TCFD Climate Report, ensuring a thorough strategy aligned with global best practices.

Climate-related impacts, risks, and opportunities

The Group has conducted a comprehensive analysis to identify and assess GHG emissions, adhering to frameworks like the GHG Protocol and accounting for both existing and potential future emission sources. This evaluation covers Scope 1, 2, and 3 emissions and incorporates projections tied to shifts in the business model—such as the move toward electric and hybrid vehicles—and the potential effects of emerging regulations. The findings are reported annually within the sustainability reports, which also outline projections and strategies for reducing these emissions.

The Group has also identified material **physical risks**, such as extreme weather events like storms and cold fronts, along with shifts in precipitation patterns. These events have notably influenced the claims frequency in the Home insurance sector, increasingly affecting the income statement. To evaluate the vulnerability of its assets and operations to these risks, the Group has employed high-emission climate scenarios, such as **IPCC SSP5-8.5**, across short-, medium-, and long-term timeframes.

Furthermore, the potential impacts of increasingly severe extreme events have been examined, including the heightened probability of reinsurer defaults due to their exposure to climate-vulnerable sectors. These assessments have allowed Línea Directa to estimate the operational and financial costs tied to these risks and to devise mitigation strategies, such as tailored reinsurance programs.

Regarding **transition risks**, Línea Directa has pinpointed several critical elements, including rising regulatory capital demands from integrating climate risks into Solvency II calculations, the effects of new environmental regulations, and market shifts driven by the electrification of vehicle fleets. The Group has evaluated these risks using climate scenarios aligned with the **Paris Agreement**, which anticipate **global warming capped at 1.5°C**.

Conversely, Línea Directa has also recognised substantial opportunities, such as expanding its market share in electric vehicles and integrating personal mobility solutions into its product lineup. These opportunities have been analysed across extended timeframes, ensuring alignment with long-term decarbonisation goals.

Climate-related scenario analysis and resilience

The analysis of climate scenarios has been a key instrument in assessing climate risks and opportunities. For **physical risks**, Línea Directa has utilised the following **Shared Socioeconomic Pathways** (SSPs) outlined by the IPCC, focusing on:

- **SSP1-2.6**, a scenario below 2ºC, depicting a world where global CO_2 emissions are sharply reduced, achieving net zero post-2050.
- **SSP5-8.5**, a high-stress scenario for physical risks, where current CO_2 emission levels roughly double by 2050, leading to an average global temperature increase of 4.4 degrees by 2100.

For **transition risks**, Línea Directa has employed three scenarios outlined by the **NGFS** to assess various climate variables:

- The **orderly** scenario, where governments and businesses implement early actions and policies to reach net-zero CO_2 emissions and limit temperature rise to below 2ºC by 2070.
- The **disorderly** scenario, characterised by delayed measures requiring significantly higher investments to meet emission goals.
- The **Hot House World** scenario, where only existing measures persist, resulting in a substantial temperature increase.

These evaluations have enabled the Group to forecast potential **short-, medium-, and long-term impacts**, taking into account factors like rising operational costs, the influence of new regulations, and shifts in insurance market dynamics.

The analysis process encompasses an evaluation of macroeconomic drivers, technological developments, and public policies, alongside an assessment of the uncertainties and limitations inherent in the chosen scenarios. Conducted in accordance with the TCFD framework, this analysis ensures a structured approach rooted in international best practices. The Group has applied established climate scenarios, such as SSP5-8.5 for physical risks and Paris Agreement-aligned scenarios for transition risks, delivering a thorough assessment consistent with TCFD guidelines on climate scenario analysis. The outcomes of this process have been incorporated into corporate strategies and detailed in the TCFD Climate Report.

Lastly, Línea Directa plans to establish a working group to harmonise the TCFD timeframes with those of the ORSA, which currently span 1-2 years, by adopting three distinct horizons: under 5 years, 5 to 10 years, and over 10 years. The objective is to ensure consistency between the TCFD scenarios and the financial statements.

E1-1. Transition plan for climate change mitigation

At present, the Línea Directa Group lacks a formal transition plan for addressing climate change mitigation. Nevertheless, the 2024 Sustainability Plan incorporated a key action under its environmental focus: defining and approving a Net Zero target for 2050, complete with interim reduction goals for 2030, aligned with the Science Based Targets initiative (SBTi). The 2023-2025 Plan aims to steer the Group toward sustainable growth, fostering ESG principles internally and leveraging its direct model as a primary strength for Stakeholders.

The Group voluntarily issues a report on climate change-related risks and opportunities, adhering to the reporting guidelines of the Task Force on Climate-related Financial Disclosures (TCFD), a leading global framework for environmental reporting. This report outlines the Group's governance structure, strategy, risk management approach, and metrics and targets concerning the risks and opportunities posed by global warming, while also highlighting the organisation's advancements in this field.

As part of the 2025 Sustainability Plan, an action under the environmental focus includes drafting the Climate Change Transition Plan, following the EFRAG implementation guide. This new **Climate Change Transition Plan** will be introduced in 2025 and further elaborated within the 6th Sustainability Plan for 2026-2028, ensuring alignment with the organisation's overarching strategy and financial planning. It will detail how Línea Directa will adapt its strategy and business model to meet the Paris Agreement requirements and its pre-existing commitment to achieving climate neutrality by 2050.

The Sustainability Plan and the climate report are both accessible on the corporate website.

In crafting the new Climate Change Mitigation Transition Plan, Línea Directa will consider several factors, including:

- An analysis of the Group's position relative to EU benchmark indices aligned with the Paris Agreement.
- Designing the plan to allow for tracking of implementation progress
- Conducting a qualitative evaluation of the potential GHG emissions avoided through Línea Directa's core assets and products. Furthermore, the plan will assess how these emissions interrelate with achieving GHG emission reduction targets and whether they could pose transition risks.
- It will outline investments and financing for the Transition Plan's execution, presented in both qualitative and quantitative terms, consistent with the taxonomy's CapEx key performance indicators.
- The plan will reference GHG emission reduction targets aligned with the Paris Agreement and informed by the SBTi, alongside climate change mitigation measures, the advancement of identified decarbonisation strategies, and key planned actions. Additionally, it will address potential updates to the product and service portfolio, as well as the integration of new technologies within the Group's operations or across the upstream and/or downstream value chain.

Without a standardised emissions reduction pathway for the financial sector, Línea Directa establishes its targets using the SBTi framework and is currently seeking validation from SBTi for these goals.

This year, the Sustainability Committee established an interim reduction target for 2030 and submitted it to SBTi for evaluation. The target under review pertains to Scope 1 and 2 carbon emissions, along with two Scope 3 categories. Notably, these objectives integrate both 1.5°C and Well-Below 2°C (WB2C) scenarios.

E1-2. Policies related to climate change mitigation and adaptation

The overarching principles for managing climate risks are outlined in the Línea Directa Group's **Environmental Management and Climate Change Policy**, approved by the Board of Directors on 20 September 2022, superseding the previous Environment and Energy Efficiency Policy.

Aligned with the Sustainability Policy and elaborated further in subchapter S1-1 Policies related to own workforce, the goal of the Environmental Management and Climate Change Policy is to reduce the environmental impact stemming from the Group's activities, products, and services while adapting to the consequences of climate change.

Scope and governance of the policy

The principles outlined in the policy apply to all employees, managers, and directors across the companies within the Línea Directa Group, as well as the Línea Directa Foundation, in accordance with applicable regulations. Within this framework, the Group will also evaluate whether its collaborators and other parties connected to its operations, products, and services adhere to the policy's provisions. To support this, Línea Directa makes the policy accessible to Stakeholders via the intranet and the corporate website.

Additionally, the Group is dedicated to promoting its environmental and climate change stance by raising awareness among employees and suppliers.

The Space Management and Planning department periodically reviews the policy, while the Board of Directors of Línea Directa Aseguradora holds ultimate responsibility for its approval and serves as the highest authority overseeing compliance.

Regulatory framework and initiatives in policy

The Línea Directa Group grounds its climate change efforts in compliance with relevant regulations and adherence to best practices and internationally recognised standards, including the United Nations Framework Convention on Climate Change, the 2015 Paris Agreement, the 2030 Agenda and its Sustainable Development Goals (SDGs 7, 12, and 13), the European Green Deal, the UNE-EN ISO 14001:2015 Environmental Management Systems standard, and the UNE-EN ISO 50001:2018 Energy Management Systems standard. Furthermore, the Línea Directa Group is a signatory to the United Nations Global Compact and a member of the Task Force on Climate-related Financial Disclosures (TCFD), actively contributing to the development of practical solutions for climate change management.

Principles, commitments, and objectives of the policy

The policy aims to:

- Implement management systems to track environmental performance trends and support decision-making.
- Prevent or reduce environmental impacts arising from the Group's activities.
- Assess and address the climate change impacts of its products and services, establishing measures to eliminate or lower polluting emissions.
- Encourage eco-friendly products and services while guiding clients toward a low-carbon economy.
- Cultivate an environmental consciousness among employees, suppliers, and partners.
- Raise public awareness about environmental protection through targeted actions.
- Engage in national and international environmental and climate change initiatives.
- Provide Stakeholders with regular, transparent updates on the Línea Directa Group's environmental management efforts.

To achieve this, Línea Directa has set a range of objectives for internal environmental management, spanning responsible resource and material use, energy conservation and efficiency, climate change action, comprehensive waste management, and investments. These shared goals include:

- Ensuring compliance with legal obligations and other relevant requirements tied to the Línea Directa Group's activities, products, and services.

- Developing operational guidelines and control mechanisms to safeguard the environment and prevent pollution at its facilities.
- Encouraging ongoing enhancement of the management system and its gradual rollout across the entire Línea Directa Group.
- Identifying and addressing environmental risks to the Línea Directa Group to effectively eliminate or mitigate them.
- Positively shaping Stakeholders' environmental behaviour through communication, awareness campaigns, and education on the environment's significance as a key aspect of business management. In particular, employee training on environmental issues is a cornerstone for the Línea Directa Group.

The policy also outlines specific commitments for each of the mentioned areas, including embedding climate risk assessments into the business strategy formulation, factoring these risks into the design of new products and services—covering both weather-related risks and transition risks tied to the shift to a low-carbon economy (e.g., regulatory changes)—and exploring the expansion of energy efficiency management systems across all its sites, aligned with the UNE-EN ISO 50001:2018 standard, alongside a pledge to use renewable energy certified by guarantees of origin whenever feasible. Moreover, Línea Directa is dedicated to deepening its analysis of climate-related risks and opportunities, following the TCFD framework.

Through this approach, Línea Directa's environmental policy addresses key environmental management topics, such as responsible material and resource use, energy conservation and efficiency, climate change, comprehensive waste management, and investments.

E1-3. Actions and resources in relation to climate change policies

As part of its commitment to climate change mitigation, the Línea Directa Group has devised an action plan to achieve steady progress, leveraging various **decarbonisation** strategies such as renewable energy, energy efficiency, sustainable mobility, the circular economy, and carbon emission offsets from its operations.

Within the 2023-2025 Sustainability Plan, the Group's decarbonisation roadmap features the establishment and approval of a Net Zero target for 2050, incorporating interim reduction goals for 2030 aligned with the Science Based Targets initiative (SBTi).

This year, the Sustainability Committee established an interim reduction target for 2030 and submitted it to SBTi for evaluation. The target under review pertains to Scope 1 and 2 carbon emissions, along with two Scope 3 categories. Notably, these objectives integrate both 1.5°C and Well-Below 2°C (WB2C) scenarios.

Renewable energy

Línea Directa Aseguradora relies **entirely on renewable** grid electricity, sourced with Guarantees of Origin, a commitment the company plans to maintain through 2025. Additionally, it operates **self-generating** photovoltaic plants at its offices and at CAR, a Group company based in the Community of Madrid. In 2024, self-generated electricity covered **20%** of Línea Directa Aseguradora's total annual consumption and 12% of CAR Madrid's yearly usage.

In 2024, the company allocated € 92,163.11 (plus VAT) to enhance two photovoltaic facilities. One at the TC2 office building, where an extra inverter was added and operational by April, and another at the TC4 building, which gained two additional inverters. Looking ahead, the TC3 photovoltaic plant is slated for expansion in 2025, with an investment of € 57,280.27 (plus

VAT). For CAR Madrid, expenses remained low in the year, as the company continued using the solar panels installed in 2022 without major upgrades.

Through its use of renewable energy, the parent company, Línea Directa Aseguradora, prevented 697 tons of carbon emissions. Additionally, the electricity produced by its photovoltaic plants avoided another 173.3 tons of emissions. Looking to 2025, the company anticipates sustaining this downward trend in Scope 2 emissions. At CAR Madrid, the use of self-generated energy is estimated to have avoided 21 tons of carbon emissions, with plans to achieve similar reductions in 2025 by maintaining its existing photovoltaic setup.

Regarding energy efficiency

As part of its Sustainability Plan, Línea Directa Aseguradora has committed to reducing the Parent's energy consumption by 15% by 2025, compared to 2022 levels, covering natural gas, diesel, and mains electricity. The parent company holds an annual ISO 50001 energy efficiency certification, ensuring optimised energy use and effective consumption management across all its office buildings—a practice set to continue into 2025. For the CAR Group company, a goal has been established for 2025 to enhance energy efficiency by conducting a preliminary study and aligning its management system with ISO 50001 requirements, utilising its own operational resources.

CAR Barcelona is located in a high-efficiency building with LED lighting, high-efficiency compressors and energy-efficient paint booths.

Additionally, both CAR Barcelona and CAR Madrid have updated their fleets of replacement vehicles, prioritising lower emissions and improved safety features.

In 2024, two split air conditioning units were replaced in the TC1 building. For 2025, plans include installing a split support unit in the new TC1 office (1st floor) and a ducted unit in the TC1 DPC, with an approved budget of € 14,083 (VAT included)

In 2024, the company achieved an interim result of a 22.3% reduction in energy consumption compared to 2022, setting the stage for further stabilisation in the coming year. This progress stems from various efficiency measures implemented by the company.

The energy efficiency gains also contributed to emissions reductions, aligning with the company's targets. Specifically, 2024 saw a 22.3% drop in consumption compared to 2022, alongside a 37% reduction in emissions—equivalent to 100 tons of carbon—in these categories. For 2025, the company expects to sustain this emissions reduction trend.

Regarding sustainable mobility

As part of its 2023-2025 Sustainability Plan, the Línea Directa Group greenlit two initiatives to advance sustainable mobility. The first focused on encouraging electric vehicle use among employees by expanding the number of charging stations at its offices. In 2023, the company offered 16 charging points, which grew to **20 charging points** for employees and an additional **3** for **external users** in 2024, aligning with the plan's targets. This expansion required a 2024 investment of € 15,247.81. These efforts make it easier for both employees and non-employees to use plug-in vehicles for commuting to the company's offices. **In 2025**, Línea Directa Aseguradora aims to expand its charging network to **26 points**, with a planned investment of € 25,000.

Additionally, Línea Directa Aseguradora offers a **Sustainable Mobility Guide** on its intranet, steering employees toward greener commuting options.

These efforts paid off in 2024, cutting the carbon footprint of the Group's employee ***in itinere* commutes** by 333 tonnes—an 11% reduction from 2023 levels.

Regarding the circular economy

In recent years, Línea Directa Group has developed a set of actions that promote a circular economy, which is deemed one of the main global challenges in this regard.

These actions include a project, launched in 2016, aiming to reduce paper consumption through the implementation of digital procedures. Customers can have all their documents available digitally through the "Digital Policy", which is sent to the policyholder when the policy is taken out. Furthermore, other measures have been implemented that have helped to raise awareness among employees to save paper, including the extension of the use of electronic signatures, present both in document-based relations with customers and in contracts with suppliers and employees, allowing each contract to have a specific digital file that reduces the need for paper.

In 2024, paper consumption rose due to an early purchase of corporate printed paper stock, prompted by a supplier switch ahead of 2025. Consequently, the expected reduction did not materialise this year.

Meanwhile, the Línea Directa Group prioritised cutting waste and boosting reuse, recycling, and other recovery methods for waste from its vehicle repair workshops, driven by the operations they carry out and the materials with which they work. Certifying waste management at CAR workshops cost € 11,000.

- CAR Madrid earned the ‘Zero Waste’ certificate, verifying that over 90% of its production waste was treated for reuse.
- CAR Barcelona secured the ‘Towards Zero Waste’ certificate, indicating that more than 60% of its waste underwent similar treatment.

Eco-efficiency and sustainable use indicators

As previously noted, the Company has rolled out a carbon footprint reduction plan to assist employees in this shift, targeting both the corporate footprint and individual employee emissions. Beyond the initiatives already outlined, additional steps include promoting carpooling, encouraging public transport use, and releasing a guide to enhance employees’ mobility habits during work-related travel.

These efforts have slashed the Línea Directa Group’s carbon emissions by 1,224 tonnes of CO2. The Group aims to sustain this emissions level into 2025 through ongoing measures, with an eye on its 2030 SBTi target—still under validation by SBTi and subject to potential adjustments, alongside other proposed goals.

Lastly, under the Taxonomy section, the insurance group complies with European taxonomy reporting, detailing the eligibility and alignment of its insurance premiums and guarantees, as well as its investment portfolio’s eligibility and alignment, reflecting business volume and CAPEX exposure per the standard.

Metrics and targets

E1-4. Targets related to climate change mitigation and adaptation

The Línea Directa Group places environmental protection, responsible resource use, and climate change action at the core of its strategic priorities. To achieve this, it has established a suite of policies outlining key action principles, integrated into its broader Sustainability strategy. This environmental commitment focuses on reducing direct impacts from natural resource use in production, as well as mitigating indirect effects stemming from its insurance and investment operations. Línea Directa's Environmental Management and Climate Change Policy, in line with its Sustainability Policy, sets out to minimise the impact of its activities, products, and services while adapting to climate change effects.

The Línea Directa Group grounds its climate change efforts in regulatory compliance and adherence to best practices and globally recognised standards, as detailed in subchapter E1-2, Policies on Climate Change Mitigation and Adaptation.

GHG emission reduction targets

With regard to targets, Línea Directa has established a range of environmental goals, pledging to review them annually across all Group indicators (including subsidiaries) in 2025.

The targets tied to Impacts, Risks, and Opportunities (IROs) outlined in the climate change adaptation and mitigation section are detailed below:

- Current positive impact: Enhanced climate management resulting from the adoption of climate commitments within the corporate environmental strategy. The Group sets yearly goals for cutting energy use. For 2025, as part of its Sustainability Plan—overseen by the Board of Directors via the Appointments, Remuneration and Corporate Governance Committee—the Company aims to reduce energy consumption (electricity and natural gas) by 15% from 2022 levels. Over the past three years, Línea Directa has been expanding the roll-out of a solar panel network to achieve 100% renewable electricity for the buildings where it conducts its operations.
- Current positive impact: Assistance to clients in transitioning to a lower-carbon economy. Línea Directa assists its customers in shifting to a low-carbon future through its insurance offerings tailored for electric and plug-in hybrid vehicles, featuring specialised coverage and occasional discounts to promote their adoption in a typically pricier passenger car segment compared to conventional models. In 2024, the Group assessed emissions from its motor portfolio using the PCAF methodology, calculating estimated emissions based on specific vehicle types and local average travel distances. The ES chapter on ESG Product Design outlines Línea Directa's goals to broaden its sustainability-focused products, services, and coverages, which, among other advantages, support customers in adapting to a lower-carbon economy.
- Current positive impact: Decreased GHG emission levels and progress toward Paris Agreement goals through the business strategy. This impact is related to Línea Directa's annual GHG emission reduction targets and the GHG emission reduction targets for 2030 and 2050 that are in the process of being validated and are detailed in the 'Validation of objectives by the Science Based Target Initiative (SBTi)'.
- Potential risk: Rising severity, frequency, and duration of extreme weather events. In 2024, the Group released its inaugural TCFD report, conducting a thorough evaluation of various climate change scenarios that could present risks and opportunities across short, medium, and long terms, considering both physical and transition risks. This report outlines the organisation's approach to addressing climate change, supporting the broader goal of economic decarbonisation by 2050. Additionally, within the Solvency II framework, the Group evaluated the short- and medium-term effects of climate change on its business—specifically underwriting and claims—through its ORSA model. Using the 2024 projection under the standard Solvency Capital Requirement (SCR) formula, which accounts for the full range of risks in the ORSA, and factoring in a scenario of rising accident costs due to adverse climate events, the analysis revealed a € 2.9 million increase in capital requirements compared to the baseline.

Validation of objectives by the Science Based Target Initiative (SBTi)

Línea Directa has been developing targets to achieve carbon neutrality by 2030 and net-zero emissions by 2050, submitting them to the SBTi initiative. The company has pledged to cut Scope 1 and 2 emissions by 42% by 2030, using 2022 as the baseline, and to reduce emissions from employee commuting (Category 7) and investments (Category 15) by 25% by 2030, also relative to 2022. As of late December, the Company awaits SBTi's feedback, meaning these goals remain subject to potential revisions.

Framework and methodology for setting emission reduction targets

The GHG emission reduction targets, currently under development and awaiting review and validation, are grounded in science and aligned with the SBTi initiative's globally recognised standard, which supports the Paris Agreement's goal of limiting global warming to 1.5ºC. As noted earlier, the Company is still awaiting SBTi's response as of late December.

Línea Directa has conducted impact assessments for each risk outlined in its TCFD climate change report, formulating quantitative assumptions and projecting them across short-, medium-, and long-term timeframes.

To assess the economic impacts of physical and transition risks, Línea Directa employed the following metrics:

- For transition risks, two scenarios were evaluated—one reflecting an orderly transition based on socioeconomic factors, and another representing a disorderly transition.

1. Legal and regulatory risks: changes in regulations affecting marketed products. For this risk, the insurer estimated the income statement impact of various hypotheses related to its motor branch products, including a quantitative forecast of potential portfolio outsourcing, the financial effect of a growing hybrid and electric vehicle portfolio, the influence of an older insured vehicle fleet, and the projected portfolio decline due to a shrinking overall vehicle fleet. The aim is to track the proportion of plug-in hybrids and electric vehicles within the total fleet, as well as the net premiums from this segment relative to the overall total.
2. Rise in regulatory capital requirements due to climate change-related risks. This assessment assumes a strong likelihood that sustainability risk will be incorporated into regulatory frameworks within the next five years, thus affecting solvency capital calculations under Pillar I. The goal is to annually evaluate the impact of climate-related factors on solvency capital.
3. Rising costs to meet new standards: This risk quantifies the potential cost increase for the Group, factoring in the need for additional qualified staff specialised in climate change, as well as resources dedicated to analysing and tracking the value chain against new environmental mandates. It also includes expenses for securing certifications, managing emerging regulatory compliance demands, engaging specialised consultants, and acquiring or upgrading systems. The objective is to conduct an annual assessment of the costs tied to adapting to climate change-related legal requirements.
4. Reputational risk: exclusion from investment in specific sectors due to market shifts. This risk evaluates the potential for the Group to step back from or avoid lucrative opportunities due to reputational concerns or sector-specific regulations that restrict participation. The goal is to annually reassess market opportunities and the investment portfolio to ensure maximum profitability throughout the transition.

- For the identified physical risks, the following metrics have been established, with projections calculated under two scenarios: one with a temperature rise below 2ºC (SSP1-2.6) and another exceeding 2ºC (SSP5-8.5):

Chronic risks

1. Non-payment by reinsurers due to heightened exposure. A key risk is the growing probability of reinsurer defaults, driven by increased exposure to climate change-related events. This could lead to a surge in claims, particularly in sectors and branches prone to default, potentially triggering systemic crises. Objective: Evaluate reinsurance options and update tariffs accordingly.

Acute risks:

1. Shifts in precipitation patterns and extreme weather variability.
2. Increased intensity of severe weather events.

Decarbonisation strategies outlined in the roadmap

In its journey toward Net Zero by 2050, Línea Directa pledges to keep Scope 1 emissions at 2022 levels, sustain renewable energy use for Scope 2, and cut Scope 3 emissions in Categories 7 and 15, aligning with SBTi standards. Additionally, the company will advance a zero-waste approach in its workshops, reduce water use, and foster a circular economy, as detailed in the Group's Sustainability Plan. These decarbonisation measures remain in progress and could be adjusted pending SBTi feedback.

Línea Directa has championed renewable energy adoption across its subsidiaries and parent company. Thanks to this decarbonisation effort, the company is projected to yield a 42% drop in Scope 1 and 2 emissions from 2022 levels, cutting emissions by 426 tCO2eq.

Looking ahead to the next financial year, Línea Directa plans to partner with new analysts to enhance market transparency on its environmental performance. As previously noted, it will also continue setting interim emissions reduction goals for 2030 under the SBTi framework, refresh TCFD performance metrics, and start crafting a climate change transition plan guided by EFRAG standards.

E1-5. Energy consumption and mix

The Línea Directa Group prioritises responsible energy use and, through its Environmental Management and Climate Change Policy, commits to ongoing enhancements in energy efficiency.

Classified under '**K. Financial and insurance activities**,' Línea Directa's operations are not deemed a 'high climate impact' sector per sections A, H, and L of **Annex I of Regulation (EC) No. 1893/2006 of the European Parliament and of the Council**.

In 2024, the Group achieved a renewable energy consumption rate of 48.5%. This was driven by the deployment and continuous expansion of photovoltaic plants at both the parent company and its CAR Madrid subsidiary. In 2024, the Group produced 752 MWh of energy via its solar panel installations. Additionally, Línea Directa Aseguradora sources all its electricity from 100% renewable origins with Guarantees of Origin. The total amount of renewable energy used by the Group was 3,433 MWh.

Natural gas consumption stood at 2.3 MWh. Notably, the Company's headquarters in Tres Cantos (TC3) and the Pozuelo de Alarcón office, home to Línea Directa Asistencia, operate without relying on natural gas.

Línea Directa Aseguradora, the parent company, is pursuing a three-year goal under its 2023-2025 Sustainability Plan to cut mains electricity, natural gas, and diesel use by 15% by 2025, relative to 2022. In 2024, it exceeded this target, achieving a 22.6% overall reduction. This comprised a 15% drop in natural gas compared to 2022, a 50% decrease in diesel, and a 24% reduction in mains electricity.

In 2024, the Group also reported nuclear-sourced electricity in its energy mix. This accounted for less than 5% of the total, a negligible share.

For 2024, Línea Directa's energy consumption breakdown is as follows:

Energy consumption and mix	Comparative	Year N (2024)
1) Fuel consumption from coal and coal products (MWh)	n.a.	0.0
2) Fuel consumption from crude oil and petroleum products (MWh)	n.a.	76.9
3) Fuel consumption from natural gas (MWh)	n.a.	2,316.0
4) Fuel consumption from other fossil sources (MWh)	n.a.	0.0
5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	n.a.	905.5
6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	n.a.	3,298.5
Share of fossil sources in total energy consumption (%)	n.a.	46.6%
7) Consumption from nuclear sources (MWh)	n.a.	343.9
Share of consumption from nuclear sources in total energy consumption (%)	n.a.	4.9%
8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	n.a.	0.0
9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	n.a.	2,682.0
10) The consumption of self-generated non-fuel renewable energy (MWh)	n.a.	751.8319
11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	n.a.	3,433.8
Share of renewable sources in total energy consumption (%)	n.a.	48.5%
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	n.a.	7,076.2

E1-6. Gross Scopes 1, 2, 3 and total greenhouse gas emissions

Línea Directa Aseguradora, as the parent company of the Línea Directa Group, had the following subsidiaries at the end of 2024 to service its operations.

Línea Directa Aseguradora, S.A.	100% owner of the capital of its subsidiaries
Línea Directa Asistencia, S.L.U.	Roadside assistance and claims assessment company
Centro Avanzado de Reparaciones (CAR), S.L.U.	Workshops in Madrid and Barcelona
Ámbar Medline, S.L.U.	Insurance auxiliary activities company
LDActivos, S.L.U.	Asset management company

Operating on a direct model, the Línea Directa Group consolidates all its activities at a single hub in Tres Cantos, Community of Madrid, managing services nationwide from this central location. This site houses both its headquarters and other office buildings.

The carbon footprint detailed in this report reflects solely the operations of the Línea Directa Group. The table below lists all buildings where the Group conducts its activities, included within the scope of this calculation.

Línea Directa Aseguradora TC1 - Isaac Newton, 7
Línea Directa Aseguradora TC2 - Isaac Newton, 9
Línea Directa Aseguradora TC3 - Torres Quevedo, 1
Línea Directa Aseguradora TC4 - Ronda de Europa, 7
Línea Directa Asistencia, El Plantío Business Park. Calle Ochandiano n° 12, Pozuelo de Alarcón
CAR Madrid, Avenida Sol 9, Torrejón de Ardoz
CAR Barcelona, Montilla 3A, Sant Joan Despí

The company computes its carbon footprint each year to estimate the greenhouse gas (GHG) emissions tied to its operations and to devise effective reduction strategies. For 2024, the carbon footprint was calculated using the Greenhouse Gas Protocol methodology. The Group leverages this metric to track both direct and indirect GHG emissions from its activities.

The calculation adopts an operational control approach, encompassing all offices in which it conducts its business under its direct management. Given its direct model—lacking a nationwide network of branches—Línea Directa Aseguradora consolidates its direct and indirect emissions across four buildings in Tres Cantos, Madrid, one floor of an office in Pozuelo de Alarcón, and two workshops in Madrid and Barcelona.

The Group accounts for 100% of the GHG emissions from entities it operationally controls. This emissions inventory covers both those arising from organisational activities and those directly and indirectly linked to office use.

The tables below outline the GHG emission sources identified for the Carbon Footprint calculation, categorised under Scopes 1, 2, and 3 per the GHG Protocol standard.

Emitting activities

Scope	Category	Emitting activities	Activity data
Scope 1	Direct emissions from sources owned or controlled by the organisation	Fuel consumption in fixed installations across Group companies (e.g., boilers, heaters).	kWh of natural gas consumed.
		Fuel consumption in fixed sources installed in offices: generators (generating sets)	Litres of type B diesel consumed.
		Fluorinated gas leaks detected in air conditioning systems.	Kilograms of gas refilled.
		Leaks of gas from fire extinguishers	Kilograms of leaked gas.

Scope 2	Indirect emissions associated with electricity consumption	Electricity consumption in the buildings of the Group's companies	kWh of electricity purchased.
Scope 3 - Block I: Indirect upstream emissions	Upstream indirect emissions from the organisation for sources not owned or controlled by the organisation	Category 1. Purchase of goods and services	Goods and services bought or acquired by the Company.
			Paper consumption of the Group
			Emissions generated by the value chain of Travel Assistance: tow trucks, groupage, taxis, hire cars, and verifications.
			Water consumption in the Group's offices.
			Emissions from the fleet of leased vehicles
		Category 2. Capital goods	Capital goods purchased or acquired from suppliers.
		Category 3. Fuel and energy-related activities (not included in Scopes 1 or 2)	Activities tied to energy losses during the generation, transport, and distribution of energy and fuel, excluded from Scopes 1 and 2.
		Category 4. Upstream transport and distribution	Transport and distribution of products and services purchased or acquired by the company, using vehicles and facilities not owned or controlled by the company. (Non-material)
		Category 5. Waste generated in operations	Disposal and treatment by third parties of waste generated from operations owned by the Group.
		Category 6. Business travel	Travel by employees for business purposes in vehicles owned or controlled by third parties, such as aeroplanes, trains, buses, and cars.
		Category 7. Employee commuting	Employee commuting between home and work in vehicles owned or controlled by other companies.
		Category 8. Upstream leased assets	Operation of assets leased by the Group. (Non-material)
Scope 3 - Block II: Indirect downstream emissions	Upstream indirect emissions from the organisation for sources not owned or controlled by the organisation	Category 9. Downstream transportation and distribution	Goods and services dispatched by the Group to third parties during its operations, including postal items, courier services, and waste transport to the final handler.
		Category 10. Processing of sold products	Processing by third parties of products sold by the Group that require additional steps before end-consumer use. (Non-material)
		Category 11. Use of sold products	The use of the products sold. (Non-material)
		Category 12. End-of-life treatment of products sold	Management of products sold by the Group at the end of their lifecycle, encompassing waste treatment and disposal. (Non-material)
		Category 13. Downstream leased assets	Operation of real estate assets leased by the Group to third parties.
		Category 14. Franchises	Franchise operations. (Non-material)
		Category 15. Investments	Investments encompassing shares, debt, project finance, managed investments, and client services.

Given the Group's non-life insurance operations and direct business model, Scope 3 categories 4, 8, 10, 11, and 12 are not applicable to its carbon footprint calculation. Similarly, Scope 3 category 14 (franchises) is not reported, as the Group does not operate franchises.

The 2024 financial year marks the first inclusion of this data in the sustainability report under CSRD. Thus, no year-over-year comparison of the Group's GHG emissions is provided.

For gross Scope 2 GHG emissions reporting, the Group adheres to GHG Protocol guidelines, identifying electricity consumption in its offices as the key emitting activity. The report employs two methods:

1) The location-based approach, which uses the emission factor from the Ministry of Ecological Transition based on the supplier mix contracted.

2) And the market-based approach, which reflects market agreements with suppliers on the renewable origin of electricity, verified by Guarantees of Origin.

For Scope 2 reporting, only active energy consumption is included, with energy losses accounted for under Scope 3, Category 3.

The Línea Directa Group does not participate in an emissions trading scheme, so Scope 2 excludes carbon credits or GHG emission rights bought, sold, or transferred. Additionally, Scope 3 reporting omits emissions from purchased cloud computing and data centre services.

The Group calculates total GHG emissions using these formulas:

Location-based GHG emissions (t CO2eq) = Gross Scope 1 emissions + Gross location-based Scope 2 emissions + Total Gross Scope 3 emissions

Market-based GHG emissions (t CO2eq) = Gross Scope 1 emissions + Gross market-based Scope 2 emissions + Total Gross Scope 3 emissions

Emissions are calculated using various emission factors tailored to specific activity data. For Scopes 1 and 2, the Group applied emission factors from the Ministry of Ecological Transition's 'Emission Factors 2007-2023' calculator, version 4, released in May 2024.

For emissions from gas leaks in air conditioning and heating systems, the latest Global Warming Potential (GWP) values from the Ministry were used, aligned with IPCC standards and based on a 100-year horizon for converting non-CO2 gases into CO2eq emissions.

For Scope 3 calculations, the emission factors used vary based on the primary data applied. To convert turnover and investment data by economic sector, the Group used EPA econometric factors from 'Supply Chain GHG Emission Factors_v1.3.0 EPA 2024,' adjusted for CPI increases and currency exchange rates.

For emissions from travel by various transport modes and certain waste from Group activities, conversion factors were sourced from the UK's Department for Environment, Food & Rural Affairs and the Department for Energy Security Net Zero, as detailed in their 'UK Government GHG Conversion Factors for Company Reporting,' version 1.1, 2024.

To determine the carbon emissions of the fleet provided to customers via the Group's workshop network, the emissions listed in the technical specifications of the in-service vehicle models were utilised.

The overall waste emissions calculation relied on the 'Guide to the Calculation of Greenhouse Gas Emissions,' version 1, dated 17 June 2024, issued by the Catalan Office for Climate Change within the Department of Climate Action, Food, and Rural Agenda.

Business travel emissions were calculated using multiple sources. Train journey emissions were sourced from the operating companies involved. Conversion factors for hotel nights and rental car kilometres were derived from the travel calculator by the initiative at CeroCO2.org. Lastly, air travel emissions were computed with the 'ICAO Carbon Emissions Calculator (ICEC)' from the International Civil Aviation Organization (ICAO).

The table below presents the emissions data for the Línea Directa Group.

	Retrospective				Milestones and target years			
AR 48 (E1-6)	**Base year 2024**	**Comparison 2023**	**2024**	**% 2024 vs 2023**	**2025**	**2030**	**2050**	**Annual % target / Base year**
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions (tCO2eq)	527.13	-	527.13	— %	-	-	-	-
The percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	— %	-	— %	— %	N.A.	N.A.	N.A.	N.A.
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (tCO2eq)	1,007.53	-	1,007.53	— %	N.A.	N.A.	N.A.	N.A.
Gross market-based Scope 2 GHG emissions (tCO2eq)	310.21	-	310.21	— %	-	-	-	-
Scope 3 GHG emissions								

Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	134,050.8	-	134,050.8	— %	-	-	-	
1. Purchased goods and services	52,213.3	-	52,213.3	— %	-	-	-	
Optional subcategory: Cloud computing and data centre services	-	-	-	-	0.00	0.00	0.00	— %
2. Capital goods	319.5	-	319.5	— %	-	-	-	
3. Fuel and energy-related activities (not included under scopes 1 or 2)	342.5	-	342.5	— %	-	-	-	
4. Upstream transportation and distribution	N.A.	-	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5. Waste generated in operations	29.7	-	29.7	— %	-	-	-	-
6. Business travel	20.1	-	20.1	— %	-	-	-	-
7. Employee commuting	2,163.4	-	2,163.4	— %	-	-	-	-
8. Upstream leased assets	N.A.	-	N.A.	N.A.	N.A.	N.A.	N.A.	
9. Downstream transportation and distribution	444.4	-	444.4	— %	-	-	-	-
10. Processing of sold products	N.A.	-	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
11. Use of sold products	N.A.	-	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
12. End-of-life treatment of sold products	N.A.	-	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
13. Downstream leased assets	253.7	-	253.7	— %	-	-	-	
14. Franchises	N.A.	-	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
15. Investments	78,264.1	-	78,264.1	— %	-	-	-	-
Total GHG emissions								
Total GHG emissions (location-based) (tCO2eq)	135,585.4	0.0	135,585.4	— %				
Total GHG emissions (market-based) (tCO2eq)	134,888.1	0.0	134,888.1	— %				

For 2024, the GHG intensity of the Línea Directa Group was recorded as follows:

Intensity tCO2/net income (location-based)	0.000129 tCO2/€
Intensity tCO2/net income (market-based)	0.000128 tCO2/€

This calculation reflects the ratio of the Group's location-based or market-based GHG emissions to its total revenue, as per the **consolidated statement of profit or loss** dated 31 December 2024.

Total income—comprising insurance service revenue, finance income, and other income—amounted to € 1,051,788 thousand.

Of the total Scope 3 emissions, 34.647% (46,430.94 tCO2) were derived from primary data provided by suppliers or other value chain partners.

E1-7. GHG offsetting and mitigation projects financed through carbon credits

Línea Directa views climate change as one of the most critical societal challenges. Since it operates within an EU member state, the company has embedded a strategic focus in its sustainability plan that strives to cut emissions and make a gradual shift towards a low-carbon economy. The growing concentration of greenhouse gases from human activity in the atmosphere calls for a reevaluation of economic growth models, while rising global temperatures demand action to address the severe threats posed by physical risks.

Línea Directa has outlined a decarbonisation roadmap for the coming years, which includes analysing its operations to identify, measure, and catalogue greenhouse gas emissions, enabling informed reduction decisions.

Committed to mitigating climate change impacts in support of the targets set out in the Paris Agreement and contemplating the need to adapt to potential transition scenarios, the Group has intensified efforts in recent years to lower its emissions.

In 2023, Línea Directa calculated emissions across all three scopes, building on key updates introduced in 2022. Scope 3 encompasses an analysis of the 15 categories outlined by the

GHG Protocol methodology. This approach aims to enhance the Group's ability to manage a broader range of emission sources and set reduction targets across various domains, especially as Scope 1 and 2 emissions approach maximum efficiency or elimination in the near future. Further details are provided on this matter in subchapter E1-6 Carbon footprint.

Línea Directa aims to completely offset its Scope 1 carbon footprint by 2023. For Scope 2, the use of photovoltaic panels to generate 100% of its electricity has eliminated GHG emissions. To offset Scope 1 emissions, Línea Directa participates in the voluntary carbon credit market, purchasing credits via the Eulen Group's management company, which neutralises Scope 1 emissions through its Bosques Activos initiative.

In 2022, Línea Directa successfully offset its combined Scope 1 and 2 emissions, amounting to 294 tCO2eq. With a view to neutralising its 2023 emissions, Línea Directa purchased 149 carbon credits from a Spanish reforestation project that serves as a natural carbon sink, fully dedicating its GHG offset efforts to projects within Spain. This ensures that by 2025, Línea Directa will offset 100% of its Scope 1 emissions.

Through its partnership with the Eulen Group and Bosques Activos, carbon credit management adheres to the standards of the Spanish Office for Climate Change (OECC). It is worth highlighting that OECC certification of these carbon credits reflects a rigorous process, ensuring the offset projects' quality and effectiveness. Projects must be logged in the Carbon Footprint, Offset, and CO2 Absorption Projects Register, ensuring they deliver verifiable, additional emissions reductions or removals.

Looking ahead, Línea Directa plans to maintain Scope 1 offsets in the medium term while expanding to offset select Scope 3 categories, beginning with Category 7 (employee commuting).

The graph below illustrates the carbon credits retired by Línea Directa in 2023.

Carbon credits planned to be cancelled in the future	Comparative	Year
Total (tCO2eq)	149 tCO2eq	2023
Share from removal projects (%)	100%	2023
Share from reduction projects (%)	— %	2023
Recognised quality standard 1 (%)	100% Spanish Climate Change Office	2023
Share from projects within the EU (%)	100%	2023
Share of carbon credits that qualify as corresponding adjustments (%)	100%	2023

E1-8. Internal carbon pricing

In 2024, Línea Directa devised a methodology for setting an internal carbon price, which was submitted to and greenlit by the following governing bodies: Sustainability Working Group and Sustainability Committee. This internal carbon price quantifies and assigns a monetary value to the costs associated with the Group's carbon emissions.

Drawing on external analyses from sources like CDP, specialised consultancy studies, and frameworks including TCFD, UNPRI, and ETS (e.g., IPCC and NGFS), Línea Directa opted to establish a shadow price for 100% of its 2023 Scope 1 emissions (464 tCO2eq, or 0.1% of total emissions) and Scope 2 emissions (346 tCO2eq, or 0.009% of total emissions). This shadow price applies to Scope 1 and 2 emissions for the Línea Directa Group, operating in Spain within the European Union.

Following an evaluation of carbon prices in both mandatory and voluntary systems, Línea Directa selected a price that:

1 Mirrors the European context.

2 Supports responses to analysts and indices like DJSI and CDP.

3 Is deemed ambitious enough by major investors.

4 Gradually heightens awareness of potential future mandatory mechanisms.

5 Remains open to reassessment in subsequent years.

To determine its Internal Carbon Price, the Group examined the carbon price trajectory within the European Union's Emission Trading System up to 2023. It also reviewed additional sources, including the IPCC and NGFS, and evaluated offset costs using credits certified under national (Spanish Office for Climate Change – OECC) and international (Verified Carbon Standard – VCS) standards.

Lastly, Línea Directa's Internal Carbon Price was established based on the highest concentration of companies with a shadow price in Europe, as outlined in the latest available CDP report, 'Putting a Price on Carbon. The State of Internal Carbon Pricing by Corporates Globally (2021).'

This price will be revisited in coming years to align with evolving carbon credit market conditions. Additionally, Línea Directa is exploring ways to integrate the internal carbon price into its financial statements moving forward.

E1-9. Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

Consistent with the climate risk analysis findings presented in subchapter IRO-1 (Description of Processes to Identify and Assess Significant Climate-Related Impacts, Risks, and Opportunities) and Línea Directa Aseguradora's TCFD Report, the Línea Directa Group has identified just one climate-related risk as material. This falls under the topic 'Mitigation and Adaptation to Climate Change Through Business,' specifically the sub-topic 'Climate Change Adaptation'—namely, the increased severity, frequency, and duration of extreme weather events.

For transition risks, the Línea Directa Group applied a tailored methodology to each scenario to gauge their potential impacts:

- Regulatory changes affecting sold products. In this risk, the insurer assessed the income statement impact of several hypotheses related to its motor insurance products marketed, including:
- A quantitative forecast of potential portfolio outsourcing.
- The financial effect of a growing hybrid and electric vehicle portfolio.
- The impact of an ageing insured vehicle fleet.
- The projected portfolio reduction due to a shrinking overall vehicle fleet.
- Increase in regulatory capital requirements: This scenario evaluates the direct impact on the Company's solvency ratio from heightened capital demands tied to climate change-related risks. This assessment assumes a strong likelihood that sustainability

risk will be incorporated into regulatory frameworks within the next five years, thus affecting solvency capital calculations under Pillar I. Two scenarios are outlined:

- Moderate transition scenario: Here, the potential regulatory capital requirement for climate risk aligns closely with the Group's current internal assessment in its ORSA exercise.

- Aggravated transition scenario: In this case, the potential regulatory capital requirement for climate risk approximates the current standard formula requirement for operational risk.

- Rising adaptation costs: This reflects increased expenses tied to hiring specialised staff for climate change matters and allocating resources to analyse and monitor the value chain against new environmental standards, secure certifications, and address emerging regulatory compliance demands. Two scenarios are evaluated: one orderly and one disorderly. In both, the initial step is to quantify the impact of increased resources—staff, consultancy, and certifications—needed to adapt effectively.

- Potential exclusion from certain sector investments due to market trends. The Group is assessing the option of stepping back from or avoiding lucrative opportunities due to reputational risks or restrictive sectoral regulations. In this regard, two scenarios are proposed: Firstly, an orderly scenario, in which a gradual divestment from these businesses is planned, minimising losses. Secondly, a disorderly scenario, in which a sudden, comprehensive divestment is executed, anticipating a complete market loss.

Although Línea Directa utilised the reporting moratorium outlined in Annex C of ESRS 1 in 2024—opting not to include required data in the first year of its Sustainability Report preparation—it remains committed to advancing its efforts. In alignment with its climate risk analysis and the CSRD regulatory framework, the company will work toward calculating and disclosing the anticipated financial impacts of material physical and transition risks, as well as potential climate-related opportunities, aiming to meet the future demands of subchapter E1-9.

Pollution (ESRS E2)

Impact, risk and opportunity management

IRO-1. Description of processes to identify and assess material pollution-related impacts, risks and opportunities

The assessment of impacts, risks, and opportunities adhered to the process outlined in greater detail in the chapter ESRS 2, Impacts, risks and opportunity management.

During the identification phase, a positive impact was noted. However, following an analysis of the Group's management framework and the likelihood of the risk manifesting in the short, medium, and long term, it was deemed non-material based on the double materiality analysis. This methodology is elaborated further in the chapter ESRS 2 Impact, risk and opportunity management.

The analysis leveraged various management tools, including the Sustainability Action Principles, the Corporate Sustainability/ESG Risk Management Policy Action Principles, the Environmental Statement, the Climate Change Statement, the Sustainable Finance Identification Guide, the Code of Ethics, the Sustainability Risk Integration Policy, the Statement of Principal Adverse Impacts, and the Environmental and Climate Strategy.

Additionally, it is worth highlighting that the evaluation of Impacts, Risks, and Opportunities (IROs) incorporated input from four key Línea Directa Stakeholders via surveys, alongside focus groups with Group employees and interviews with Línea Directa Aseguradora's management team.

The purpose of these surveys is to incorporate Stakeholders' perspectives into the evaluation of topics and sub-topics, ensuring a more comprehensive outcome.

Water and marine resources (ESRS E3)

Impact, risk and opportunity management

IRO-1. Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities

The assessment of impacts, risks, and opportunities adhered to the process outlined in greater detail in the chapter ESRS 2, Impacts, risks and opportunity management.

During the identification phase, a negative impact was noted. However, following an analysis of the Group's management framework and the likelihood of the risk manifesting in the short, medium, and long term, it was deemed non-material based on the double materiality analysis. This methodology is elaborated further in the chapter ESRS 2 Impact, risk and opportunity management.

The analysis leveraged various management tools, including the Sustainability Action Principles, the Corporate Sustainability/ESG Risk Management Policy Action Principles, the Environmental Statement, the Climate Change Statement, the Sustainable Finance Identification Guide, the Code of Ethics, the Sustainability Risk Integration Policy, the Statement of Principal Adverse Impacts, and the Environmental and Climate Strategy.

Additionally, it is worth highlighting that the evaluation of Impacts, Risks, and Opportunities (IROs) incorporated input from four key Línea Directa Stakeholders via surveys, alongside focus groups with Group employees and interviews with Línea Directa Aseguradora's management team.

The purpose of these surveys is to incorporate Stakeholders' perspectives into the evaluation of topics and sub-topics, ensuring a more comprehensive outcome.

Biodiversity and ecosystems (ESRS E4)

Impact, risk and opportunity management

IRO-1. Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities

The assessment of impacts, risks, and opportunities adhered to the process outlined in greater detail in the chapter ESRS 2, Impacts, risks and opportunity management.

During the identification phase, a positive impact was noted. However, following an analysis of the Group's management framework and the likelihood of the risk manifesting in the short, medium, and long term, it was deemed non-material based on the double materiality analysis. This methodology is elaborated further in the chapter ESRS 2 Impact, risk and opportunity management.

The analysis leveraged various management tools, including the Sustainability Action Principles, the Corporate Sustainability/ESG Risk Management Policy Action Principles, the Nature Statement, the 2022-2024 Environmental Management Plan, the Environmental Statement, the Environmental and Energy Management Principles, the Climate Change Statement, the Climate Report and the Statement of Principal Adverse Impacts.

Additionally, it is worth highlighting that the evaluation of Impacts, Risks, and Opportunities (IROs) incorporated input from four key Línea Directa Stakeholders via surveys, alongside focus groups with Group employees and interviews with Línea Directa Aseguradora's management team.

The purpose of these surveys is to incorporate Stakeholders' perspectives into the evaluation of topics and sub-topics, ensuring a more comprehensive outcome.

Resource use and circular economy (ESRS E5)

Impact, risk and opportunity management

IRO-1. Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

The assessment of impacts, risks, and opportunities adhered to the process outlined in greater detail in the chapter ESRS 2, Impacts, risks and opportunity management.

During the identification phase, one positive impact and one risk were noted. However, following an analysis of the Group's management framework and the likelihood of the risk manifesting in the short, medium, and long term, it was deemed non-material based on the double materiality analysis. This methodology is elaborated further in the chapter ESRS 2 Impact, risk and opportunity management.

The analysis leveraged various management tools, including the Environmental Statement, the 2022-2024 Environmental Management Plan, and the Climate Report.

Additionally, it is worth highlighting that the evaluation of Impacts, Risks, and Opportunities (IROs) incorporated input from four key Línea Directa Stakeholders via surveys, alongside focus groups with Group employees and interviews with Línea Directa Aseguradora's management team.

The purpose of these surveys is to incorporate Stakeholders' perspectives into the evaluation of topics and sub-topics, ensuring a more comprehensive outcome.

Investment with ESG criteria (Entity-specific)

Governance

GOV-1. The role of the administrative, management and supervisory bodies

The Línea Directa Group's sustainable investment governance framework, as outlined in its Sustainable Investment Policy, is built on a clear, structured approach that ensures ESG criteria are embedded in investment processes and compliance is effectively monitored.

The responsibilities of each supervisory and management body regarding sustainable investment are described below:

- **Investment Department**

This department holds primary responsibility for integrating ESG criteria into the identification, analysis, and assessment of investment opportunities.

It conducts quarterly ESG reviews of the investment portfolio and provides monthly updates to the Group's Investment Committee on sustainable investment management, ensuring adherence to the Sustainable Investment Policy guidelines.

- **Investment Committee**

This committee oversees investment management and ensures decisions align with the Sustainable Investment Policy, adhering to internal and legal standards.

Committee members may invite experts, such as the Head of Sustainability, to offer guidance on specific matters. While these experts lack authorisation or decision-making authority, their input serves as a supplementary factor in the Committee's deliberations.

The Committee reports to the Board of Directors at least quarterly via the Chief Financial Officer, detailing the implementation of the Sustainable Investment Policy, and seeks Board approval for investments under its purview.

- **Board of Directors**

The Board holds a critical role in overseeing the Sustainable Investment Policy comprehensively. It receives regular updates on its execution and approves investments within its authority as per applicable regulations.

Additionally, the Board authorises any revisions or updates to the Sustainable Investment Policy, based on recommendations from the Audit and Compliance Committee and the Appointments, Remuneration and Corporate Governance Committee.

Meanwhile, the Investment Committee is tasked with periodically reviewing the Sustainable Investment Policy's relevance, assessing the suitability of its contents amid regulatory or strategic shifts. Any changes are proposed to the Board of Directors for approval following evaluation by the pertinent committees.

Lastly, for ESG risk oversight in the underwriting process, the Group relies on the Product Control and Governance Committee, which reviews products, and the Risk Committee.

Details on the composition, diversity, skills, and expertise of the members of these governing bodies are provided in ESRS Chapter 2 Governance. Additionally, these bodies are responsible for setting targets related to material incidents, risks, and opportunities, and tracking progress toward them, as outlined in subchapter MDR-P Policies Adopted to Manage Material Sustainability Matters.

Collectively, this framework ensures ESG criteria are seamlessly woven into the investment strategy, supported by proactive oversight and strong governance that aligns with sustainability principles and regulatory requirements.

Strategy

SBM-3. Material impacts, risks and opportunities and their interaction with strategy and business model

Through its double materiality analysis conducted in 2024—detailed in the ESRS 2 chapter Impacts, risks and opportunities management—Línea Directa Aseguradora identified one positive impact and three material opportunities for the Group. These findings are elaborated in subchapter IRO-1 Description of the Processes to Identify and Assess Material impacts, Risks, and Opportunities Related to Investment with ESG Criteria.

This impact and these opportunities are closely tied to the company's strategy and business model. Responsible Investment is a key pillar of Línea Directa's 5th Sustainability Plan (2023-2025). This pillar shapes the Group's ESG priorities and drives specific actions outlined in the plan.

Material opportunities and impacts stem from addressing customer needs and supporting the Group's shift to a sustainable economy by channelling investments into responsible activities that meet defined sustainability standards. To advance this goal, the company has implemented policies like the Responsible Investment Policy, which sets the framework for the Group's investment criteria. This policy steers Línea Directa toward more responsible investments aligned with its standards and defines the principles for its engagement activities. Furthermore, the Group has advanced the alignment of its operations and investments with the European Taxonomy and reinforced its commitments by endorsing the UN Principles for Responsible Investment.

Impact, risk and opportunity management

IRO-1. Description of the processes to identify and assess material impacts, risks, and opportunities related to investment with ESG criteria

As described in greater detail in the ESRS 2 Impact, risk and opportunity management, the following process has been followed for the assessment of impacts, risks and opportunities:

1. Firstly, a context analysis has been carried out, using both internal and external sources of information, to obtain an initial approximation of potentially material topics from a cross-cutting sustainability perspective.
2. Secondly, a preliminary identification of the topics and sub-topics has been made, defined from the list of Topics, Sub-topics and Sub-sub-topics proposed in ESRS 2 AR 16 and the Group's previous materiality.
3. Thirdly, the Impacts, Risks and Opportunities (IROs) have been identified, examining and considering the information present in the sources used in the first phase of the project.

4. Fourthly, the materiality value of each of these has been obtained from the quantitative data assigned to each IRO, from the consultations carried out with the different Stakeholders and from the Group's management framework.
5. Finally, the material topics have been obtained, identifying 11 material environmental, social and governance (ESG) issues.

Sub-topic	Sub-topic linked to ESRS	Positive / Negative Risk / Opportunity	IRO description	Value chain
Responsible investment	Entity-specific	Positive impact	Contributing to emissions reduction by investing in companies focused on renewable energy or projects designed to lower their emissions	Upstream – Shareholders / investors
Responsible investment	Entity-specific	Opportunity	Investing in sectors that help mitigate climate change	Upstream - Shareholders / investors Downstream Own operations
Responsible investment	Entity-specific	Opportunity	Pursuing responsible investments, such as real estate with strong energy certifications, green or blue bonds, or other products qualifying under Article 8 or 9 of the SFDR.	Upstream - Shareholders / investors Downstream Own operations
Responsible investment	Entity-specific	Opportunity	Supporting companies with explicitly environmentally and socially responsible strategies, emphasising activities that reduce emissions and address all aspects of climate change	Upstream - Shareholders / investors Downstream Own operations

Regarding investment under ESG (environmental, social, and governance) criteria, one positive impact and three opportunities have been deemed material through a double materiality analysis, detailed further in the ESRS Chapter 2 Impact, risk, and opportunity management.

Additionally, it is worth highlighting that the evaluation of Impacts, Risks, and Opportunities (IROs) incorporated input from four key Línea Directa Stakeholders via surveys, alongside focus groups with Group employees and interviews with Línea Directa Aseguradora's management team.

The purpose of these surveys is to incorporate Stakeholders' perspectives into the evaluation of topics and sub-topics, ensuring a more comprehensive outcome.

A material positive impact has been identified, directly benefiting shareholders and investors within the upstream value chain. This impact, global in reach and spanning a short- to medium-term horizon, is tied to emissions reductions with effects extending internationally. The assessment relied on critical management tools, including the Sustainability Policy, the Environmental Management and Climate Change Policy, the Sustainable Investment Policy, and the 2023-2025 Sustainability Plan.

Additionally, three material opportunities were pinpointed, influencing the company's operations as well as the upstream and downstream value chain, particularly impacting shareholders and investors.

MDR-P. Policies adopted to manage material sustainability matters

The Group's Sustainable Investment Policy provides a structure for embedding environmental, social, and governance (ESG) criteria into investment management. Its goals are to prevent, mitigate, and address actual and potential incidents, manage risks, and seize sustainability-related opportunities.

By implementing this policy, the Group aligns with global benchmarks, including:

- United Nations Principles for Responsible Investment (PRI).
- European Union Green Taxonomy and related regulations.
- United Nations Sustainable Development Goals (SDGs).
- International climate commitments, such as the Paris Agreement.

The Sustainable Investment Policy seeks to ensure responsible management of all Group investments, reducing ESG risks, enhancing opportunities for positive impact, and fostering sustainable economic growth. Its key objectives encompass proactive ESG risk management, setting tailored guidelines for each asset class, and excluding activities with significant negative sustainability impacts.

To achieve this, the policy outlines the specific ESG factors taken into account in detail. In the environmental domain, the policy integrates climate change-related metrics, including greenhouse gas emissions, alignment with taxonomy-defined mitigation and adaptation goals, pollution prevention and control, and biodiversity and ecosystem protection. On the social front, it emphasises human rights respect, the absence of major labour disputes, and caps exposure to issuers in controversial sectors at 8% of the Group's total portfolio value. For corporate governance, it prioritises business ethics, anti-corruption efforts, and responsible management of political lobbying.

The policy applies to the entire Línea Directa Group investment portfolio, encompassing both existing holdings and new investments. It sets restrictions and targets divestment by 2030 from activities with significant negative impacts, such as carbon-heavy energy sectors, controversial weapons, and adult entertainment. It also provides asset-specific guidelines, including ESG risk evaluations for sovereign and corporate debt, energy efficiency and certification considerations for real estate, and ESG alignment for alternative financial products.

The Línea Directa Group employs an approach focused on identifying and measuring outcomes, leveraging third-party-validated tools to evaluate portfolio alignment with defined ESG standards. Quarterly evaluations are conducted, covering metrics like ESG risk, exposure to sensitive sectors, and greenhouse gas emissions. These reviews highlight areas needing improvement and, where required, trigger corrective actions such as position reductions or divestitures.

The policy further mandates that the Línea Directa Group will exercise its voting rights only after confirming alignment with the policy's framework. To do so, it ensures access to comprehensive information, including ESG factors, to guide its voting decisions. Based on the severity of identified controversies, the extent of Línea Directa's exposure, and available data, the Group assesses the ESG implications of proposed initiatives to determine its voting stance.

The Board of Directors oversees the policy's execution, receiving quarterly updates from the Investment Committee. The Committee, alongside the Investment Department, is tasked with applying ESG criteria and reporting outcomes. Throughout the policy's development and rollout, the interests of key Stakeholders—such as shareholders and customers—were considered to balance profitability with sustainability.

Lastly, the Sustainable Investment Policy is accessible to Stakeholders via the Group's corporate intranet and official website, underscoring Línea Directa Aseguradora's dedication to transparency and accountability.

MDR-A. Actions and resources in relation to material sustainability matters

In 2024, Línea Directa undertook several initiatives related to ESG-focused investment, with key efforts including:

- Review and update of the Sustainable Investment Policy.

The Línea Directa Group's aim through the definition and implementation of the investment policy is to optimise the risk-return profile of its investments, while reducing associated ESG risks. This fosters sustainable economic growth by supporting activities with positive impacts and curbing or avoiding those with negative effects that could erode Stakeholder trust.

The policy outlines a responsible framework for investment decision-making within the Línea Directa Group. To do so, it integrates various environmental, social, and governance (ESG) factors across all investment activities and addresses critical elements such as voting rights, internal controls, and monitoring of the policy itself.

Línea Directa enlisted a specialised external consultancy to support the implementation of its sustainability policies, investing € 7,800 in the effort.

- Adherence to the Principles for Responsible Investment (PRI).

The PRI is a leading global advocate for responsible investment, focused on understanding the investment implications of environmental, social, and governance (ESG) factors. It assists its international network of signatory investors in embedding these factors into investment and ownership decisions.

This commitment is renewed annually and applies across the entire Group globally.

- Carbon footprint calculation.

Línea Directa leveraged its internal sustainability department resources to revise the carbon footprint calculations for Scopes 1 and 2. Meanwhile, for Scope 3 updates, it engaged an external consultancy, incurring a cost of € 4,225 plus VAT.

The carbon footprint calculation encompasses all Group subsidiaries and is based on an annual timeframe.

- Review and update of EU Taxonomy alignment.

Línea Directa Aseguradora annually assesses and updates the eligibility and alignment of its premiums and investments with the European Union Taxonomy, relying on internal resources.

- Quarterly reviews of its investment portfolio's ESG performance through a Key Risk Indicator (KRI) and an evaluation tool validated by an independent third-party expert.

The Línea Directa Group reviews its existing investment portfolio on a quarterly basis through the Investment Department using information from a tool endorsed by an independent third party—an expert in the field—which provides an assessment of the ESG aspects in the investment portfolio, considering at least the following factors:

- **ESG risk** of the portfolio (overall rating and by type of asset).
- **Exposure to sensitive sectors** (coal, oil & gas and **controversial defence and weaponry**, among others).
- Exposure to greenhouse gas **emissions**.

- **Governance** and public information criteria.

Should periodic evaluations yield a ‘not acceptable’ rating for any assessed metric, or if the controversy analysis suggests potential exposure to a risk factor tied to a position, the Investment Committee will be briefed on the specifics of the affected holding. The Committee will then decide whether to: retain the position with thorough monitoring, reduce exposure while proposing an action plan to work with the impacted entity to mitigate negative effects, or divest from the position entirely.

Furthermore, in 2024, the Línea Directa Group established a methodology for setting an internal carbon price, which was submitted to and greenlit by the following governing bodies: Sustainability Working Group and Sustainability Committee. This internal carbon price quantifies and assigns a monetary value to the costs associated with the Group’s carbon emissions. The internal carbon price is elaborated further in subchapter E1-8 Internal carbon pricing.

Additionally, as outlined in the Taxonomy chapter, the Línea Directa Group reviewed and updated its alignment with the European Taxonomy in 2024, ensuring compliance with minimum safeguards.

Metrics and targets

MDR-M. Metrics in relation to material sustainability matters

Throughout 2024, the Group advanced multiple initiatives to address the adverse impacts of climate change and the challenges of mitigation. These efforts were captured in the 2024 Sustainability Plan, a component of the broader 2023-2025 three-year Sustainability Plan.

This overarching plan established the general goal of Social and Environmental Contribution for the period, with the environmental focus articulated through Eco-efficiency, Circular Economy, and the creation of a climate roadmap aimed at decarbonising its operations. In the realm of responsible investment, key initiatives include:

1 Internal Carbon Pricing Project: Detailed in subchapter E1-8 Internal carbon pricing, this project marks an initial effort to sensitise the Group to the economic costs of emissions from its Scope 1 and 2 activities.

2 The Group updated its Scope 3 assessment for greater precision, incorporating attributed emissions from its Motor portfolio using an internal methodology aligned with the PCAF guide. Though preliminary, this step lays the groundwork for reporting and managing client portfolio emissions effectively.

3 The Group has also established a Net Zero goal for 2050, with interim reduction targets set for 2030, currently under evaluation by the Science Based Targets Initiative (SBTi).

The Group’s investment portfolio comprises various vehicles. 35% of the portfolio comprises government bonds. 47% in corporate fixed income, 7% of investments are in equities. 5% is dedicated to investment funds, and 6% in real estate.

Additionally, consistent with its European Taxonomy alignment assessment, Línea Directa provides the year’s metrics in the Taxonomy chapter.

In 2024, the Group once again calculated the social cost of its carbon footprint’s impact.

In doing so, it used the International Carbon Price Floor (ICPF) set by the International Monetary Fund in its report "Proposal for an International Carbon Price Floor Among Large Emitters". The report, published in June 2021, estimates a price of USD 75 per tonne of carbon in high-income countries. For 2023, the social impact of Línea Directa's Scope 1 and 2 emissions was estimated at approximately USD 11,000. Meanwhile, Scope 3 emissions in 2023 linked to investments reached up to USD 16.3 million.

The 2024 social cost was calculated using the same methodology. Accordingly, Línea Directa's carbon footprint for Scope 1 and 2 emissions in 2024 was determined to be USD 62,800. For Scope 3 emissions associated with the value chain, the impact rises to USD 3.9 million in 2024.

The Group oversees 100% of its own assets and does not manage assets for third parties.

MDR-T. Tracking effectiveness of policies and actions through targets

Stakeholders do not have a direct role in investment decisions but influence them indirectly, as the interests of shareholders and investors are considered to align goals.

The 2025 Tier 1 Sustainability Plan, approved by the CNR on 6 February 2025, sets a quantitative target within the governance framework, with the finance area leading the effort. This target aims to keep the investment taxonomy alignment within +/-1% and eligibility within +/-2% for 2025.

Progress toward this goal will be assessed annually once the final 2025 taxonomy data is released.

In 2025, Línea Directa will build on its 2024 efforts by continuing the following initiatives:

- Adherence to the Principles for Responsible Investment (PRI).

In 2025, Línea Directa will renew its commitment to the PRI initiative, a leading global force in responsible investment.

- Carbon footprint calculation.

Línea Directa will continue to update the carbon footprint calculation for Scopes 1, 2, and 3, in 2025, encompassing all Group subsidiaries within an annual timeframe.

- Review and update of EU Taxonomy alignment.

In 2025, the Group will revise its eligibility and alignment with the European Union Taxonomy for premiums and investments.

The ongoing execution and oversight of these actions will enable the Group to address the material Impacts, Risks, and Opportunities (IROs) identified in the realm of responsible investment:

- Contributing to emissions reduction by investing in companies focused on renewable energy or projects designed to lower their emissions.
- Investing in sectors that help mitigate climate change.
- Pursuing responsible investments, such as real estate with strong energy certifications, green or blue bonds, or other products qualifying under Article 8 or 9 of the SFDR.
- Supporting companies with explicitly environmentally and socially responsible strategies, emphasising activities that reduce emissions and address all aspects of climate change.

Quarterly monitoring of the investment portfolio in 2025 will ensure alignment with the goals of the Responsible Investment Policy. Exposure to issuers in specific sectors is capped at 8%

of the Group's total portfolio value. An issuer is deemed exposed to these activities if more than 15% of its revenue comes from:

- Organisations involved in producing and/or distributing active defence materials (weapons, munitions, and explosives for military use) and controversial weaponry (e.g., anti-personnel mines, chemical, biological, or nuclear weapons, cluster bombs, and others).
- In line with the Paris Agreement's decarbonisation goals and the Intergovernmental Panel on Climate Change (IPCC) recommendations, the Línea Directa Group supports the shift to a net-zero emissions economy by 2050. To this end, it will cap portfolio exposure at 15% for the following activities: Production of electrical, thermal, or automotive energy from coal combustion (including extraction and infrastructure), the fossil fuel with the most significant climate change impact; Exploration, production, processing, transportation, and/or extraction of hydrocarbons (oil and gas), with particular emphasis on the following elements: Oil sands, shale oil and gas, Arctic oil and gas, and ultra-deepwater oil and gas.

  Furthermore, the Línea Directa Group pledges to fully divest from the aforementioned sectors by 2030, except in cases where the involved companies meet one of these criteria:

  - They have a decarbonisation plan aligned with a science-based emissions reduction target (SBTi).
  - These activities account for less than 15% of their total revenue.
  - Their weighting in Línea Directa's investment portfolio is below 8%.
- This commitment also extends to other sensitive sectors, including adult entertainment, gambling, mining, alcohol, and tobacco.

SOCIAL DIMENSION

Own workforce (ESRS S1)

Strategy

SBM-3. Material impacts, risks and opportunities and their interaction with strategy and business model

Through its 2024 double materiality analysis, Línea Directa Aseguradora pinpointed impacts, risks, and opportunities tied to its own workforce, spanning worker safety, health, and well-being; diversity, equity, and inclusion; and talent management and professional development. These matters align with the company's strategy and business model. Línea Directa's 5th Sustainability Plan for 2023-2025 highlights strategic priorities such as Diversity, Equality, and Human Rights, and Talent: Well-being and Culture. These priorities guide the Group's ESG actions, translating into specific initiatives within the Plan that align the business strategy with broader Group objectives, aiming to harmonise business and people strategies effectively.

In conducting this analysis, the organisation accounted for the unique traits of its workforce, including employees with disabilities, identifying a material opportunity directly tied to this group. Notably, Línea Directa's People Care department is solely focused on addressing the needs of the Group's employees.

Regarding the classification of its own workforce, the Group defines employees as individuals with an active employment contract with Línea Directa, excluding those under training or internship agreements (e.g., interns). Conversely, individuals hired via temporary employment agencies (ETT) and interns are categorised as non-salaried own workforce. Both groups may be impacted by significant incidents arising from the Group's operations, depending on their contractual ties and level of involvement in business activities.

All material impacts concerning the Group's staff are positive, benefiting both salaried and non-salaried own workforce.

Línea Directa implements a variety of initiatives to foster positive outcomes for all workers, including health and well-being programs, training opportunities, employee benefits, and diversity and inclusion awareness campaigns. Further details are available in Section S1-4 of this chapter.

As part of its collaboration with its own workforce to transition toward greener, climate-neutral operations, Línea Directa acknowledges the need to equip its workforce for the ecological shift's challenges and opportunities. To this end, it prioritises training and skill-building in environmental areas. Sustainability training enhances staff awareness of minimising their environmental footprint. The training content covers topics like office best practices, waste management, and tips for car use and home sustainability.

Furthermore, in order to anticipate and prepare for future scenarios, the company tracks material opportunities and risks tied to its workforce, which are closely linked to identified impacts. Key material opportunities include attracting skilled talent due to the Group's reputation as a desirable employer, and expanding initiatives that promote workplace integration and inclusion for diverse groups, with a particular focus on individuals with disabilities and diversity across race, gender, and age.

The sole potential material risk—insufficient professional development in emerging trends and market demands—highlights the Group's reliance on a workforce equipped for the evolving insurance and technology landscape. To counter this, Línea Directa offers training and development programs that align employee skills with market needs, boosting their competitiveness and adaptability.

Given its business model and the region where Línea Directa operates, neither the Group nor its value chain is deemed at significant risk for forced or child labour. Nonetheless, the Group maintains a Human Rights Policy outlining principles and commitments to safeguard workers' and individuals' rights. Additionally, Línea Directa conducts a Due Diligence process to identify impacts and risks its insurance operations may pose as an insurer, employer, investor, and within its broader context.

Impact, risk and opportunity management

S1-1. Policies related to own workforce

The Línea Directa Group maintains policies applicable to its workforce, encompassing both salaried and non-salaried employees. These regulations are publicly accessible, and outline commitments and responsible practices for managing material impacts, risks, and opportunities related to its own workforce. Policies covering Talent, Diversity and Inclusion, Gender Equality, Human Rights, Sustainability, and Prevention, Safety, Health, and Wellbeing are endorsed by the Board of Directors and regularly updated to remain relevant in a changing business landscape. Aligned with the United Nations Sustainable Development Goals (SDGs), they are accessible to employees through the corporate intranet and to other Stakeholders via Línea Directa's official website, ensuring transparency and availability.

Talent Policy

Línea Directa Aseguradora recognises its people as a cornerstone of its success. The Talent Policy sets forth principles and commitments to steer the attraction, development, and retention of talent, while fostering equality, diversity, and respect for human rights. Approved by the Línea Directa Board of Directors, this policy applies to all Group employees, covering both salaried and non-salaried staff.

Línea Directa is dedicated to fostering stable, high-quality employment, offering a dynamic job environment that supports business sustainability. Its people management approach rests on objectivity, transparency, and equity, ensuring selection processes focus solely on candidates' merits and skills, free from bias or discrimination. Additionally, the Group nurtures employee growth through training, evaluation, and internal promotion programs, opening doors to both professional and personal advancement.

Recognising shifts in the business landscape, Línea Directa tailors its talent strategy to meet the demands of an ever-changing market. By adopting a role-based organisational model, it flexibly identifies and manages essential competencies, incorporating new roles while promoting innovation and a digital culture. This strategy enables the company to both attract external talent and enhance internal skills, securing organisational continuity through succession planning for key roles.

Talent retention is bolstered by a performance management and variable compensation system tied to strategic goals, supported by a transparent remuneration policy rooted in equality principles. The Group fosters employee engagement through initiatives that build a sense of belonging, maintain open communication, and provide active listening channels to gauge and address their needs and expectations. This dedication extends to holistic well-being, offering a healthy workplace, targeted programs to enhance quality of life, and opportunities for corporate volunteering.

The People, Communication, and Sustainability Department oversees these efforts, crafting the Group's talent plan, monitoring its execution, and ensuring alignment with related policies and strategic talent initiatives. Furthermore, cross-functional committees further uphold the policy's guiding principles.

The following positive impact, risk and material opportunity for the organisation is associated with the topic of talent:

- Positive impact: Employee satisfaction stemming from skill development, knowledge expansion, and opportunities for internal advancement within the Group.
- Opportunity: Recruitment of skilled talent driven by the Group's reputation as an appealing employer.
- Potential risk: Insufficient professional development for employees in emerging market trends and needs.

Policies for the promotion of diversity and inclusion, non-discrimination and equal opportunities

The Línea Directa Group upholds its dedication to diversity, inclusion, equal opportunities, non-discrimination, anti-harassment, and human rights through a comprehensive set of policies. These principles aim to cultivate an inclusive workplace, promote equitable treatment, and honour individual differences, enhancing the Group's sustainability and competitiveness. This Policy also applies to all Group personnel—salaried or otherwise.

The Group reinforces these commitments by national and international pledges that guide the organisation's approach to these matters. Línea Directa is a signatory of or endorses:

- **Global Compact Spain**, a UN initiative that encourages companies to align their strategies and operations with 10 universal principles, including on human rights and labour standards.
- **European Diversity Charter**: A signatory to this European Commission initiative under its non-discrimination directives.
- Signatory of the **Women's Empowerment Principles (WEPs)**, an initiative launched by UN Women and the Global Compact to promote gender equality in business.
- Luxembourg Declaration: A supporter of this framework for advancing health and safety in European workplaces.
- **EWI Network**: At the sector level, the company participates in this network, which champions women's representation in insurance leadership roles.
- **IBEX Gender Equality**, an index promoted by Bolsas y Mercados Españoles (BME) that measures the presence of women in management positions and on the Board of Directors of Spanish companies.
- **Top Employers**, an international seal that recognises the company as one of the best employers in the country. The seal analyses human resource management practises, including those related to equality and diversity.
- **EFR Certification** (Family Responsible Company): This accolade acknowledges Línea Directa's commitment to enhance responsibility and respect as regards the work-life balance, promote equal opportunities, and support the inclusion of disadvantaged groups within the organisation.

The diversity and inclusion, gender equality, and human rights policies apply to all employees, managers, and directors across the Línea Directa Aseguradora Group companies and the Línea Directa Foundation. In that regard, the Company also urges its partners and other entities connected to its operations, products, and services to uphold these policy principles. These policies are endorsed by the Línea Directa Group's Board of Directors.

Diversity and Inclusion Policy

Línea Directa Aseguradora's Diversity and Inclusion Policy outlines the core principles and commitments guiding the Company's efforts in this domain.

Embracing a holistic approach, the Company demonstrates its dedication to equal opportunities, the eradication of all discrimination (including race, religion, gender identity, sex, sexual orientation, political views, nationality, language, age, and abilities), and the proactive creation of an inclusive workplace. For the Línea Directa Group, diversity enhances competitiveness, enabling it to connect with a modern, varied, and evolving society. To this end, it ensures equitable processes for **selection, hiring, training, compensation, and promotion**, grounded exclusively in merit, experience, and performance.

The Group actively supports the inclusion of vulnerable groups, ensuring their effective integration into the Company and fostering a respectful workplace.

This policy aligns with corporate goals, highlighting the value and richness diversity adds to the organisation's culture and ethos, while providing a clear framework to ensure compliance.

For governance, Línea Directa has established a dedicated Diversity and Inclusion technical team tasked with regularly monitoring and assessing policy-related indicators. The Board of Directors retains ultimate oversight, ensuring adherence and promoting best practices across the Company.

The following material opportunity for the Group relates to the topic of diversity and inclusion: Expansion of initiatives and measures to foster the integration and employment inclusion of diverse groups (e.g., individuals with functional diversity) within the workforce and leadership bodies.

Gender Equality Policy

Alongside its Diversity and Inclusion Policy, the Línea Directa Group maintains a **Gender Equality Policy** that promotes labour relations grounded in equal opportunities, non-discrimination, and respect for diversity.

This policy adheres to national and international best practices, aligning with the **European Strategy for Gender Equality 2020-2025**, together with relevant EU directives on equal opportunities between men and women.

Together with the Equality Plan, the Gender Equality Policy provides a framework for engaging Stakeholders on equality matters, reflecting the Company's core values and serving as a mandatory guide for business conduct.

The principles and lines of action proposed are as follows:

- Promote equal opportunities based on the commitment of senior management by creating models to attract and retain talent in the company regardless of gender.
- Ensure transparency and dissemination of this policy and related documents to raise awareness of gender equality at all levels.

- Foster a culture of flexibility that favours a balance between work and private and family life, while guaranteeing quality employment regardless of the gender of employees.

The goal of the Gender Equality Policy is to implement targeted measures to uphold gender equality across the company's operations and value chain; promote talent recognition free of gender bias; ensure equal access for the underrepresented gender to senior management and leadership roles; and monitor and address any wage gap disparities.

Oversight of the policy's equality principles is handled by the Technical Equality Team, with evaluations supported by external audits, certifications, and accrediting bodies of the Company.

The following material opportunity for the Group relates to the topic of gender equality: Expansion of initiatives and measures to foster the integration and employment inclusion of diverse groups (e.g., individuals with functional diversity) within the workforce and leadership bodies.

Línea Directa provides a **Harassment Protocol**, accessible to all employees who have undergone relevant training, enabling them to seek assistance or report incidents they perceive as personal affronts. The **Psychosocial Risk Prevention Protocol** (Harassment Protocol) expands beyond the types of discrimination stipulated by current legislation, stating: "Discriminatory treatment refers to unfavourable treatment of an employee or group based on marital status, family situation, birth, ethnic origin, age, sex, sexual orientation, gender identity and expression, religious or political beliefs, or any other personal or social condition or circumstance. Such actions aim to isolate or mock an individual due to a distinguishing personal trait or situation."

The Group has a tailored procedure for addressing these complaints that, as well as enhancing legal timelines, accelerate processes offering greater assurance to affected employees for the complaint to be promptly resolved.

The Group maintains a **Diversity Advisory Committee** tasked with driving internal actions and campaigns to heighten staff awareness. This committee spearheads efforts to promote **diversity, equality, and human rights** through targeted **awareness-raising** campaigns.

Línea Directa supports this with its 'Sin Límites' (Without Limits) program, designed to foster inclusion for people with disabilities, and the '**Plan Tú Sumas**' (You Add Up Plan) initiative, which extends support to employees' relatives. These programs enhance workplace inclusion, address disability-related needs, and provide assistance with necessary procedures through dedicated staff.

Human Rights Policy and commitments

Línea Directa Aseguradora, a member of the Spanish Network of the United Nations Global Compact, pledges to integrate the UN Guiding Principles on Business and Human Rights into its operations. Accordingly, the Group has established a Human Rights Policy, endorsed by the Board of Directors, which applies to all subsidiaries within the Group.

In this respect, it undertakes to respect internationally recognised human rights as set out in the UN International Bill of Human Rights., the ILO Declaration on Fundamental Principles and Rights at Work, as well as its core conventions (including freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation), and the OECD Guidelines for Multinational Enterprises and the European Convention on Human Rights.

The Policy is intended to serve as a guide in protecting and respecting these rights, preventing their violation and reflecting the Group's commitment to international, local and industry standards, such as the UN Principles for Responsible Investment and the UN Principles for Sustainable Insurance. The Policy outlines the measures taken to safeguard human rights within its operations, setting forth principles and guidelines to identify, prevent, mitigate, and address any potential adverse effects. Additionally, the Policy details Línea Directa’s commitments across its roles: as an insurer in its operations, as an employer to its workforce, as a business partner to suppliers and collaborators, and as an investor.

As an employer, the Group pledges to protect the human rights of its employees while fostering fair, favourable working conditions and upholding non-discrimination principles. The Human Rights Policy emphasises that Línea Directa’s commitments, people management strategy, and talent selection and development policies are grounded in respect for diversity, equal opportunities, merit-based advancement, and non-discrimination.

In terms of the supply chain, the Group relies mainly on domestic suppliers, which allows for better understanding of their human rights practises while supporting local development. As part of the supplier approval process, suppliers must accept the Supplier Code of Conduct, which includes several sections on respect for human rights and labour legislation.

The Group provides an Ethics Channel that allows its employees and Stakeholders to report potential violations of the commitments outlined in the Human Rights Policy, either confidentially or anonymously, without fear of retaliation.

In 2023, Línea Directa conducted its inaugural Due Diligence exercise, aligning with ESG impact management practices and complying with legal obligations. This process incorporated international frameworks, many of which are also reflected in the Group’s Human Rights Policy.

Línea Directa’s Human Rights Policy and its Due Diligence exercise embody international principles aimed at combating child labour, human trafficking, and forced labour, despite these issues not being directly relevant to the insurance company’s scope of operations.

The due diligence process encompasses measures to address and mitigate any impacts the company’s activities might have on the human rights of its employees and Stakeholders. This involves identifying potential human rights violations, categorised in accordance with the commitments and principles outlined in the Línea Directa Group’s current Human Rights Policy. Línea Directa’s Policy commitments span five key aspects of the Group: its roles as an employer, insurer, investor, collaborator and partner, and its relationship with the environment. The identification of risk events goes hand in hand with the delimitation of actual or potential negative impacts and defines the criteria to be considered in order to undertake their assessment, prioritisation and management.

In terms of governance and oversight of the Human Rights Policy, the Board of Directors holds responsibility for guiding, supervising, and overseeing the policy, as well as the associated strategy and outcomes related to human rights. The Reputation and Sustainability Committee oversees control and monitoring in this domain, tasked with defining or updating the action plan and tracking progress toward established goals.

Ethics Channel Policy

Línea Directa has implemented an Ethics Channel Policy, endorsed by the Board of Directors, which governs the channels, designated personnel, and procedures for managing the Ethics Channel and addressing complaints submitted through it. The Ethics Channel Policy applies universally to all informants, irrespective of their Stakeholder group.

Its purpose is to provide a secure mechanism for anyone to report detected irregularities related to the Code of Ethics or breaches of applicable laws, as well as to seek clarification on its implementation, with appropriate safeguards.

The policy establishes the following core principles of action:

- Confidentiality regarding the informant's identity, any third parties referenced in the report, and the handling and investigation of the information.
- Prohibition of retaliation against informants.
- Adherence to the presumption of innocence and the right to defence for all involved parties.
- Independence, impartiality, and avoidance of conflicts of interest in the management process.
- Efficient and effective handling of all submissions.
- Accessibility.

The policy also outlines the responsibilities of the Ethics Manager, a role designated by the Board of Directors. The Ethics Manager oversees the organisation's Internal Information System, handling the receipt and resolution of inquiries or concerns related to the Code of Ethics, as well as managing, analysing, evaluating, and addressing reports of potential regulatory violations or misconduct.

The policy details the following procedures:

- A communication management process.
- A dedicated procedure for addressing potentially significant irregularities, particularly those of a financial or accounting nature.
- A specific procedure for preventing workplace and sexual harassment.
- A specific procedure for preventing criminal offenses.

Furthermore, it ensures protections such as a guarantee of non-retaliation for informants.

This policy is available to Stakeholders both on the intranet and on the corporate website.

Sustainability Policy

The Línea Directa Group's Sustainability Policy provides a framework for embedding environmental, social, and good governance (ESG) criteria into its strategy and everyday operations. Reflecting its dedication to sustainability, this policy aligns with the Group's internal policies and regulations.

The primary goal of the Sustainability Policy is to establish a responsible management approach that supports sustainable development and generates shared value. The principles outlined in this document apply to all employees, managers, and directors across the companies within the Línea Directa Group, as well as the Línea Directa Foundation, in accordance with applicable regulations. In that regard, the Group also urges its partners and other entities connected to its operations, products, and services to uphold these policy principles. The Group also commits to extending its sustainability principles throughout its value chain, encouraging sustainable practices among its Stakeholders.

The Policy organises its commitments across various Stakeholder groups and key areas:

- Customers and policyholders: Focusing on product and service innovation, transparent communication, high-quality service, and robust data protection.
- Employees: It fosters a culture of respect, equal opportunities, and diversity. It also pledges to ensure stable, quality employment and supporting professional growth through talent management initiatives, including attraction, retention, and promotion. The Group promotes work-life balance through flexible policies and digital disconnection measures, alongside specific protocols to prevent psychosocial risks and workplace harassment. Additionally, it emphasises occupational health and safety, cultivating healthy workplaces and encouraging social responsibility within the organisation.
- Suppliers: Building relationships grounded in ethical and sustainable principles.
- Shareholders: Ensuring transparency and fostering long-term value creation.
- Environment: It fosters a culture of respect, equal opportunities, and diversity. It also pledges to ensure stable, quality employment and supporting professional growth through talent management initiatives, including attraction, retention, and promotion. The Group promotes work-life balance through flexible policies and digital disconnection measures, alongside specific protocols to prevent psychosocial risks and workplace harassment. Additionally, it emphasises occupational health and safety, cultivating healthy workplaces and encouraging social responsibility within the organisation.
- Society: Supporting social initiatives and demonstrating commitment to the community.
- Good governance: Upholding regulatory compliance, business ethics, and transparency.
- Responsible investment: Incorporating ESG criteria into financial decision-making.

The Board of Directors approves the Línea Directa Group Sustainability Policy and bears ultimate responsibility for its oversight. The policy is reinforced by strategic sustainability plans and various internal policies and procedures approved within the Group. The Línea Directa Group Sustainability Committee, via the Sustainability Department, reports at least annually to the Appointments, Remuneration and Corporate Governance Committee on progress related to the Sustainability Plan and adherence to ESG indicators.

Given its broad scope, the policy addresses all material impacts, risks, and opportunities (ORIs) concerning the company's workforce. These ORIs, consistent with the policy, encompass job stability, employee well-being and work-life balance, diversity, equity, and inclusion, talent attraction and retention, and training and professional development.

Prevention, Safety, Health and Well-being Policy

For Línea Directa, initiatives focused on safeguarding health, preventing illness, and enhancing well-being are essential to its role as a responsible company toward both society and its employees. As such, one of the main objectives of people management in Línea Directa Group is to ensure the safety and health of employees. Línea Directa has joined the Luxembourg Declaration, promoted by the European Network for Workplace Health Promotion since 2017, in which it commits itself to accepting and implementing the basic objectives of workplace health promotion and to aligning its strategies with the principles of this declaration.

Línea Directa also has a Well-being Program that is based on the principles of the International Labour Organisation (ILO) and complies with European Union (EU) recommendations on health and safety at work.

To this end, the Group has established a Prevention, Safety, Health and Well-being Policy, alongside a workplace accident prevention management system. These reflect its strong commitment in this domain and provide a framework applicable to all employees, managers, and directors across the organisation's companies. Línea Directa's dedication stems from its Management and Governing Bodies, demonstrating active engagement in continuously improving working conditions and employee well-being.

The policy adheres to legal obligations and is informed by internationally recognised best practices, including guidelines such as the International Labour Organization's Convention 155 on safety and health (1981) and the Luxembourg Declaration.

In 2024, Línea Directa reaffirmed its commitments under the Occupational Risk Prevention and Well-being Policy, which include regularly assessing working conditions, replacing hazardous elements with safer options, identifying internal and external factors that could impact employee health and safety, and ensuring appropriate medical oversight while respecting privacy. The policy also emphasises tailoring working conditions to individual employee needs, providing ongoing training and awareness programs, promoting physical and emotional well-being, and maintaining emergency response teams with annual drills. The assessment of risks and hazards in the work environment is deemed crucial for the design of risk control activities and the management of the prevention system.

Furthermore, the policy outlines specific goals, such as setting measurable targets to enhance occupational safety by addressing indicators like incidence, frequency, and severity rates, as well as the number and duration of sick leaves. Additional objectives focus on safeguarding employee health through medical checkups and wellness initiatives, delivering occupational risk prevention training, developing emergency preparedness plans, ensuring employee participation and consultation in preventive management, and establishing Coordination of Business Activities (CAE) for occupational risk prevention with suppliers at Línea Directa's workplaces. Suppliers are required to adhere to the Group's established standards.

These principles apply universally to all employees, managers, and directors across the organisation's companies.

The Group is equipped with the necessary resources to support and advise the company in the adoption of the relevant preventive measures. The Group takes charge, with its own resources, of the preventive specialities of Occupational Safety, Occupational Hygiene and Ergonomics and Applied Psychosociology provided for in the specific regulations on the prevention of occupational risks, through a senior technician who holds the post of head of Occupational Risk Prevention at Línea Directa. The preventive speciality of Health Surveillance is contracted out to an external prevention service. The in-house prevention service assumes responsibility for maintaining appropriate coordination with the external prevention service and with the external specialist advisors who may be commissioned to implement specific prevention measures.

To oversee compliance and enforcement of this policy, Línea Directa maintains its own Prevention Service, tasked with prioritising and crafting action plans, executing preventive measures, and consistently tracking progress toward set objectives. This service also presents recommendations to Management to advance the achievement of these goals.

The Board of Directors is responsible for approving the Prevention, Safety, Health and Well-being Policy, while the Occupational Risk Prevention Service conducts periodic reviews.

The policy contributes to the following material positive impacts for the organisation, linked to prevention, safety, health, well-being, and digital disconnection: Enhanced employee well-being through efforts to promote work-life balance, digital disconnection, social benefits, and healthy habits.

Línea Directa has additional internal policies available to employees, such as the Digital Disconnection Policy and the Remuneration Policy, which are also connected to the Group's material positive impacts.

Digital Disconnection Guidelines

Both Línea Directa Aseguradora and its subsidiary, Línea Directa Asistencia, have established their own Digital Disconnection guidelines and procedures, applicable exclusively to the staff of each company within the Group—whether salaried or non-salaried—while carrying out their roles. An exception is CAR (Advanced Repair Centre), a Group company that, due to its industry, lacks its own specific procedure. Instead, its human resources management and people management guidelines are directed by the parent company through a designated human resources business partner. This individual ensures the principles are conveyed to the management of the workshops in Madrid and Barcelona for dissemination and application across the entire workforce.

As a socially responsible organisation and a certified Family-Responsible Company (EFR), Línea Directa has implemented this internal digital disconnection policy to enhance employees' work-life balance.

This policy expressly recognises the right of employees not to respond to business communications outside working hours, except in cases of legitimate urgency, and team leaders are encouraged to avoid such communications. The Company's newly implemented technological systems feature alerts discouraging the sending of communications outside working hours. The Group also strives to align employees' schedules to support a balance between personal and professional life, aided by innovative work practices, particularly collaborative methods that enable real-time task completion without requiring physical co-presence.

To further encourage best practices in this area, Línea Directa promotes responsible time management and organisation among employees and managers through training and awareness initiatives, utilising tools such as @prende, LinkedIn Learning, and others to engage Stakeholders.

The Labour Relations team at Línea Directa oversees and authors this internal policy.

Remuneration Policy

The Group's Remuneration Policy aims primarily to align employee compensation with the organisation's interests by reinforcing its corporate values and culture. In that regard, the remuneration system is designed to foster long-term profitability and sustainability, reward behaviours and attitudes that reflect the Group's culture and values, and include safeguards to prevent excessive risk-taking or the rewarding of poor performance.

Additionally, it establishes guiding principles to ensure that remuneration supports growth and generates long-term value for Stakeholders. These principles include fairness, external competitiveness, equity, sustainability, flexibility, equality and diversity, and transparency with employees about their compensation terms, among others.

The Board of Directors holds responsibility for approving the Policy, while the organisation's dedicated Appointments, Remuneration and Corporate Governance Committee also exercises authority in this domain. The Committee provides an annual report to the Board regarding the remuneration of Línea Directa's management team and oversees its adherence to the policy. Additional oversight involves the Monitoring Committee, the People, Communication and Sustainability Department, the Corporate Risks Department, and the General Secretariat Department, all of which contribute to remuneration-related matters.

The entire workforce has access to the Company's Remuneration Policy, which is published on the 'Employee Portal,' offering comprehensive details about Línea Directa's compensation and benefits strategy. Furthermore, the sectoral Collective Bargaining Agreement governing Línea Directa, which dictates much of the fixed remuneration structure, is a public document and readily accessible to employees.

The following positive material impact for the organisation is associated with the topic of remuneration: Greater job stability for employees, supported by fair working conditions, competitive wages, and the Company's focus on permanent employment.

Notable updates to corporate policies

During the period under review, certain corporate policies reached their expiration, necessitating submission to the Board of Directors for review and approval of their renewal. In this context, the Talent, Diversity, and Inclusion Policy, along with the Equality and Non-Discrimination Policy, were evaluated during the October 2024 session. While no major revisions were introduced, adjustments were made to align expiration dates with internal processes and to address minor terminology updates. Specifically, the Talent Policy was updated to comply with Spanish equality regulations and European pay transparency standards. Deeming these changes minor, no broad announcement was made to employees, though the updated policies were made available on the Employee Portal following its renewal.

S1-2. Processes for engaging with own workers and workers' representatives about impacts

Engagement with employees and workers' representatives

Línea Directa Aseguradora has implemented several mechanisms to foster collaboration with its employees and their representatives, promoting transparent and effective communication about the positive, negative, actual, and potential impacts that may affect them.

This input is taken into account in decision-making processes aimed at addressing these matters. The Group holds a certification from the Más Familia Foundation (EFR) under the Ed.5 1001 standard, recognising it as one of the Spanish companies with a people management model rooted in active listening and work-life balance, in line with the standard's requirements.

Internal and external communication channels

The Group has established dedicated communication channels for both its employees and external parties, such as the **Más Familia Foundation**. These channels enable employees to engage not only with the Company's representatives of the work-life balance management model (focused on listening) but also with the Foundation's staff regarding any violations of this model's practices. Accessible to all employees via the Employee Portal, these channels guarantee confidentiality and remain available at all times. Specifically, two channels linked to the **EFR Foundation** are provided: one directed to the Company's EFR manager and the other to the Foundation itself. The handling of communications through these channels is governed by Rule 1001 of the work-life balance management model. Additionally, these channels are subject to third-party audits within the timelines set by this rule.

On another note, and by way of example, one mandatory **EFR measure** requires the Company to communicate '**job stability**' to employees, which involves publishing permanent contract rates as proof of its commitment to stable employment—a key material positive impact identified by the Group. All details related to the EFR management model, which Línea Directa follows, are publicly accessible to employees via the '**Employee Portal**.'

Periodic collaboration mechanisms

Línea Directa employs a range of tools to engage and communicate with its employees, including biannual '**Employee Experience**' surveys, annual departmental opinion polls, and the triennial 'The **Employee Voice**' survey tied to the EFR management model.

The Group ensures ongoing dialogue with employees on topics impacting them, such as fair working conditions and competitive salaries. These issues are addressed through employee climate or experience surveys and regular opinion polls, providing the entire workforce an opportunity to share their views.

The 'Employee Voice' survey specifically gathers feedback on the measures provided by the Company, including 'job security' through the promotion of permanent contracts. It informs both an external audit service, authorised by the Más Familia Foundation, and the Company's People Management team about employees' perceptions of these and other matters. The survey's findings are considered by the external auditor (DNV, in this case) in its certification report. This survey includes an implicit evaluation of both employee satisfaction and the effectiveness of measures in which employees directly participate. The survey process adheres to the EFR standard designed for this purpose.

All employees are encouraged to take part in these surveys, with results communicated to them through email campaigns and focus groups. For the Employee Experience and Voice surveys, Línea Directa forms employee working groups to review results, collect feedback, and generate ideas about the measures provided by the Company. These insights help shape the Group's strategy to address areas needing improvement and track progress, reflecting the high value Línea Directa places on direct employee collaboration. Area managers then share the conclusions and adopted measures with all Group employees.

The Employee Experience Survey process begins with a company-wide announcement from the CEO. The Group has the advice and collaboration of an external supplier to carry out this study, which, in turn, guarantees the absolute confidentiality of the data. Once the results have been collected and analysed, the CEO communicates the general results to the workforce and each manager is obliged to communicate the more specific results to their respective areas. Simultaneously, the People Department organises focus groups with employees from various areas to develop improvement proposals targeting the survey's weakest points. These outcomes and suggestions are shared with Línea Directa's staff.

Additionally, information sessions led by the CEO provide updates on Group results. There is always time for questions from the audience, which are answered directly by the CEO. These meetings take place on a quarterly basis. The year starts with a Kick-off session where the Management team outlines the annual plan. Subsequently, in July, a mid-point meeting involves middle managers and key personnel presenting strategic progress to nearly 300 attendees. Following each meeting, the People Department conducts a survey to assess effectiveness, with results analysed internally to drive continuous improvement.

The People Department and the Communication and Sustainability Department oversee this collaboration, leveraging their teams to connect with various areas and ensure results reach the entire Group.

Employee Channel, Ethics Channel, and personalised support

Línea Directa employees have access to the 'Employee Channel,' a continuously available and universally accessible platform where they can submit concerns, questions, or requests at any time. Managed by the People Care team, which focuses solely on providing employee support and information, this channel ensures prompt attention to issues or directs them to the appropriate resources. Responses to employee inquiries are typically provided within 24 to 48 hours, unless further investigation is needed. The channel's performance and effectiveness are evaluated as part of the risk controls overseen by the Group's Corporate Risk area.

Additionally, employees benefit from LiDiA, an artificial intelligence tool supporting the Human Resources Department and integrated with the Employee Channel, enhancing its human-managed operations.

It's worth noting that all Company employees have undergone training on the Code of Ethics, which outlines the principles guiding the organisation's relationship with its workforce, among other aspects. Along these lines, Línea Directa also provides an Ethics Channel, enabling employees to report violations of the Code of Ethics or any breaches of its principles or legal standards, with appropriate safeguards in place.

To ensure the Ethics Channel operates effectively, it is governed by its own Ethics Channel Policy, approved by the Board of Directors. This policy specifies the channels, designated personnel, and procedures for managing the Channel and handling complaints.

Both the Ethics Channel and its policy are accessible to all employees via the Employee Portal, and to all Stakeholders through the Company website.

Significance of corporate policies and the Diversity Advisory Committee

To address potential impacts on Human Rights or vulnerable personnel, Línea Directa complements the tools mentioned earlier with targeted corporate policies. These policies ensure that the Group's operations do not adversely affect its workforce or particularly at-risk individuals. For this reason, employees have access to the Human Rights Policy, Gender Equality Policy, and Diversity and Inclusion Policy, which outline the principles guiding Línea Directa's relationship with its staff in these areas and the mechanisms available to address any violations.

Additionally, in 2023, Línea Directa established a Diversity Advisory Committee, which began its work in 2024. This committee serves as a forum for employees to foster dialogue with the Group regarding sensitivities and potential impacts of the organisation's activities on vulnerable groups or instances of non-compliance. This Committee comprises members of the Steering Committee, and it reports its activities to the Sustainability Committee.

Beyond the Diversity Advisory Committee, Línea Directa has implemented the 'Sin Límites' (Without Limits) plan to offer support and guidance to employees with disabilities within the organisation.

In that regard, this initiative includes a dedicated staff member to provide guidance and assistance to those who require it. More broadly, the People Department features the People Care department, which focuses on addressing the diverse needs of the Group's employees. This enables the team to handle the variety of daily challenges impacting staff. This department offers support and solutions while upholding the principles and commitments outlined in the corporate policies on Diversity and Inclusion, Gender Equality, and Human Rights.

Trade Union representation and collective bargaining agreements

Within the Group, various trade union sections operate, exercising their rights under the Law on Trade Union Freedom. They have access to notice boards across the organisation's buildings and designated meeting rooms, facilitating interaction with employees who choose to engage with them.

Similarly, all employees of Línea Directa Group are subject to the collective bargaining agreement that applies in each workplace of the companies that make up the Group:

- In Línea Directa Aseguradora, the Insurance and Reinsurance Agreement.
- In Línea Directa Asistencia, the Collective Agreement of Offices.
- In CAR Barcelona, the Barcelona Metalworkers’ Agreement.
- In CAR Madrid: the Madrid Metalworkers' Agreement.

Collaboration with major unions and their sections does not follow a fixed schedule; instead, communication is arranged directly with employees as needed. The human resources manager and the labour relations coordinator are the key contacts for union communications within Línea Directa. These communications take place when one of the parties has an important issue to discuss.

As highlighted throughout this section, the Group prioritises informing and consulting employees to understand their views on working conditions and, where necessary, to develop appropriate action plans.

Collaboration with our own workforce in the context of an environmentally fair transition

As part of its collaboration with its own workforce and representatives to transition toward greener, climate-neutral operations, Línea Directa acknowledges the need to equip its workforce for the ecological shift’s challenges and opportunities. To this end, it prioritises:

Training and skills development:

Through its Talent Policy, Línea Directa fosters the growth and enhancement of its workforce by aligning **training** with the organisation’s **strategic needs**.

Specifically:

- **Talent needs identification**: The Group creates business plans tied to people plans to address its strategic goals. It implements mechanisms to pinpoint capacity needs (knowledge and skills), enabling the development of employees to match organisational demands while also identifying requirements for recruiting external talent.
- **Internal talent promotion and development**: Training and development plans are designed in line with the Group’s strategic priorities, establishing key focus areas for managing and advancing internal talent.

Concerning its **commitment to environmental training**:

The Environmental Management and Climate Change Policy underscores Línea Directa’s dedication to environmental protection, emphasising employee training on environmental issues as a vital component.

In line with this, Línea Directa pledges to adhere to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Climate risk assessments inform the business strategy, influencing the design of new products and services. These assessments address both direct risks from weather-related events and transition risks tied to shifting toward a low-carbon economy, such as regulatory changes.

Given Línea Directa’s business model, no major impacts—such as restructuring, job losses, or extensive retraining—are anticipated. This transition is not expected to result in structural workforce changes for Línea Directa.

S1-3. Processes to remediate negative impacts and channels for own workers to raise concerns

Línea Directa has not detected any significant negative impacts concerning its own workforce. Despite this, and as mentioned in the previous section, Línea Directa provides various channels for employees to voice concerns, allowing the Group to provide effective solutions to employees in the face of the impacts that may emerge.

The primary tool for engagement is the Employee Channel, embedded within the people management platform and accessible to all staff. This channel allows employees to submit inquiries, complaints, or requests, which are promptly handled by the People Care team. Dedicated solely to addressing employee needs, this team upholds confidentiality and ensures responses within 24 to 48 hours. The channel's access is prominently featured and clearly explained on the Employee Portal, making it user-friendly and straightforward to use.

The People Care Team is responsible for addressing employee concerns related to everyday life matters. If they cannot resolve an issue independently, they escalate it to the appropriate department to mitigate any risks or impacts. Depending on the severity or context, the Ethics or Protocol Manager may also step in.

Additionally, external EFR channels are available, allowing employees to submit complaints, suggestions, or reports of breaches concerning work-life balance measures or the Ethics Channel.

Other key internal communication avenues within the Group include climate surveys and opinion polls, which, despite their scheduled frequency, foster ongoing dialogue between the organisation and its employees.

Complaint management mechanisms: Ethics Channel and Harassment Protocol

Línea Directa has established an Ethics Channel enabling employees to report violations of the Code of Ethics, legal breaches, or other risk situations within the company. This channel ensures anonymity and confidentiality for whistleblowers, creating a secure environment where employees can voice concerns without fear of reprisal. This commitment to safeguarding whistleblower rights is reinforced by both the Code of Ethics and the Ethics Channel Policy, which extend to all entities within the Línea Directa Aseguradora Group, including the Línea Directa Foundation, in accordance with applicable regulations.

Given the importance of the Code of Ethics and its associated channel, all Línea Directa employees receive training on the Code upon joining, with regular follow-up sessions and informational activities to reinforce understanding.

The Ethics Manager oversees all submissions received through the channel, handling the analysis, evaluation, and resolution of reported issues.

Annually, the Ethics Manager compiles a report detailing compliance with the Code of Ethics and the communications received via the Ethics Channel, submitting it to the Board of Directors along with any relevant recommendations. The Ethics Manager is also tasked with proposing action plans to address risks arising from non-compliance. Throughout this process, all information is treated with the highest level of confidentiality, safeguarding the whistleblower's identity and case details.

The Ethics Channel is conveniently accessible to employees through both the corporate intranet and the company's website, ensuring ease of use.

Línea Directa has also implemented a Harassment Protocol aimed at preventing and addressing instances of moral or sexual harassment, gender-based harassment, or any form of discriminatory behaviour. This protocol establishes a clear process for reporting and resolving such incidents, underscoring the organisation's dedication to fostering a safe and respectful workplace. Employees can access the protocol via the Employee Portal, where they can review its details and utilise the designated communication channel. The protocol outlines both the procedure and its management, with its effectiveness monitored through the oversight of Línea Directa's Corporate Risk area.

Monitoring and assessing channel knowledge and effectiveness

Línea Directa's communication channels are actively utilised each year by employees, who rely on the organisation to address their concerns and needs.

The Employee Experience survey includes questions designed to gauge employees' trust in the organisation and its systems, particularly regarding their willingness to raise issues—whether minor or significant—as outlined in this section. This forward-thinking approach enables the Group to pinpoint areas for enhancement, ensuring that communication and resolution channels remain effective and accessible to all staff.

S1-4. Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Línea Directa's communication channels are actively utilised each year by employees, who rely on the organisation to address their concerns and needs.

Línea Directa implements a range of policies, programs, plans, and initiatives to manage impacts, reduce potential future risks, and capitalise on opportunities concerning its own workforce. Línea Directa has set a specific objective to measure the effectiveness of its Well-being Program actions, which is elaborated on later in this section. However, it does not assess the effectiveness of the other actions outlined through specific objectives.

The Group maintains a robust internal regulatory framework. The most significant corporate policies, endorsed by the Board of Directors, play a critical role in upholding the commitments made in these domains. Key policies that influence the management of impacts, risks, and opportunities related to personnel include:

- Talent Policy
- Diversity and Inclusion Policy
- Gender Equality Policy
- Human Rights Policy and Due Diligence Procedure
- Health, Prevention, and Well-being Policy
- Remuneration Policy
- Internal recruitment procedure

Drawing from these policies, the Group sets its annual objectives, which originate from senior management (CEO) and filter down through the organisation, encompassing the primary actions planned for the year.

Alongside this, variable remuneration programs tied to objectives—aligned with each program's timeline—further support this effort. These programs enable area managers, particularly those in the People department, to direct their efforts toward mitigating risks and negative impacts, enhancing positive outcomes, and seizing opportunities, thereby aligning the people strategy with the broader business strategy.

In terms of risk management, Línea Directa has implemented an Operational Risk Policy that defines internal control levels for the operations of the Group's companies, including an analysis of workforce-related risks, among other factors. The Operational Risk Policy sets up a monitoring and reporting framework, with updates provided quarterly to the Audit and Compliance Committee.

Material risks are documented in the Risk Map. Additionally, the Group's Internal Audit plays a role in overseeing these processes and actions, particularly those tied to significant risks impacting the workforce.

Additionally, the Company leverages certifications and affiliations that require third-party audits, offering valuable insights into its people management practices. Notable examples include the EFR and Top Employers certifications, which have been detailed in earlier sections. To this end, the Company employs Assurance Procedures, through which the management of these certifications—such as EFR and Top Employers—is subject to review and evaluation concerning people management.

Below, we outline the various measures implemented to amplify identified positive material impacts, mitigate potential material risks, and capitalise on material opportunities. For the 2024 financial year, no significant negative impacts have been identified, and thus no actions have been taken to address or rectify such issues.

Job security.

A key initiative by the company to ensure job security for its employees, yielding a positive organisational impact, involves assessing people management practices via accredited third-party audits. This includes:

- The EFR people management model, which emphasises quality employment measures.
- The evaluation of employer best practices through the Top Employers Institute.

Both processes are overseen by the People Care Department (responsible for Employee Relations). Furthermore, both are conducted annually, and reported to the Steering Committee via the People and Communication Department. Insights gained from these models drive improvements and help mitigate potential risks.

Key initiatives:

- **Flexible working hours** for telephone support staff, which involves offering adjustable schedules and expanding teleworking days. These are one-time actions within the year. Effectiveness is assessed by whether the registered participants' expectations or projections are fulfilled.
- **Extended and flexible holiday program** for all employees. This is an ongoing measure, with its evaluation and effectiveness gauged through the 'Employee Voice' survey referenced earlier.
- **Total Remuneration Program**: A permanent online portal allows employees to view all aspects of their compensation, including emotional remuneration, providing a personalised breakdown for each individual. Through this program and the Remuneration Policy, the company ensures competitive salaries via various elements of total remuneration, such as fixed pay, performance-based variable pay, in-kind benefits, life and accident insurance, and an array of social benefits and perks exclusive to Línea Directa employees. These include a flexible remuneration plan and

discounts on all Group products. This initiative is dynamic, with relevant information regularly updated. Its effectiveness is assessed through the 'Employee Voice' survey, which evaluates the measures provided to staff.

- Prevalence of **permanent contracts** and flexible work options, whereby the company maintains a mix of **full-time** and **part-time** arrangements. This practice is overseen by both the Risk Department and the People Department. It is subject to review during the external EFR audit.
- **Discounts** on **leasing** programs and **insurance** policies. These ongoing employee benefit programs offer lasting value. Their effectiveness and employee satisfaction are assessed through the same evaluation method as other initiatives.
- Discounted employee **share purchase plan**. At least one program is introduced annually, and its impact on employees is measured within the same employee survey framework.

Looking ahead, Línea Directa plans to enhance its employee benefits program for the upcoming period, focusing on improving the employee experience.

Regarding compensation, Línea Directa actively monitors external salary trends by commissioning salary and benchmarking studies to ensure its internal salary policy remains aligned with market standards.

The initiatives outlined in this section apply to all company employees and are implemented on an annual basis. The **Quality in Employment** program, linked to the EFR people management model, promotes a workplace at Línea Directa where employees enjoy working conditions that surpass legal minimums, offering a range of beneficial enhancements. In this regard, no significant risks related to impactful issues have been identified in this regard; any potential concerns are addressed by the corporate policies on remuneration, talent, and human rights.

For the upcoming financial year, the Company intends to maintain these measures, with the exception of the one-time extraordinary payment, which was introduced to offset a period of high inflation and rising living costs in the country.

Ultimately, these efforts to ensure job stability aim to foster a culture where employees can build their professional careers within the Company and thrive in a supportive, well-rounded work environment.

Well-being and work-life balance.

Regarding the positive material impact tied to well-being and work-life balance, Línea Directa has implemented a Corporate Health, Safety, and Well-being Policy. A core principle of this policy is the organisation's dedication to supporting optimal employee well-being through benefits, perks, well-being programs, and work-life balance initiatives provided by the Company.

To this end, annual Health and Well-being programs are conducted, and a comprehensive set of work-life balance measures—beyond legal requirements—is maintained and made accessible to employees.

Key initiatives:

All initiatives within the Well-being and Health Program are designed with a yearly scope. Their effectiveness is gauged by employee participation rates. These efforts contribute to the Group's Sustainability Plan and influence the ILP programs.

- The **Well-being and Health Program** includes targeted actions that positively impact physical, emotional, and financial well-being, as well as health prevention. Notable activities include ‘Health Week,’ held around World Health Day, featuring training sessions, solidarity events, and activities focused on nutrition and emotional awareness. Other offerings include in-office vaccination campaigns, healthy challenges, and regular participation in races and tournaments.

- All employees have access to **free online medical support** through the Línea Directa medical service, which also provides basic psychological counselling.

- The program further offers **webinars and awareness sessions** on **health and well-being** topics, such as emotional wellbeing (e.g., mindfulness sessions) and health prevention (e.g., talks on early stroke detection and response), which have seen strong employee engagement.

- As part of the Well-being Program, Línea Directa collaborates with Bankinter to address **financial well-being**, providing employees with high-quality information and advice through accessible content. In that regard, participation in these sessions has been tracked, revealing significant employee interest. This year’s focus has primarily been on savings management and guidance for securing and managing mortgages.

- **Internal Digital Disconnection Policy**

- **Benefits Program** (Total Remuneration)

- **Flexible working** procedure (Flexiwork): All Company employees are granted six days of remote work per month. This policy is openly available to the entire workforce via the Employee Portal. At the same time, employees have digital tools that allow them to manage these days of working from home together with their manager in order to preserve the organisational harmony of the work teams. This measure was introduced post-pandemic, and applies universally across Línea Directa. It is evaluated through the ‘Employee Voice’ survey.

- **Paid leave** beyond collective bargaining agreement: Línea Directa offers its employees additional leave that allows them to take paid time off work to attend to various family-related matters. This includes an hour bank for **caring for dependent relatives** (parents or children), six days per year (usable as half days) to **accompany family members** during **chemotherapy or radiotherapy** sessions, and leave to accompany first-degree relatives to sedation-requiring **diagnostic tests**.

- **Maternity/Paternity leave and breastfeeding enhancements**: Employees receive 16 weeks of paid parental leave and an additional 15 working days for breastfeeding, as mandated by Royal Decree-Law 6/2019 of March. The company supplements the salary of its employees during this type of leave by paying the difference between the benefit the employee receives from social security and the full salary, so employees receive the same salary as if they were working. In addition, Línea Directa offers 5 days of breastfeeding leave within 12 months of returning to work, instead of the 9 months after the birth of the child required by law. With this measure, the company encourages the use of this leave and gives employees greater flexibility in accessing it.

These leave options represent enhancements beyond standard regulations, provided by the Company for its employees. They are all detailed on the Employee Portal for easy reference. Additionally, the Person Care Department remains available to assist employees with any further information or clarification they may need.

The 2023–2025 Sustainability Plan features the goal of ‘Positively impacting employee health and well-being through initiatives focused on physical activity, nutrition, emotional well-being, and financial well-being,' with a three-year target of achieving **25% workforce** participation between 2023 and 2025. The effectiveness of these initiatives is assessed through annual monitoring.

This objective aligns with the principles of the **Prevention, Health, and Well-being Policy** and the Talent Policy, reflecting the organisation's commitment to fostering well-being and healthy habits among all employees (both salaried and non-salaried) to create a positive impact.

To meet this objective, the Group incorporated it into its Sustainability Plan, ensuring oversight and review by the plan's various governance levels, with the Board of Directors as the highest authority. An initial quantitative target was established to measure the impact of these actions on employees, aiming for participation from at least 25% of the workforce across all activities conducted annually. Notably, the Well-being and Health plans are structured on an annual basis, encompassing a series of actions within a single financial year.

The People Care department, responsible for driving Well-being initiatives, tracks progress using the Employee Portal's internal tool. This platform enables event creation, employee registration, and participation tracking, providing the necessary data to assess engagement. The results are reported to the Sustainability Committee for review and included in the broader evaluation of the Sustainability Plan submitted to the Board of Directors.

In 2023 and 2024, Línea Directa piloted occasional surveys for online activities. These were conducted on a selective basis to assess a system targeting two key areas:

- The impact of the initiatives and employee satisfaction.
- This communication channel aimed to engage employees in shaping actions to meet established objectives.

Following successful trials, a brief survey will be introduced for each activity starting in 2025.

Looking ahead, the next period includes: the 2025 Health and Well-being Program, emphasising emotional health; the 2025 Absenteeism Control Plan, approached through People Care with scorecard monitoring; recertification in the **EFR management model at a B+ level**; and retention of the **Top Employers** certification with compliance exceeding 90%.

All outlined initiatives are accessible to every employee, with details available through individual channels (such as the Intranet) and corporate communication platforms.

Actions relating to employee welfare are supervised and audited by the EFR model and the Top Employers good practice audit. These two audits also form part of the Company's assurance map. This system generates findings that facilitate corrective actions to address risks tied to Well-being action plans.

Through these efforts, the Company seeks to enhance employees' overall well-being, embedding it as a core element of its organisational culture.

Diversity and inclusion

The primary goal of these initiatives is to celebrate Diversity in all its forms within the Company's workforce, ensuring every individual feels included and valued for their uniqueness. All Diversity-focused actions are incorporated into an annual action plan, blending ongoing efforts with targeted initiatives specific to the year. The success of these plans and actions is partly evaluated through the 'Employee Voice' survey, as well as through Diversity and Inclusion-related questions featured in the employee experience survey.

Key initiatives:

The Group has established two key strategies to leverage the material opportunity tied to diversity and inclusion:

- An awareness campaign for the workforce on diversity and equality in the light of the **UN Global Compact** and the **European Diversity Charter**. It involves distributing awareness-raising capsules to the workforce crafted by the Global Compact.
- Inclusion and Awareness Program for Functional Diversity, collaborating with the Randstad Foundation and other social organisations.
  - **Plan Tú Sumas (You Add Up Plan)** and **Sin Límites (Without Limits)**
  - Integration and awareness efforts with APROCOR
  - Targeted campaigns and actions to enhance awareness

These initiatives are designed with either annual or ongoing timelines, depending on the specific action. Measures like the Plan Tú Sumas are assessed through the Employee Voice survey. For other actions, which are still growing in scope, no dedicated effectiveness measurement systems have been established yet, aside from the broader insights drawn from diversity-related questions in the employee experience survey.

Looking ahead to the next period, plans include advancing the Diversity Advisory Committee, renewing the UN Global Compact commitment, and reaffirming the European Diversity Charter commitment.

These efforts target the entire workforce. Specifically, initiatives aimed at including **individuals with functional diversity are driven by the Company's volunteer group**, 'Los Conmovedores.' To promote awareness of diversity, equity, human rights, and equality, among other topics, the Company has established a Diversity Advisory Committee. This body is designed to identify and mitigate potential risks in these areas.

During this period, it became evident that awareness campaigns, once launched, risk fading from memory or failing to reach their intended audience. To counter this challenge, the Diversity Advisory Committee will focus on overseeing and utilising various channels to enhance the distribution and penetration of diversity-related information. Additionally, the Company participates in industry networks such as RED EWI, MásHumano, and Eje&Com, which amplify these efforts both within the organisation and externally.

Moving forward, the Company will advance these priorities through the Diversity Advisory Committee, now formally established with the backing of Senior Management. This committee will operate cross-functionally within the Sustainability Working Group.

Moreover, reflecting the Company's strong commitment to disability inclusion, all Línea Directa Group **workplaces** are fully **accessible**. In addition, the company works on communication and awareness about disability, both internally and externally. In the prior year, 2023, the accessibility of the corporate website was addressed to ensure access for all users.

Through these initiatives, the Group aims to embed diversity into its organisational culture, ensuring all employees feel respected and fairly treated, as outlined in the Diversity and Inclusion Policy.

Attraction and loyalty of talent

Concerning talent attraction and development, the Group recognises a significant positive impact on satisfaction of its own workforce stemming from skill enhancement, knowledge growth, internal promotion opportunities, and the ability to draw in talent due to its reputation as an exemplary employer. However, the Group also encounters the challenge of attracting and retaining skilled professionals in a competitive landscape, a difficulty tied to its reliance on human capital for operational success.

To address these dynamics, Línea Directa has introduced measures to strengthen its employer brand and increase visibility within targeted talent pools, while also focusing on identifying and nurturing internal potential. This includes exploring a Succession Plan and offering various training and upskilling programs to ensure the workforce remains aligned with market needs.

Regarding talent attraction:

- Certifications and reputational indexes: Top Employers and MERCO Talento. Línea Directa annually secures certifications.
- Employer branding campaign: External communication. An annual plan is developed.
- Partnerships with key training institutions: business schools. Ongoing work.
- Referral program. Continuous initiative. Benefits to Company employees.

Concerning professional development:

- Pinpointing potential.
- Development/Training program for potentials: The Customer Journey and 360 Sales Program.
- DARWIN Program for middle managers

As regards training development:

- Strategic training program for new products and multi-branch.
- Program for supervisors based on the customer experience.
- Skills training: LinkedIn Learning (Learners).
- Training for IT teams in artificial intelligence (AI).
- Implementation of Copilot (AI in B365 Microsoft Office).
- Regulatory and Sustainability Plan:
    - Alignment of the Three Lines of Defence: Enhancing internal control and risk management processes.
    - CSRD (Corporate Sustainability Reporting Directive): Preparing for compliance with cutting-edge sustainability reporting standards.
    - DORA (Digital Operational Resilience Act): Equipping teams to comprehend and implement new European regulations on digital operational resilience in the financial sector.
    - Occupational Risk Prevention: Maintaining a safe and healthy workplace environment.

Línea Directa views employee training as a key strategy to mitigate the potential impacts of transitioning to greener, climate-neutral operations.

The actions outlined above vary in scope, targeting specific groups rather than the entire workforce. Each initiative operates on distinct timelines, depending on whether it involves a development or training program or addresses training tied to new regulations. Regardless, the Company conducts annual planning to define the reach of these actions. By focusing on specific groups, Línea Directa strengthens strategic business areas. The employees involved—selected based on their roles, training, and expertise—work in critical domains like AI, which subsequently benefits the entire organisation at different levels and in diverse ways. This targeted approach aligns with the Company's business strategy for the current year.

Línea Directa's employer brand has demonstrated significant strength. This is evidenced by Línea Directa's consistent rise in the MERCO reputational monitor, gaining positions annually. This, combined with the robustness of the brand, creates opportunities to attract essential external talent.

Employee development and training also serve as primary strategies to counteract the risk of 'talent drain.' Programs for identifying potential, group-specific training, and structured formal education collectively form a framework that reduces workforce-related risks in this area.

Sustaining these initiatives each financial year is deemed essential, given the critical importance of continuously identifying and training strategic talent.

Ultimately, this fosters a development-focused culture where employees can progress in their professional careers within the organisation.

Resources dedicated to managing material impacts

The Group maintains specialised teams tasked with devising measures to address material impacts, alongside identified opportunities and risks. The People and Communication area bears primary responsibility for these efforts, working in partnership with other departments as needed, depending on the specific issue at hand, to develop these actions and introduce new initiatives.

Línea Directa commits both human and financial resources to this purpose. The Group views effective impact management as a pathway to unlocking new opportunities. A prime example is the Health and Well-being Program, which serves as a framework for implementing various workforce well-being initiatives. Given its significance and direct relevance to employees, this program is overseen by the People Care team, consisting of three members (a Coordinator and two technicians). To develop the program, an annual budget is assigned to fund its activities. This covers expenses such as those tied to the EFR model management, as well as membership fees for the Global Compact, Top Employers, and the Diversity Charter, among other costs.

Through its commitments and the actions outlined and implemented, Línea Directa strives to ensure that its practices neither cause nor contribute to negative impacts on its own workforce.

Specific financial resources allocated are as follows:

- 2024 (Current): € 39,067 designated for Well-being and Health and Social Action.
- 2025 (Projected): € 70,000 earmarked for Well-being and Health, Diversity, and Social Action.

It should be taken into account that these funds are part of the broader budget assigned to the People, Communication, and Sustainability areas within the Group's financial statements.

Metrics and targets

S1-5. Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Each year, Línea Directa defines strategic business and personal objectives alongside those tied to variable remuneration, using both as mechanisms to drive the organisation's overarching goals and the specific targets of each area. These objectives are shared individually and disseminated in a cascading fashion, ensuring widespread awareness and understanding across the workforce.

The processes of communication with the workforce in which the strategic objectives are established occur through different processes:

- **Objective setting by the CEO** and establishment and cascading communication of objectives to the entire workforce through performance management. This is an annual process, beginning in January/February. The aim is to unite the Group under a cohesive set of goals aligned with the business strategy set by the Steering Committee for the year. This mandatory system applies to all salaried employees across the Group.

  Additionally, all managers and their teams participate in this process. The system operates through a dedicated tool (People Soft), which manages the entire Performance and Objectives framework. During the objective-setting and communication phase, the People Development, Communication, and Sustainability department oversees the process to ensure that every employee's objectives align with those set by the Group's CEO. The Group allocates significant resources—primarily human resources—to this effort, involving both the employees who define the objectives and those tasked with ensuring compliance. This oversight is typically handled by three members of the People Department (a Development Coordinator and two technicians).

  The effectiveness of this process is primarily assessed at the end of the financial year when the CEO evaluates the attainment of the established objectives. It is worth noting that this process triggers other critical activities for salaried employees within the Group, such as merit-based salary reviews and the influence of their manager's assessment on their personal development. In essence, it is a vital procedure aimed at achieving a core organisational goal: meeting the set objectives and executing the business strategy outlined for the financial year.

- **Kick-off**: A communication from senior management to managers outlining the annual business and people strategy. The purpose of this initiative is to ensure alignment of the leadership team with the business strategy principles for the current financial year. Both internal and external resources are utilised to enable all Group managers to align with area directors on the year's strategic objectives. The Internal Communication department plays a key role in organising this effort. The action's effectiveness is evaluated through a targeted survey, allowing the Communication Department to assess how well it achieves its goal of strategically aligning the workforce.

- **Quarterly Sessions with the CEO**: These meetings allow managers and technicians to review the organisation's Business and People results. Held every quarter to align with the release of the company's results (a mandate for listed companies), this practice promotes transparency. Just as the company reports to institutions and the media, employees receive this information directly. Like the previous action, internal resources are utilised for these sessions. Together with the Group's CEO, the Internal Communication department works and uses internal resources (rooms, buildings, etc.). Similarly, their effectiveness is assessed via a dedicated satisfaction survey.

- **Mid-Point**: A gathering of managers and senior management to review the progress and oversight of key strategic projects. This communication and transparency initiative mirrors the philosophy of the Kick-off. The sole distinction in these cases is that Middle Managers take the lead in presenting updates on major projects they are handling. These projects stem from the strategic objectives established by the CEO at the year's start, shared with the broader leadership team. The event leverages both internal and external resources, and its effectiveness and alignment with its goals are evaluated through a survey distributed to all participants.

While there is no formal partnership with workers' representatives for setting, tracking, or refining objectives, interactions occur within a framework of positive and cooperative dialogue.

The quarterly information sessions, combined with the dedicated Kick-off and Mid-point strategy meetings, enable the tracking of objective progress and the actions tied to their development and achievement.

The objectives are shaped by ongoing dialogue with the workforce, facilitated through various feedback channels:

- Employee Experience Survey: Conducted every two years.
- Focus Groups: Linked to survey outcomes.
- Opinion Polls: Tied to periods of change or specific areas.
- Communication surveys issued after sessions with the CEO.
- 'Employee Voice' Survey connected to the EFR model / Focus group.
- MERCO reputational monitor employee survey.

The Employee Experience Survey results, along with insights gained and planned improvements, are shared directly with the workforce. For all other channels, managers lead the cascading communication of results, objectives, and identified enhancements.

The objectives set to address material impacts, risks, and opportunities concerning the workforce, based on the references above, can be categorised and evaluated as follows:

- **EFR Management Model**: Maintain certification with a proactive B+ rating.
  - Annual implementation with triennial recertification.
  - Goals: Uphold the proactive B+ standards defined by the EFR model.
  - Annual monitoring.
  - Employee Benefit: The Company seeks to provide a development-focused environment and culture, enabling employees to thrive under a management model that promotes well-being through measures spanning various dimensions.
- **Top Employers**: Maintain certification with compliance > 90%.
  - Annual execution period (standardised by the certification).
  - Goals: to keep the Company at the forefront of good practices in people management.
  - Monitoring: annual, as defined by the certification.

- Benefit for employees: to have a certification that guarantees the people management practices that directly affect their day-to-day work and from which they benefit in one way or another as a guarantee of their quality.

- **MERCO Talento**: Enhance reputation standings compared to the previous year.
  - Annual execution period (standardised by the certification).
  - Goals: Position the Company as a leader in reputation, recognised as an ideal environment for talent development.
  - Monitoring: annual, as defined by the certification.
  - Employee Benefit: This metric assesses the Company's reputation, incorporating employee perceptions, thereby empowering them to contribute to and shape this outcome.
- **Execution of commitments** acquired in the **Diversity and Inclusion Policy**.
  - Launch of the Diversity Advisory Committee.
  - Annual action plan, focused on the Diversity, Equality, and Inclusion impact.
  - Achieve 80% compliance with the action plan.
  - Annual implementation and monitoring, with a six-month review checkpoint.
  - Goals: Fulfil the Diversity and Inclusion Policy's principles through initiatives outlined in the forthcoming Diversity Plan.
  - Employee Benefit: Employees are encouraged to contribute to designing these actions and shaping their impact on the Company's workforce.
- **Execution of commitments** acquired in the **Talent Policy**.
  - Training and Development Programs by group.
  - Customised training designed to meet the unique needs of each group.
  - Objective: Deliver training to over 90% of the workforce.
  - Annual implementation with semiannual progress reviews.
  - Goals: Enhance workforce development and talent management to support employee wellbeing and ensure efficient business operations.
- **Execution of commitments** acquired in the **Health, Safety, and Well-being Policy.**
  - Well-being Program.
  - Objective: Achieve participation from over 27% of the workforce in related activities.
  - Timeline: An annual plan reviewed at the financial year's end. There is a mid-point check to assess progress toward the (absolute) quantitative target, as it aligns with the Sustainability Plan's goals.
  - Goals: As outlined earlier in this chapter, the Well-being Program seeks to foster a culture of well-being within the Company, enhancing employees' health. In this regard, these efforts improve quality of life across multiple dimensions, including physical health, emotional well-being, financial stability, and more.

The Group communicates these objectives through comprehensive reports distributed across the organisation, detailing the outcomes of various workplace climate surveys. Línea Directa aligns its goals with a variable remuneration framework (monthly, quarterly, and annual), complemented by long-term incentives, ensuring organisational cohesion in pursuing these targets. Similarly, performance objectives are established by the CEO and cascade down through all areas of the organisation.

This structure unites and aligns the workforce, supporting the fulfilment of set goals, which encompass actions to address risks and capitalise on material opportunities for the Group's own workforce.

S1-6. Characteristics of the undertaking's employees

Línea Directa defines employees as individuals with an active employment contract with the company, excluding those under training or work experience agreements (e.g., interns).

Country	Number of employees (head count)
Spain	2,433.2
Portugal*	0.0

*No actual operation in Portugal.

Gender	Number of employees (head count)
Male	1,021.8
Female	1,411.3
Other	0.0
Not reported	0.0
Total employees	2,433.2

2024				
Female	Male	Other	Not reported	Total
Number of employees (head count)				
1,411.3	1,021.8	0.0	0.0	2,433.2
Number of permanent employees (head count)				
1,409.7	1,021.4	0.0	0.0	2,431.1
Number of temporary employees (head count)				
1.7	0.4	0.0	0.0	2.1
Number of non-guaranteed hours employees (head count)				
0.0	0.0	0.0	0.0	0.0
Number of full-time employees (head count)				
645.6	677.3	0.0	0.0	1,322.8
Number of part-time employees (head count)				
765.8	344.6	0.0	0.0	1,110.3

*Gender as specified by the employees themselves

Details on the number of salaried employees are available in Note 21.B) of the financial statements.

Temporary contracts account for less than 1% of the workforce (0.086%). There are no employees with non-guaranteed hours within the Línea Directa Group.

	Female	Male	Total
No. people who have left the company	169	156	325
No. average people year	1,411.30	1,021.80	2,433.20
Turnover Rate	12.0%	15.3%	13.4%

The turnover rate is determined by dividing the number of individuals who permanently left the company during the reference period by the average number of employees over the year.

S1-7. Characteristics of non-employee workers in the undertaking's own workforce

Línea Directa classifies non-salaried personnel as individuals engaged through temporary employment agencies (ETT) and interns, the latter being those connected via agreements with universities or educational institutions.

Data on non-salaried personnel are presented as the average number of individuals throughout the reference period, all based in Spain.

Type of non-salaried employees	No. of people - Average
ETT (temp)	73.3
Interns	30.7
Total	104.0

S1-9. Diversity metrics

In order to understand the gender diversity among senior managers and the age distribution of the Company's salaried employees, the following data is presented:

	Female	Male
Senior Management	7.0	6.0
% Senior Management	53.8%	46.2%

No. of people by age - Average	Female	Male	Total
1. < 30	154.6	131.0	285.6
2. >=30 AND <50	878.5	671.8	1,550.3
3. >=50	378.3	219.1	597.3
Total	**1,411.3**	**1,021.8**	**2,433.2**

S1-10. Adequate wages

Pursuant to the Workers' Statute article on the Minimum Interprofessional Wage, 100% of Línea Directa's salaried staff earn above the Minimum Interprofessional Wage (SMI), ensuring fair compensation. The sole exception applies to interns, whose pay aligns with the terms outlined in their internship agreements.

S1-11. Social protection

100% of the own workforce is covered by Social Security.

S1-12. Persons with disabilities

For calculation purposes, employees with a disability certificate from the relevant authority are classified as persons with disabilities. It has been weighted by the time that these people have had an active contract.

To illustrate the inclusion of people with disabilities within the Company's workforce, the following data is provided:

	2024		
	Male	Female	Total
Average disabled employees	18.0	20.4	38.4
Average headcount	1,021.8	1,411.3	2,433.2
% Employees	1.8%	1.4%	1.6%

S1-13 Training and skills development metrics

At Línea Directa, employee training and skills development are cornerstone elements in meeting the annual strategic objectives. In 2024, these objectives centre on five key pillars: growth, customer focus, digitalisation, efficiency, and innovation. Guided by these priorities, training programs are crafted and implemented to align with the company's strategic direction, equipping employees to tackle business challenges effectively.

The training programs encompass a blend of technical expertise, digital proficiencies, and interpersonal skills, all critical for enhancing customer experience, driving innovation in processes and products, boosting operational efficiency, and advancing digital transformation. Additionally, a strong emphasis is placed on leadership development and ongoing learning, empowering every employee to play a vital role in the organisation's sustainable growth.

This strategic emphasis on training underscores Línea Directa's dedication to its workforce while enhancing their capacity to adapt and excel in a fast-paced, competitive business landscape.

In 2024, Línea Directa introduced several strategic shifts to establish itself as a multi-branch company centred on customer experience. Throughout these changes, employees receive the support needed to prepare for their roles and adjust to new circumstances.

Key training initiatives in the period included:

- Motor and Home recovery team preparation: Tailored programs were crafted to enhance the expertise and skills required for efficient management of these branches, boosting customer satisfaction with every interaction.
- Health branch integration into Commercial and Portfolio Areas: This initiative broadened the scope of products and services, ensuring holistic support that meets customer expectations in the health sector.

- Training for new products and alliance-based marketing: Intensive efforts focused on equipping teams with knowledge of innovative products and marketing approaches, particularly those stemming from strategic partnerships that add value for customers.
- Professional development for high-potential employees: The Customer Journey and 360 Sales Program. These programs provided a comprehensive perspective to teams interacting directly with customers, fostering internal talent from an experiential standpoint.
- Customer Experience Program for supervisors: This mapped the customer journey, pinpointed pain points, and suggested enhancements to improve the overall experience.

The Línea Directa Voice Project stands out as a noteworthy initiative. It embeds the brand values of The Value of Being Direct—resolute, approachable, trustworthy, and innovative—into every customer interaction, ensuring consistency, authenticity, and empathy while reflecting the Company's core identity.

Each of these efforts strengthens Línea Directa's multi-branch strategy, solidifying a distinctive customer experience rooted in innovation, quality, and added value at every touchpoint.

In the realm of innovation, the 10X Program enters its second consecutive year. This time, two teams have been engaged in observing, ideating, prototyping, and validating projects aimed at introducing new products for the Company to market.

Acknowledging the critical role of data analysis in strategic decision-making, a tailored program was created for the Pi Community's high-potential members. It emphasises advanced methodologies and tools to streamline daily tasks and deliver more precise, impactful insights to the Company. Additionally, specialised training in Big Query has been rolled out, equipping digital analysts with proficiency in this powerful tool.

In the area of digitalisation, the chat team has undergone comprehensive training to expand their expertise, reflecting their increased responsibilities and team size. This prepares them to address customer needs efficiently and effectively within this digital channel.

Moreover, digital sales strategies have been enhanced through an ambitious project introducing agile methodologies. Three multidisciplinary squads, composed of members from various Company departments, have been formed to design and refine customer digital journeys for Motor, Home, and new product lines. These teams have received training in these innovative work and collaboration approaches.

In 2024, Línea Directa advanced its integration of artificial intelligence to enhance both customer experience and internal team capabilities. This progress was reflected in three significant initiatives:

1. Lidia Knowledge: This AI-powered Virtual Assistant has been trained to provide precise, efficient answers on products, operations, campaigns, and other critical topics. Designed to be a vital support for customer-facing staff, it aims to elevate service quality and responsiveness across all touchpoints, with plans to progressively expand its knowledge base over time.
2. AI Training for Processes and Technology Teams: Specialised training was provided to equip these teams for AI-related projects, ensuring they can effectively design, develop, and oversee these strategic efforts.
3. Furthermore, 2024 marks the start of a key technological adoption project with the implementation of Microsoft 365's Copilot. This programme includes 60 copilot agents and 10 champions who are leading the adoption of this tool, generating innovative use

cases to optimise daily tasks, improve collaboration and boost productivity through the use of generative artificial intelligence.

Línea Directa's adoption of artificial intelligence is underpinned by a deep commitment to ethical and social responsibility. In 2024, the establishment of an AI Governance framework is under way to ensure that AI deployment remains transparent, secure, and advantageous for all Stakeholders.

Línea Directa is also navigating a significant technological overhaul to bolster its operational strength and solidify its leadership in innovation. A standout initiative this year is the introduction of DevOps, a methodology reshaping how development and operations teams collaborate, enhancing both the quality and pace of value delivery.

This transformation extends beyond internal processes, reinforcing Línea Directa's dedication to digitalisation and technological advancement—core elements for thriving in a rapidly changing competitive landscape.

At Línea Directa, we foster a robust self-learning culture that equips our teams to tackle current and future challenges. In 2024, we introduced innovative training pathways centred on developing Power Skills—future-ready competencies—and addressing emerging trends within critical roles across our specialist teams.

A vital group within the Company is the Training Collaborators, comprising managers and directors who balance their operational duties with contributions to training efforts. This year, the program was revamped to enhance the network's flexibility and readiness to meet the Company's evolving needs.

Furthermore, the Regulatory and Sustainability Plan now incorporates mandatory topics to bolster critical skills. Key topics highlighted include:

- Alignment of the Three Lines of Defence: Enhancing internal control and risk management processes.
- The new reporting requirements for listed companies CSRD (Corporate Sustainability Reporting Directive), equipping us to align with top-tier sustainability standards.
- DORA (Digital Operational Resilience Act): Equipping teams to comprehend and implement new European regulations on digital operational resilience in the financial sector.
- Occupational Risk Prevention: Maintaining a safe and healthy workplace environment.

We have also introduced targeted programs to meet technical and specialised demands, such as Actuarial Update and Solvency II, ensuring our professionals stay current with insurance and regulatory developments.

These efforts underscore Línea Directa's dedication to ongoing learning, strategic skill development, and technical proficiency, preparing our workforce to excel in an ever-evolving business landscape.

In 2024, Línea Directa conducted a performance evaluation for each employee, adhering to the guidelines from the People, Communication, and Sustainability Department. 93.8% of the workforce participated in the evaluation campaign.

	Female	Male	Total
% Evaluated	93.5%	94.1%	93.8%

Furthermore, the average number of training hours per employee and by gender is presented:

	Female	Male	Total
1. Managers	27.6	35.5	31.3
2. Expert professionals	30.5	33.0	31.8
3. Professionals	22.4	21.9	22.2
4. Staff	32.1	29.1	30.9
Total	**29.1**	**28.2**	**28.7**

S1-15. Work-life balance metrics

The table below outlines reconciliation metrics, detailing the rights and practices that enable employees to take leave for family reasons in a gender-equitable way. It includes the following information:

Balance metrics	
Employees entitled to this right	100.0%
Employees who actively benefit from this right	34.0%
Female	22.1%
Male	11.9%

Under the current collective bargaining agreements and the workers' statute, all employees are granted the right to take leave for family reasons.

S1-16. Remuneration metrics (pay gap and total remuneration)

As part of the double materiality analysis conducted to pinpoint material impacts, risks, and opportunities concerning our own workforce, the issue of remuneration metrics—encompassing the pay gap and total compensation—has not been deemed directly material. Nevertheless, it has emerged as a cross-cutting factor within the broader theme of diversity, equity, and inclusion, which has been identified as material due to its strong connection to fostering equal opportunities and pay equity.

This section provides data on the gender pay gap, given its significance in the context of the double materiality assessment.

The **gender pay gap**, defined as the difference of average pay levels between female and male employees, expressed as percentage of the average pay level of male employees, is **10.42%**.

	Hourly wage	Hourly wage	No.	No.	
	Female	Male	Female	Male	Gap by level
Overall total	**23.1**	**25.7**	**1,399.0**	**1,018.6**	**10.42%**

The 10.42% pay gap highlighted in this section does not reflect job-specific factors (such as level of responsibility or skills) but is based on a comparison of average hourly pay between genders (women versus men). An analysis of gender distribution across professional groups at Línea Directa reveals that women account for 50% of the higher-paid categories (Managers and Expert Professionals). In contrast, in the lower-paid groups (Staff and Professionals), women make up over 60%, reflecting a naturally higher female presence that adversely affects the calculated wage gap.

When adjusted for these factors, the hourly pay gap narrows to 3.13%. The hourly pay gap, when adjusted by professional level, provides a more precise reflection of the Company's reality, as it considers the unique characteristics of each role and delivers a more accurate average for each position.

Ultimately, the uneven gender distribution across the organisation—shaped by the nature of the existing roles—directly impacts the pay gap.

The **methodologies** for calculating the gender pay gap and the adjusted hourly pay gap are outlined below.

The gender pay gap is determined using the formula:

$$\frac{\text{(Average gross hourly wage of male employees - Average gross hourly wage of female employees)}}{\text{Average gross hourly wage of male employees}} \times 100$$

For the adjusted hourly pay gap by professional category, employees are organised into **clusters** based on those performing similar roles or holding comparable positions. The gap in each cluster is identified and, to determine the overall gap, it is weighted by the number of people in each cluster.

This gap is computed monthly, ensuring that each individual is compared to their counterparts on a monthly basis while factoring in hourly pay. The calculation formula is as follows:

$$\textbf{Adjusted hourly pay gap by professional category} \quad \sum_{n=1}^{N} \frac{\text{Gap in each cluster x No. of employees in cluster}}{\text{Total No. of employees}}$$

Finally, the pay gap in each cluster is calculated:

$$\text{Pay gap} = \frac{\text{Average hourly wage men - Average hourly wage women}}{\text{Average hourly wage men}}$$

Furthermore, the ratio between the person with the highest salary and the median total annual remuneration of all wage earners is 14.83.

S1-17. Incidents, complaints and severe human rights impacts

As detailed throughout this chapter, Línea Directa provides a reporting channel for violations of the Code of Ethics, available to all employees with full anonymity and confidentiality. It also has a harassment protocol aimed at preventing inappropriate situations that could hinder the normal development of the company and that could lead to moral, sexual or gender harassment or discriminatory treatment.

In 2024, the Group recorded no claims, complaints, or incidents—whether baseless or substantiated—concerning human rights, including discrimination and harassment, within its workforce. These matters are addressed in line with the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. Consequently, no fines, sanctions, or compensation were incurred during the reviewed period.

Additionally, to retain the EFR seal accreditation, Línea Directa must ensure no sanctions are imposed related to work-life balance, interpreted in its widest sense. Similarly, Línea Directa partners with the United Nations Global Compact (Spain), supplying key data for the progress report, which encompasses this commitment among other elements.

Consistent with its dedication to upholding **human rights** and **non-discrimination**, the Group has integrated a specific procedure into its harassment protocol. This ensures that, in the event of a human rights-related incident, the alleged victim receives medical, psychological, and social support as needed, through either internal or external resources.

Lastly, Línea Directa maintains a confidential Register documenting received complaints and subsequent investigations. While not publicly accessible, this Register is available to judicial authorities upon request.

Consumers and end-users (ESRS S4)

Strategy

SBM-3. Material impacts, risks and opportunities and their interaction with strategy and business model

Through the double materiality analysis conducted in 2024, Línea Directa Aseguradora identified one risk and three material opportunities concerning consumers, spanning areas like customer satisfaction and responsible marketing. These matters align with the company's strategy and business model. These align with the strategic priorities of Línea Directa's **5th Sustainability Plan 2023-2025**, which include "Quality: customer-centric" and "Sustainable products and services." These priorities guide the Group's ESG actions, translating into specific initiatives within the Plan that align the business strategy with broader Group objectives, aiming to harmonise business and customer strategies effectively.

In conducting this analysis, the organisation accounted for the unique traits of customers, including employees with disabilities and other vulnerable groups, identifying a material opportunity directly tied to these groups. This opportunity is the enhancement of accessibility and support for vulnerable groups' needs through insurance customised to their unique circumstances. The remaining material opportunities and risks identified pertain to all customer groups and segments served by the Group.

To prepare for future developments, the organisation actively tracks material opportunities and risks tied to consumers and end users. These are closely linked to the identified impacts, even though none of the impacts themselves were deemed material.

The material opportunities identified encompass a focus on innovation in the products and services provided, their personalisation and accessibility, and tailored solutions for vulnerable groups.

The sole **potential material risk** stems from **delivering services in a way that falls short of or inadequately** meets customer expectations.

The Group acknowledges that customer satisfaction and fulfilling expectations hinge on continually enhancing its products and services, alongside effective communication and specialised guidance. These efforts can yield opportunities if handled well or pose risks if managed poorly. Both aspects underscore the Group's reliance on customer satisfaction for the successful operation of its business. In every instance, the Group prioritises implementing control measures to enhance customer satisfaction.

As previously noted, while no consumer or end-user impacts have been deemed material, the Group categorises these groups as follows:

- Customers insuring personal risks, such as vehicles, homes, or health services.
- Customers insuring risks tied to their business activities, like commercially used vehicles.

Both segments favour direct engagement with the Group, bypassing intermediaries and utilising remote channels such as phone or digital platforms.

Beyond these, additional user groups are recognised:

- End users of the Group's advertising content.
- Social media users who engage with the Group and other users on platforms like LinkedIn, Facebook, and X, where they can publicly share opinions based on their interactions.

This segmentation enables the Group to better grasp the needs and expectations of each category, supporting the creation of tailored service and communication strategies that strengthen ties with consumers and end users.

Impact, risk and opportunity management

S4-1. Policies related to consumers and end-users

Línea Directa maintains several key policies—including the Product Control and Governance Policy, the Social Impact and Financial Inclusion Policy, the Sustainability Policy, the Responsible Procurement Policy, and the Outsourcing Policy—that outline commitments and responsible practices for managing and addressing the material risks and opportunities related to consumers and end users. These policies, endorsed by the Board of Directors, undergo regular reviews to ensure they remain current and effective within an evolving business environment.

Product Control and Governance Policy

The Product Control and Governance Policy aims to define the requirements for overseeing and managing insurance products designed, developed, and marketed by Línea Directa. This ensures customers receive full assurances when purchasing insurance, in compliance with applicable regulations.

The policy sets out guidelines to follow and governs the entire process of launching new insurance products—from design and approval to distribution—while also addressing the monitoring and control of existing products and implementing corrective actions as needed. As such, it applies to all individuals involved in the design, approval, and distribution of insurance products offered by Línea Directa Aseguradora S.A., across all its brands.

The guiding principles align with the commitments to transparency and quality in customer relationships outlined in the Code of Ethics. They emphasise the following:

- Meeting customer needs by considering their interests, goals, and unique characteristics, and providing products tailored to their situations and needs.
- Continuously enhancing the variety and quality of products and services to deliver value and benefits for consumers, society, and the environment.
- Ensuring transparency and honesty in product offerings.
- Strictly adhering to regulations and agreed commitments.
- Promoting product sustainability by offering solutions that respect the environment and support the shift toward a sustainable, decarbonised economy. Additionally, ensuring non-discrimination among customers, improving access to insurance for vulnerable groups or those with specific needs, and fostering innovation in products and services to expand their reach.

These action principles are publicly accessible on the Company's website.

The most recent revision of the Product Control and Governance Policy was approved in April 2024. It incorporates an expansion of its principles to address the integration of AI in product design and development. This update aims to ensure fair treatment for users, promoting equitable, safe, explainable, and transparent decision-making.

The following material opportunities and risks for the entity are linked to the theme of product control and governance:

- Opportunity: Encouragement of innovation within the Company to enhance customer well-being and satisfaction through a diverse, specialised product and service portfolio tailored to their needs.
- Opportunity: Creation of a more accessible product and service range designed to align with customers' specific needs and traits.
- Opportunity: Enhancement of accessibility and support for vulnerable groups' needs through insurance customised to their unique circumstances.
- Risk: Delivery of services that fall short of or inadequately meet customer expectations.

To ensure adherence to the policy, the Línea Directa Group has established a **Product Approval and Monitoring Committee**.

The Product Control and Governance Policy is accessible internally to all Company employees. Furthermore, its core principles are publicly available on the corporate website, allowing customers and other Stakeholders to review them as needed.

Social Impact and Financial Inclusion Policy

Through the Social Impact and Financial Inclusion Policy, the Group pledges to foster sustainable development and progress within the communities it serves. Línea Directa and its subsidiaries aim to enhance people's quality of life and security by aligning their product and service offerings, generating value, and pursuing a social contribution strategy that supports sustainable socio-economic growth and improves insurance access for vulnerable groups.

The policy's primary goals include establishing principles for social contribution, ensuring its systematic management, maximising positive impact, and advancing financial inclusion—both through inclusive product design and awareness initiatives.

The Línea Directa Group views its efforts in social contribution and financial inclusion as a medium- and long-term commitment, integrated with its business objectives and responsive to environmental needs. Its social efforts focus on five key areas: road safety, home safety, healthy habits, social integration, and sustainability. The Group is dedicated to generating value through voluntary initiatives, partnerships with public and private organisations, and responsiveness to community needs. It also fosters employee participation through corporate volunteering, donations, and community contributions. Furthermore, it promotes awareness and training efforts to amplify its social impact.

In terms of financial inclusion, the Group focuses on identifying vulnerable populations, training its staff to steer clear of aggressive sales tactics, and engaging with external Stakeholders to cultivate an inclusive financial ecosystem. To support this, the Group commits to innovating its service offerings for these groups, tailoring product delivery to their needs, providing non-financial assistance, raising awareness about the insurance industry, preventing over-indebtedness through financial education, and ensuring accessible complaint channels.

The People, Communication, and Sustainability Department is tasked with coordinating and documenting social contribution and financial inclusion activities, as well as communicating the Policy across Línea Directa Aseguradora, its subsidiaries, and the Foundation.

The principles and commitments outlined apply to all employees, managers, and directors across the companies within the Línea Directa Aseguradora Group, as well as the Línea Directa Foundation, in accordance with applicable regulations. In that regard, the Group also urges its partners and other entities connected to its operations, products, and services to uphold these policy principles.

The Social Impact and Financial Inclusion Policy is accessible to Stakeholders on Línea Directa's official website, ensuring transparency and availability.

In June 2024, the policy was revised to reinforce its dedication to supporting vulnerable and underserved communities.

The following material opportunity for the Group relates to the topic of social impact and financial inclusion:

- Opportunity: Creation of a more accessible product and service range designed to align with customers' specific needs and traits.
- Opportunity: Enhancement of accessibility and support for vulnerable groups' needs through insurance customised to their unique circumstances.

Responsible Procurement Policy

The Responsible Procurement Policy seeks to define the principles guiding supplier selection to ensure that the Línea Directa Group's needs for goods and services are met efficiently and with high quality, while aligning with its commitment to fostering sustainable economic and social development in its operating environment.

The Línea Directa Group's purchasing practices adhere to applicable regulations and are grounded in the following international frameworks and commitments: the United Nations Universal Declaration of Human Rights, the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the core Conventions of the International Labour Organization (ILO), and the United Nations Convention on the Rights of the Child.

The policy, applicable to all entities within the Línea Directa Group and binding on all the people that form a part of it, seeks to:

- Implement effective measures to maximise the positive impacts of the Group's purchasing and contracting choices.
- Ensure the appropriateness and reliability of the suppliers we collaborate with.

To achieve this, Línea Directa relies on key action pillars, including enhancing the efficiency of purchases, renewals, and extensions, adhering to legal standards on human, labour, and environmental rights, and actively preventing corruption. The policy prioritises adherence to Línea Directa's Code of Ethics and the Suppliers' Code of Conduct, promoting transparent and ethical professional relationships. It also emphasises ongoing innovation in products, services, and supplier partnerships, requiring suppliers to adopt socially responsible strategies. The purchasing process ensures a clear separation of duties, encourages collaboration in outsourcing critical activities, and supports renewing long-term supplier contracts. Lastly, the policy mandates that award decisions remain transparent, objective, and unbiased.

To ensure policy compliance, Línea Directa has implemented a governance and oversight framework, with ultimate accountability lying with the Board of Directors of Línea Directa Aseguradora. As the highest authority, the Board oversees adherence to the Procurement Policy and approves it upon the recommendation of the Audit and Compliance Committee, in coordination with the Appointments, Remuneration and Corporate Governance Committee. The Procurement Department, under the Finance Department, is tasked with periodically reviewing the policy's content. Lastly, the Procurement Department, in collaboration with designated representatives from the subsidiaries, ensures the policy's proper execution, including the assessment of suppliers and their proposals during contract award decisions.

The policy is available to the organisation's Stakeholders via the corporate website and, additionally, on the intranet for employees.

The following material risk of the entity is associated with the Responsible Procurement Policy:

- Delivery of services that fall short of or inadequately meet customer expectations.

Outsourcing Policy

This policy applies to all Línea Directa Group personnel and aims to establish suitable mechanisms to ensure that the full or partial outsourcing of services aligns with the service quality standards expected by Línea Directa customers. It mandates that service levels and supplier control clauses be clearly documented in contracts.

Furthermore, the policy ensures adherence to relevant regulations, including Directive 2009/138/EC and its implementing regulations (Solvency II), which govern the outsourcing of insurance or reinsurance-related services, and the European Digital Operational Resilience Act (DORA), which applies to all ICT outsourcing activities.

This policy outlines the general outsourcing procedure and consolidates the requirements and conditions for regulatory outsourcing and/or ICT services. Specifically, it covers:

- The pre-outsourcing analysis, including the development of criteria to assess whether a function or activity is critical or important.

- The decision-making process for outsourcing and the designation of a person accountable for the outsourced functions.

- The key details to be included in the service provider contract.

- Business contingency plans, including terms for terminating or rescinding the contract for critical or important outsourced functions or activities.

- Additional requirements and formalities applicable to outsourcing with cloud service providers.

- The mechanisms for documenting outsourced activities and reporting to the Steering Committee, the Board of Directors, and the regulator.

The policy is reviewed annually and it is the responsibility of the Board of Directors to approve or amend it, at the proposal of Línea Directa's Audit and Compliance Committee, which is responsible for supervising its application and compliance.

This policy is made available internally to the Company's employees via the intranet.

The following material risk of the entity is associated with the Outsourcing Policy:

- Delivery of services that fall short of or inadequately meet customer expectations.

Sustainability Policy

The Línea Directa Group's Sustainability Policy, approved by the Board of Directors, provides a framework for embedding environmental, social, and good governance (ESG) criteria into its strategy and everyday operations, and establishes the common goal of creating shared value in the long term.

A key focus of this policy is Línea Directa's relationship with its customers and policyholders. Among its commitments and principles concerning customers and policyholders, Línea Directa emphasises fostering innovation and digitalisation in its products and services to enhance the customer experience and stay ahead of market trends. It ensures the provision of clear and accurate information prior to contracting, delivering accessible, high-quality service while continuously monitoring customer satisfaction. Additionally, it safeguards data confidentiality, expedites complaint handling, and maintains effective communication channels tailored to the needs of the insured.

A comprehensive overview of this policy is available in the ESRS S1 chapter on own workforce.

The Sustainability Policy highlights three material opportunities related to consumers and end users:

- Opportunity: Encouragement of innovation within the Company to enhance customer well-being and satisfaction through a diverse, specialised product and service portfolio tailored to their needs.
- Opportunity: Creation of a more accessible product and service range designed to align with customers' specific needs and traits.
- Opportunity: Enhancement of accessibility and support for vulnerable groups' needs through insurance customised to their unique circumstances.

Human Rights Policy: Commitments to consumers and end-users

As mentioned in the chapter on own workforce, Línea Directa Aseguradora is a member of the Spanish network of the United Nations Global Compact and is committed to incorporating the UN Guiding Principles on Business and Human Rights into its activities, for which it has a Human Rights Policy approved by the Board of Directors since 2020 and applicable to all the Group's subsidiaries.

The Policy is intended to serve as a guide in protecting and respecting these rights, preventing their violation and reflecting the Group's commitment to international, local and industry standards, such as the UN Global Compact, the UN Principles for Responsible Investment and the UN Principles for Sustainable Insurance. Beyond outlining how this protection is applied in its operations, the Policy also details Línea Directa's commitments as an employer, insurer, investor, collaborator, and steward of its environment. In its role as an insurer, Línea Directa's human rights commitments are geared towards:

1 Providing transparent and honest advice by ensuring comprehensive and accurate information about products and services, equipping customers with all necessary details prior to contracting.

2 Maintaining a fair relationship with customers by designing products and services tailored to their needs and circumstances, upholding non-discrimination for both existing and prospective customers, and driving innovation to improve insurance accessibility for diverse groups.

3 Ensuring the service is of high quality, accessible, and relevant within agreed timelines.

4 Adhering to personal data protection laws to safeguard the confidentiality, privacy, and intimacy of customer information.

As part of its human rights Due Diligence procedure, Línea Directa identifies potential violations in this area based on the commitments undertaken by the Group. Additionally, in recognising vulnerable groups, Línea Directa has taken into account women, children, immigrants, contractors, and local communities. Special focus has also been placed on the senior population, particularly in the design and marketing of products, as well as on people with disabilities, addressing both their access to insurance products and their inclusion within the Company's workforce.

The Línea Directa Group provides a reporting channel for violations of the Code of Ethics, the Ethics Channel, available to all Stakeholder groups with full anonymity and confidentiality. It also has a harassment protocol aimed at preventing inappropriate situations that could hinder the normal development of the company and that could lead to moral, sexual or gender harassment or discriminatory treatment.

As of 2024, no instances of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration, or the OECD Guidelines have been identified concerning consumers or end users in subsequent stages of the value chain.

Should any human rights incidents arise, the Group has outlined several remedial or compensatory measures, including:

- Providing the alleged victim with necessary medical, psychological, and social support, either internally or through external resources, if required.
- Implementing reasonable and proportionate precautionary measures when the severity of the reported conduct and the apparent credibility of evidence presented during the investigation deem it appropriate, as determined by the investigator.
- Documenting conclusions in the harassment case report, including any mitigating or aggravating factors, and proposing measures to neutralise the harassment and/or address the behaviour involved.
- The Group ensures that individuals who report incidents, provide information, or participate in the process face no retaliation, including threats, attempted reprisals, or unfavourable treatment. Accordingly, the right to protection is upheld for those who report harassment or are impacted by such incidents.

Starting in 2023, as an organisation committed to the UN Guiding Principles, Línea Directa will annually submit an electronic statement from the CEO affirming support for the UN Global Compact. Similarly, since that year, the company has completed the Progress Report questionnaire.

This questionnaire offers substantial value to the organisation by:

- Enhancing credibility and brand reputation through a demonstrated commitment to corporate sustainability, the Ten Principles, and the Sustainable Development Goals.
- Providing a consistent and standardised way to measure and showcase progress related to the Ten Principles.
- Enabling the organisation to access information, gain insights, and continually enhance its performance.

Ethics Channel Policy

Línea Directa has implemented an Ethics Channel Policy, endorsed by the Board of Directors, which governs the channels, designated personnel, and procedures for managing the Ethics Channel and addressing complaints submitted through it. Its purpose is to provide a secure mechanism for anyone to report detected irregularities related to the Code of Ethics or breaches of applicable laws, as well as to seek clarification on its implementation, with appropriate safeguards.

The Ethics Channel Policy **applies** universally **to all informants**, irrespective of their Stakeholder group. This policy ensures protections such as a guarantee of non-retaliation for informants.

Both the Ethics Channel and the Ethics Channel Policy are accessible on the corporate website of Línea Directa Aseguradora, thus facilitating access.

A comprehensive overview of Ethics Channel Policy is available in chapter ESRS S1 – Own workforce.

S4-2. Processes for engaging with consumers and end-users about impacts

The Línea Directa Group has implemented several processes to foster collaboration with its consumers and end users, promoting transparent and effective communication about the positive, negative, actual, and potential impacts that may affect them. Although **no negative impacts have been observed** in the mentioned Stakeholder Group in 2024, the Group continues to uphold its commitment, collaboration efforts, management practices, and related initiatives.

Key channels for fostering this collaboration include customer surveys (NPS and NSS), the call centre, social media, the customer app's digital experience, the self-service commercial website, personalised phone support from agents, and mass media. Furthermore, to deepen its understanding of the needs of specific groups like people with disabilities, Línea Directa has engaged with specialised organisations such as ONCE and the CNSE Foundation. Collaboration with the latter has facilitated the development by Línea Directa of a video call service for vulnerable groups, such as the deaf community, which was rolled out in 2024. The CNSE Foundation provides the Group with sign language interpreters to address the communication challenges faced by deaf individuals when interacting with companies that primarily use call centres. The ability to purchase insurance, review policy terms, report accidents, or request roadside assistance through video interpreting offers significant value to this group, enabling real-time conversations with a dedicated team of operators. This platform allows interpreters to facilitate direct communication for deaf customers, enhancing their independence in managing their needs.

Additionally, the Group offers an accessible commercial and corporate website for both customers and non-customers with disabilities, ensuring they have full access to information and the ability to conduct transactions.

The Quality and Customer Experience department, a key player in customer relations, oversees five core expectations: transparency, accessibility via interaction channels, timely contract execution, social media responsiveness, and omnichannel consistency. These align with Línea Directa's commitments to provide clear contractual information, immediate responses, appropriate service delivery, flexible and prompt social media support, and uniform, positive experiences across all channels. Communication is facilitated through customer surveys (NPS and NSS), the call centre, and social media.

Meanwhile, the Marketing Department oversees customer expectations concerning the delivery of promised products or services, tailored offerings that meet their specific needs, and the accessibility and clarity of product and service information. The Group is committed to offering the best product at the best price for each customer, developing new products and services suited to their needs, and providing clear information through commercial channels. These efforts are supported by communication via the commercial website and mass media.

The Services and Benefits Department focuses on ensuring customers receive pertinent information about the services provided, with the Group pledging to keep customers updated at appropriate times through telephone and digital channels.

Available communication options include the customer app, website self-service, and personalised support from telephone agents. In 2024, a video call service was introduced for vulnerable groups, such as deaf individuals.

The Group evaluates service quality by assessing customer satisfaction. Similarly, the effectiveness of engagement with consumers is gauged through the Net Promoter Score (NPS), which reflects the likelihood of customers recommending the Company.

While the board of directors holds ultimate authority for approving strategic actions, the CEO, Steering Committee, and product committee are tasked with spearheading and executing these initiatives.

For non-customers, Línea Directa recognises expectations beyond those of customers, including adherence to an ethical advertising code. The Company addresses this by committing to responsible advertising practices. Communication with non-customers occurs through the commercial website, mass media, emails, official notifications, and social media.

Regarding Consumer Associations, their expectation is the safeguarding of consumer rights, and the Company pledges to oversee the effective protection of these rights in its operations while providing the necessary information.

To support this, a control procedure and framework have been established, applicable to consumers, their representatives, and end users. This procedure unfolds in three stages:

- Each department manages its specific communication goals, conducting monthly, quarterly, semi-annual, or annual reviews based on the objective.
- Key indicators, backed by sufficient evidence for potential audits, are reported to the Sustainability Department every six months. The findings are then passed to the Sustainability Working Group, where key topics of interest are assessed.
- Twice yearly, the Sustainability Committee reviews the level of compliance with Stakeholder communication goals and reassesses the Stakeholder engagement strategy.

S4-3. Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Línea Directa offers multiple avenues for consumers to voice their complaints, claims, and concerns. These notably include:

- The Customer Service Department, which operates independently from the Company's business units to handle customer complaints and claims. This service ensures personalised attention to all issues, delivering reasoned responses grounded in contractual terms, transparency standards, and the safeguarding of customer interests.
- Policyholder Ombudsman: This figure is appointed by Línea Directa to serve as an independent entity whose decisions are binding for the Company, though policyholders retain the right to pursue further action. The Policyholder Ombudsman enhances transparency, protects policyholders' interests, and encourages best practices.

All complaints and claims are managed confidentially and in compliance with data protection laws.

<u>Customer Services department</u>

The Group addresses, manages, and resolves complaints and claims in line with current regulations through an independent Customer Service Department (CSD). This approach ensures the quality of the Company's services and products, while fostering customer protection, sound financial practices, and positive customer experiences. The department head is appointed by the Board and their appointment is reported to the Commissioner for the

Defence of Financial Customers and the DGSFP (General Directorate of Insurance and Pension Funds).

To ensure broad accessibility, a free telephone line is provided in all official languages.

Public-facing offices offer complaint forms and informational posters. Additionally, the Company maintains a Customer Ombudsman Service, accessible via its website and offices, which outlines the available complaint channels.

Data gathered from these interactions is regularly shared with relevant Company departments to address the root causes of complaints, thereby boosting customer satisfaction. Línea Directa routinely assesses the effectiveness of its complaint and resolution processes using metrics such as resolution rates, average response times, and satisfaction surveys.

A dedicated team within the area conducts an initial review of customer dissatisfaction. The Group's website also details a process allowing customers to request a supervisor's intervention before formally lodging a complaint. The department reaches out to handle each case individually.

In 2024, the number of complaints received trended downward throughout the year, underscoring Línea Directa's dedication to service quality. Resolved complaints rose slightly by 1.52% compared to the previous year (7,753 in 2024 versus 7,637 in 2023). Similarly, average resolution times decreased to 14.43 days.

2023			2024		
Complaints	**Claims**	**Total**	**Complaints**	**Claims**	**Total**
630	7,007	7,637	577	7,176	7,753

2023			2024		
Founded	**Unfounded**	**Total**	**Founded**	**Unfounded**	**Total**
3,044	4,593	7,637	2,556	5,197	7,753

	2023		2024	
Area	**Percentage**	**Complaints and claims**	**Percentage**	**Complaints and claims**
Accident management	66.39%	5,070	70.82%	5,491
Policy management	19.22%	1,468	16.12%	1,250
Quote and close	1.79%	137	2.08%	161
Additional services	8.73%	667	6.77%	525
Roadside assistance	3.34%	255	3.22%	250
other	0.52%	40	0.98%	76

The direct business model provides a number of competitive advantages: greater ability to adapt, savings on commissions and branch networks, and direct contact with the customer. The latter allows Línea Directa to gain first-hand knowledge of the needs of its policyholders, which is an extraordinary asset when it comes to promoting quality in all its processes.

Línea Directa Aseguradora monitors its net promoter score (NPS), which estimates the degree to which its customers and users would recommend the Company to others. This system has a measurement scale of 1 to 10 points, and only those policyholders who rate their experience with the Company with a score of 9 or 10 are considered "promoters". In this context, Línea Directa Aseguradora's overall Net Promoter Score (NPS) in 2024 climbed to 31.04 points, marking a positive increase of 1.88 points from 2023. This improvement highlights the Company's success in offsetting the challenges faced in 2023, when stricter underwriting was implemented due to cost inflation pressures impacting insurance margins. The gain reflects Línea Directa's strategic emphasis on enhancing service quality.

NPS	Overall
2023	29.16
2024	31.04

The Net Promoter Score (NPS) is a metric designed to gauge how likely customers are to recommend a company. Introduced in a 2003 Harvard Business Review article, it has since become a widely adopted standard.

The NPS calculation is consistent across all companies. For Línea Directa, survey responses are categorised into three groups:

- Scores of 9 and 10: Promoters. These customers are highly satisfied with the product or service, very likely to recommend the brand, and often viewed as loyal advocates.
- Scores of 7 and 8: Neutrals. These individuals have a moderate or neutral opinion of the brand, showing little inclination to recommend it and lacking strong loyalty.
- Scores of 0 to 6: Detractors. These customers are dissatisfied with the product or service, unlikely to recommend the brand, and demonstrate no loyalty.

The NPS is calculated as a value, not a percentage, using the formula: (% Promoters - % Detractors). This calculation is performed internally and is not verified by an external entity.

Beyond the NPS, Línea Directa Aseguradora employs additional quality metrics, such as the Satisfaction with Telephone Agent Service, where customers rate their experience with the Company's specialists. This includes satisfaction with the service provided, with the professionalism and demeanour of the agents being the most appreciated factors. Satisfaction for each interaction—whether via phone or digital channels—is measured using the Net Satisfaction Score (NSS), which reached 36.18 points in 2024, up from 33.67 in 2023.

The Group aims to sustain the upward trend seen in the monthly NSS assessments throughout 2024 into 2025, targeting steady growth for the upcoming year.

Unlike the NPS, the NSS lacks a universal calculation standard across organisations. Consequently, Línea Directa has opted to apply the same methodology as the NPS for its NSS calculations.

Activity report of the Policyholder Ombudsman

If the insured is not satisfied with the decision of the Customer Service department, there are several options for arguing and making a successful claim. Línea Directa maintains a Policyholder Ombudsman dedicated to fostering transparency, safeguarding the interests of the insured, and promoting best practices, with decisions that are binding for the Company.

In the 2024 financial year, the Policyholder Ombudsman resolved 684 claims. Of these, 278 (40.6%) were decided in favour of the customer, 396 (57.9%) in favour of the Company, and 10 (1.5%) concluded without a resolution. Among the 278 customer-favourable outcomes, 26 were formally upheld, while 252 resulted in voluntary acknowledgement of fault by the Company, recognising the validity of the complaint and the customer's requests without requiring a formal ruling from the Ombudsman.

By comparison, in the 2023 financial year, 488 complaints were addressed through the Customer Ombudsman. Of these, 214 (43.8%) were resolved in favour of the customer, and 274 (56.2%) in favour of the Company. Within the 214 customer-favourable resolutions, 11 were upheld, and 203 concluded with acceptance.

Ethics Channel and its availability to customers

As outlined in the ESRS S1 chapter on own workforce, the Group upholds a Code of Ethics designed to define the general principles guiding the behaviour of Línea Directa Aseguradora employees and its subsidiaries. This code applies to their duties and their commercial and professional interactions, aligning with the Group's legal and ethical standards.

The values enshrined in the Code of Ethics underpin the commitments Línea Directa Aseguradora has made to its shareholders, partners, customers, suppliers, employees, and society at large. Additionally, the Group provides an Ethics Channel, accessible to Stakeholders—including customers—enabling them to report any observed irregularities with appropriate safeguards. This includes violations of the Code of Ethics, the Suppliers' Code of Conduct, or any other breaches of applicable laws, encompassing the Company's interactions with consumers and end users.

Línea Directa has an Ethics Channel Policy to provide a secure mechanism for anyone to report detected irregularities related to the Code of Ethics or breaches of applicable laws, as well as to seek clarification on its implementation, with appropriate safeguards. This policy ensures protections such as a guarantee of non-retaliation for informants.

S4-4. Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

While no significant impacts on consumers and end users have been detected, the Group has actively pursued material opportunities tied to the development of specialised products and services, emphasising accessibility and addressing the needs of vulnerable groups, such as individuals with disabilities.

Likewise, efforts have been made to manage risks associated with potentially unmet customer expectations in service delivery.

No severe human rights issues have been identified concerning consumers or any other Stakeholders.

Customer-Centric Strategy and establishment of the Quality and Customer Experience department

In 2024, the Company's primary challenge was to fully embed a customer-centric strategy, placing the customer at the heart of all operations. A key milestone in this effort was the creation of the Quality and Customer Experience department in 2024, which is directly represented on the Steering Committee.

This department enables more targeted oversight and enhancement of positive outcomes for consumers and end users, while also focusing on preventing, mitigating, and addressing any negative impacts. Through this approach, the Company aims to ensure its practices neither cause nor contribute to adverse effects on consumers or end users, while effectively managing associated risks and opportunities with specialised expertise and a close connection to the customer.

Within the Quality and Customer Experience department, an analysis team operates the Customer Voice of the Customer (VOC) program, which tracks satisfaction levels across various interaction points. The VOC program conducts approximately 950,000 surveys annually, including 100,000 conducted personally by telephone interviewers. The findings are continuously evaluated to pinpoint customers' moments of truth (MOT) and moments of pain (MOP), driving improvements that enhance overall satisfaction.

Product governance, innovation, and commitment to vulnerable groups

In April 2024, the Company approved its product control and governance policy with the aim of defining the requirements for overseeing and managing insurance products designed, developed, and marketed by Línea Directa Aseguradora. This ensures customers receive full assurances when purchasing insurance.

During the new product approval process, Línea Directa ensures that customer objectives, interests, and characteristics are considered, while confirming that no negative impacts are inflicted on clients.

Through its double materiality assessment, the Company identified product innovation and enhanced accessibility—along with tailored attention to the needs of vulnerable groups through insurance suited to their specific circumstances—as key opportunities.

To capitalise on these, Línea Directa established the 'Innovation and New Product' department and formed a 'Product Committee' comprising representatives from various company areas. This committee evaluates market potential and profitability while ensuring accessibility and preventing biases that could affect individual rights and freedoms.

The department and committee assess the expectations of both current and prospective customers, driving the development of distinctive products that excel in coverage and marketing channels compared to competitors.

In 2024, as part of its Sustainability Plan, the Group updated its prior social contribution policy to incorporate commitments to financial inclusion. Renamed the Social Impact and Financial Inclusion Policy, it is now accessible to Stakeholders on the corporate website.

Furthermore, in 2024, a video-interpretation service was introduced to enhance accessibility for deaf individuals. This service, offering customer support in sign language, seeks to improve both accessibility and the overall experience for this group by providing a direct and efficient communication channel with the Company.

This new service enables hearing-impaired customers and non-customers alike to access a range of services and inquiries related to Línea Directa's offerings, such as purchasing insurance, reviewing policy terms, reporting accidents, or requesting roadside assistance, among other options.

The process is straightforward and user-friendly. Customers can access the sign language video interpretation platform through the Company's website, connecting to Línea Directa via video call with a Fundación CNSE interpreter. The interpreter facilitates real-time translation into sign language, enabling the deaf individual to interact seamlessly with a dedicated team of Línea Directa operators.

Additionally, the Company offers an accessible commercial and corporate website for both customers and non-customers with disabilities, ensuring they have full access to information and the ability to conduct transactions.

Commitment to transparency and data protection

As part of its commitment to minimising the negative impact on consumers, Línea Directa follows the UNESPA Guide to Good Practices in Transparency in Insurance Marketing outlines the core principles for ethical insurance marketing across all sales channels.

During 2024, in relation to sanctions in the field of data protection, the Línea Directa Group has received a sanction that is pending an appeal in the Administrative Courts.

Risk management and dependencies

Customer-related risks are embedded within the Group's risk management framework, categorised separately, and tracked using a proprietary methodology aligned with the international Committee of Sponsoring Organizations of the Treadway Commission (COSO) standard.

These risks are specific to various corporate divisions, depending on the business processes triggered during customer interactions. As with other risks, they are managed within a control environment designed to reduce their severity. Business areas are responsible for implementing these controls, while analysts in the Corporate Risks area oversee their effectiveness and suggest enhancements.

Additionally, in managing risks tied to external dependencies, Línea Directa prioritises oversight of its suppliers due to their direct influence on consumer and user satisfaction. In 2024, the Group revised its Outsourcing Policy to align with Solvency II and European Digital Operational Resilience Act (DORA) regulations, ensuring that third-party operations—particularly those critical to business continuity and insurance compliance—meet rigorous control standards.

A Responsible Procurement Policy further supports this by selecting suppliers who uphold quality, efficiency, sustainability, and regulatory compliance. To bolster resilience, the Group introduced a new Business Continuity function aimed at preventing and mitigating service disruptions, ensuring minimal impact and sustained service delivery during adverse events.

Línea Directa also continuously monitors customer satisfaction and evolving expectations to proactively address these risks.

By incorporating external developments into its dependency management, Línea Directa safeguards supplier relationships, customer satisfaction, and service continuity, effectively minimising associated risks.

Other measures towards the health and safety of consumers

The Group places a strong emphasis on preventive medicine and fostering healthy lifestyle habits among its policyholders and the broader community, firmly believing that prevention is key to maintaining good health. To this end, the Group provides its customers with access to preventive diagnostic tests, even in the absence of symptoms. It also promotes **healthy practices** among policyholders, such as achieving a minimum of **10,000 steps daily**, getting at least 7 hours of **sleep** each night, and maintaining a **nutritious diet**.

Adopting these habits can lead to substantial discounts on policy renewals, with savings of up to € 200 available to customers.

Moreover, the Línea Directa Group, through its direct engagement with traffic accident victims, recognises the profound social impact of this issue, which goes beyond mere statistics to affect real individuals. As a result, the Group is dedicated to enhancing road safety for both its customers and the wider society it serves.

Through a blog featured on its commercial website, it shares guidance on responsible driving and vehicle maintenance tips to raise awareness among policyholders.

In 2014, the Group established the Línea Directa Foundation with the mission of advancing road safety by encouraging safe driving practices, with the ultimate goal of reducing—and eventually eliminating—traffic accidents, a devastating problem that claims numerous lives annually.

To pursue this ambitious objective, the Línea Directa Foundation undertakes significant initiatives, including studies, research projects, seminars, courses, and conferences, all centred on the theme of Road Safety.

Additionally, the Foundation supports the organisation, participation, and funding of training, social, welfare, educational, and teaching activities in this domain. It also awards prizes to honour the efforts of individuals and institutions that contribute to the battle against traffic accidents.

Metrics and targets

S4-5. Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

In relation to consumers, the Company aims to sustain the upward trend seen in the monthly NSS assessments throughout 2024 into 2025, targeting steady growth for the upcoming year.

Progress toward this target will be evaluated through a monthly analysis of the NSS indicator results.

This objective centres on enhancing service quality and addressing Stakeholder needs, though Stakeholders are not directly involved in setting the goal.

The CEO defines the objectives and shares them with the management team. While there is no direct consultation with consumer or end-user representatives during this process, customer survey feedback plays a key role. This input is gathered to identify areas for improvement and inform objective-setting. Through the Company’s VOC program, customer satisfaction is tracked across various interaction points. As noted, this program involves approximately 950,000 surveys annually, including 100,000 conducted personally by telephone interviewers.

Objective monitoring occurs monthly, with a report compiled at the same interval and presented to the Steering Committee.

Based on this oversight, the Company has developed telephone support guides, introduced new communication channels such as chat, and enhanced self-service features within the app and website.

Additionally, customer satisfaction metrics are integrated as a performance target within employee incentive plans.

GOVERNANCE DIMENSION

Business conduct (ESRS G1)

Governance

GOV-1. The role of the administrative, management and supervisory bodies

The Línea Directa Group's **Code of Ethics**, along with its **Whistleblower Channel Policy**, **Compliance Policy**, and **Integrity Policy**—all pertaining to business conduct—have been endorsed by the Board of Directors. The Board, with assistance from the Audit and Compliance Committee, oversees and encourages adherence to these policies. Additionally, the Board has designated an ethics manager tasked with providing an Annual Report on compliance with the Code.

Collectively, the board members possess extensive knowledge and expertise in business conduct, gained through their professional experiences and roles on the boards of Línea Directa and other organisations. Specifically, the Audit Committee is responsible for overseeing and fostering compliance with the Code of Ethics, the Suppliers' Code of Conduct, and the Company's internal conduct codes. This responsibility is fulfilled through the ethics manager's annual report to the committee.

Impact, risk and opportunity management

IRO-1. Description of the processes to identify and assess material impacts, risks, and opportunities related to ethics, good governance and business conduct

Drawing from the details outlined in section IRO-1 of the General disclosures chapter (ESRS 2) of this report, and following the stages and evolution of Línea Directa Aseguradora's double materiality process, the criteria applied to assess the impacts, risks, and opportunities related to business conduct include, among others:

- The alignment and connection of these impacts, risks, and opportunities with the insurance sector.
- The strategic governance priorities set by the Group.
- The national scope of the Group's and its subsidiaries' operations.
- Consistency with the financial statements and risk map.

G1-1. Corporate culture and policies on business conduct and corporate culture

The Compliance function is tasked with identifying, assessing, managing, or addressing incidents, risks, and opportunities of notable significance concerning business conduct.

The **Chief Compliance Officer (CCO)** oversees and directs both the Compliance Management System and the Compliance Function. Should potential compliance risks arise, the CCO, together with the Regulatory Compliance Department, will recommend suitable action plans to prevent or mitigate them.

The responsibilities of the Chief Compliance Officer include:

- Providing the Audit and Compliance Committee with updates on adherence to applicable legal obligations and regulations governing the Group and its operations, encompassing not only those stemming from interactions with third parties but also self-imposed guidelines, as well as sectoral or ethical standards that Stakeholders in the communities where the Group operates reasonably expect to be upheld.

- Responding promptly to compliance risks by notifying the Audit and Compliance Committee and suggesting action plans for swift implementation to either avert the risk or lessen its impact.
- Alerting the organisation to any known regulations that could present a compliance risk, significantly affect the Group or its activities, and require monitoring and evaluation of their organisational impact.

Fostering corporate culture.

Línea Directa cultivates a corporate culture rooted in adherence to legal and ethical standards by promoting its Code of Ethics, providing targeted training for employees, and maintaining a robust monitoring and compliance framework.

The Code of Ethics serves as the cornerstone for reinforcing the Group's corporate values among its members, broadly outlining behavioural expectations and guidelines across various professional domains where Línea Directa employees operate. Its purpose is to act as a guiding framework for decision-making in situations that these professionals may encounter.

Annually, the **Ethics Manager** compiles a report detailing compliance with the **Code of Ethics** and the communications received via the **Ethics Channel**, submitting it to the Board of Directors along with any relevant recommendations.

The Code of Ethics of the Línea Directa Group is designed to define the general principles respect that must guide the behaviour of Línea Directa Aseguradora S.A. employees and its subsidiaries. This code applies to their duties and their commercial and professional interactions, aligning with legal and ethical standards.

It also addresses the company's obligations to prevent criminal acts under the framework of corporate criminal liability, while reinforcing the collective responsibility of all employees to support compliance with existing laws and the Group's internal policies.

The Línea Directa Group will encourage adherence to these standards by promoting awareness, offering tailored employee training, and upholding its monitoring and compliance mechanisms.

Every employee within the Group is required to assist in identifying potential violations of the Code of Ethics, as well as any other internal or legal rules.

The Línea Directa Group has an Internal Information System, the Ethics Channel, to provide a secure mechanism for anyone to report detected irregularities related to the Code of Ethics or breaches of applicable laws, as well as to seek clarification on its implementation, with appropriate safeguards. The **Ethics Channel Policy** outlines the general principles and procedures governing the management of the Ethics Channel. These principles include:

1) Confidentiality regarding the informant's identity, any third parties referenced in the report, and the handling and investigation of the information.
2) Prohibition of retaliation against informants.
3) Adherence to the presumption of innocence and the right to defence for all involved parties.
4) Independence, impartiality, and avoidance of conflicts of interest in the management process.
5) Efficient and effective handling of all submissions.

6) Accessibility.

The Ethics Channel and the Ethics Channel Policy, which incorporates safeguards for whistleblower protection, can be accessed via the **corporate website** and the Group's **intranet**. In this regard, the Línea Directa Group adheres to Directive (EU) 2019/1937 and its transposition into national law through Law 2/2023, dated 20 February, which governs the protection of individuals reporting regulatory violations and combating corruption.

Beyond these requirements, the Group has established an investigation procedure to address any detected incidents or irregularities, encompassing all conduct that contravenes regulations or the Code of Ethics, not limited to the violations specified in Directive (EU) 2019/1937.

Code of Ethics training.

New employees undergo an **online training course** geared towards the Code of Ethics, featuring a dedicated section on Corporate Criminal Liability. Familiarity with the Code of Ethics underpins the Línea Directa Group's crime prevention framework.

This training module includes the requirement of a **self-assessment test** to be carried out, enabling the tracking of participants and verifying their comprehension of the material.

Additionally, targeted training is offered, such as sessions on the updated supplier code of conduct, aimed at employees whose roles involve frequent interaction with suppliers (the most recent session occurred in 2023).

Given the direct and non-life insurance business model, the Group's double materiality assessment has not identified corruption and bribery as material topics. The risk of such incidents is confined to roles with decision-making authority involving third parties, where employees might face offers of personal benefits from external entities in exchange for organisational influence. To address this, Section 7 of the Code of Ethics. "Gifts, presents and hospitality," prohibits Group employees from accepting or offering gifts, favours, services, or any benefits from individuals or entities that could compromise their objectivity or sway commercial, professional, or administrative relationships.

Furthermore, the Code includes a dedicated section on measures to combat bribery and corruption, stipulating that Group employees must not, directly or indirectly, provide or propose cash payments, in-kind benefits, or other advantages to individuals serving public or private entities, political parties, public officials, or candidates, with the intent of unlawfully securing or retaining business or other benefits.

The Criminal Compliance Policy was developed to define the overarching principles and guidelines for all organisational members in preventing criminal risks. Included as an Annex is a dedicated section that outlines the primary criminal risks tied to the Group's operations, explaining their nature and detailing preventive measures, including those for corruption and bribery.

The Línea Directa Group is steadfastly dedicated to upholding all regulations related to preventing and combating corruption, as articulated in its Code of Ethics and Anti-Corruption Policy. This commitment applies universally to all employees, managers, and Board of Directors members, as well as to the Group's broader Stakeholders.

In 2021, the Group introduced an **Anti-Corruption Policy**, which was subsequently revised and superseded by the **Integrity Policy**, approved on 25 January 2024. Through this updated policy, the Línea Directa Group reaffirms its **zero-tolerance** stance on all forms of corruption, establishing a set of principles that provide a framework for ensuring rigorous adherence to regulations aimed at preventing and combating fraud and corruption, while upholding the highest standards of integrity in professional conduct.

A key component of this framework is the Línea Directa Group's **gift acceptance procedure**, which outlines the policy on receiving gifts and presents from third parties. Accordingly, any gifts that fail to meet the procedure's stipulations are raffled off at a year-end charity market open to all employees.

The Group has reported no significant complaints related to corruption or bribery in either 2023 or 2024.

Subcontracting and suppliers.

In 2022, the Group approved its Responsible Procurement Policy, which requires suppliers to develop a strategic ESG plan. In addition, non-financial criteria (ESG) were incorporated into the procedure for the evaluation and approval of suppliers.

A core element of the policy is the engagement of suppliers who have adopted a socially responsible approach across economic, social, and environmental dimensions, aligning with the Group's goal of enhancing ESG awareness within its supply chain, provided that the technical, operational, and financial criteria of the evaluated proposals permit it.

In 2024 Línea Directa Aseguradora placed orders with **600 suppliers** for € 175.8 million, in addition to those placed with the Group's service network, compared to payments of € 167.3 million to 570 suppliers in the previous year.

Illustrating the Línea Directa Group's dedication to supporting and strengthening Spain's local economic ecosystem, **91%** of its purchases in the period were from **local suppliers** (down slightly from 92% in 2023), with the Group onboarding 142 new suppliers (compared to 146 in 2023)

The Group's high volume of **local purchases** is an engine of growth for the geographical areas in which it operates, promoting the **economic, industrial and social development** of these areas by creating jobs in the companies that supply the products and services

Assessment of suppliers' ESG performance.

In 2024, the Línea Directa Group maintained its system for managing and evaluating the **ESG performance** of **suppliers** involved in critical operations throughout their partnership with the Group, producing an informative report for management.

By the end of 2024, 87% of **suppliers** overseen by the insurer's **Procurement** Department and surveyed that year had been assessed against established sustainability criteria. Additionally, the ESG performance of 59% of evaluated suppliers within the **Motor benefits network** was reviewed. In 2024, the ESG questionnaire was expanded to include collaborators in the **bodily injury network** of the Services and Benefits Area. There was a 52% response rate. The network of collaborators in the home insurance sector was also assessed, achieving an 80% response rate from surveyed suppliers. The aim of the ESG supplier assessment is not only to select partners with the best sustainability performance, but also to motivate them to improve their ESG performance, which will also improve their competitiveness.

In the 2023 financial year, 91% of the insurance company's surveyed suppliers responded to the ESG questionnaire. Furthermore, the sustainability performance of 34% of suppliers included in the initial phase of the Motor benefits network evaluation was analysed.

Regulatory compliance (Entity-specific)

GOV-1 The role of the administrative, management and supervisory bodies in the undertaking's regulatory compliance

Within the Línea Directa Group, the Corporate Risk Area integrates risk management, internal control over financial and sustainability data, the actuarial function, and regulatory compliance. This area oversees the identification, evaluation, mitigation, and monitoring of risks, supported by a catalogue and a technological system that streamlines collaboration among various roles in risk management and the control framework through workflows, reporting tools, and heat map generation.

Control and assessment responsibilities are divided across multiple **lines of defence**:

1 The **first line** of defence handles daily risk management.

2 The **second line**, spearheaded by the **Corporate Risk** area, oversees critical functions, including:

- Risk management and internal control.
- The Actuarial function.
- Regulatory compliance.
- Internal control over financial reporting and fraud prevention.

3 A **third line** of defence, overseen by the **Internal Audit** function, is tasked with evaluating the effectiveness of the implemented controls.

Specifically, in the realm of regulatory compliance, the Línea Directa Group has established a **Regulatory Compliance Committee**, composed of representatives from key expert and cross-functional areas within the compliance framework, including Tax Advisory, Legal Advisory, Occupational Risk Prevention, Corporate Governance, the Data Protection Office, and Human Resources. This committee assists the Regulatory Compliance Department in ensuring the proper execution of its duties related to criminal risk prevention.

Furthermore, the Línea Directa Group **Standing Risk Committee** is responsible for facilitating and monitoring the implementation of effective risk management practices at the Group through the reporting of risks by the first lines of defence. It is led by the Chief Risk Officer and is made up of the Heads of Internal Control of Financial Information, Data Quality, Risk Management and Internal Control, Regulatory Compliance and the Actuarial Function.

Additionally, the Audit and Compliance Committee—one of the two advisory bodies to the Board of Directors—is responsible for overseeing and assessing the company's regulatory compliance system. This committee is responsible for overseeing the effectiveness of the company's internal control, internal audit and risk management systems. This committee is informed by the heads of the Internal Audit and Corporate Risk (Risk Management and Internal Control, Actuarial and Regulatory Compliance roles and ICFR) in relation to the most significant risks included in the entity's Risk Map, as well as the status of the recommendations issued and the performance of the Key Risk Indicators (KRI).

The **Risk Management, Actuarial, Regulatory Compliance and Internal Control departments of the ICFR and ICSR systems** are responsible for:

- Ensuring the proper functioning of risk management and control systems and, in particular, that all significant risks that may affect the company are properly identified, managed and quantified.

• Playing an active role in drawing up the risk strategy and in important decisions around risk management.

• Ensuring that the risk control and management systems adequately mitigate risks within the framework of the policy defined by the Board of Directors.

• Periodically assessing the adequacy and effectiveness of controls (defined as measures to mitigate the impact of identified risks) and make recommendations to the officers responsible for the risks - recommendations that will be turned into action plans.

• Regularly reporting to the Steering Committee—and, as often as deemed appropriate, to the Standing Risk Committee—on the status of the company's risks, and on any possible risks that could emerge and the status of all recommendations arising from testing.

The **Chief Compliance Officer** (CCO) oversees and directs both the Compliance Management System and the Compliance Function. Should potential compliance risks arise, the CCO, together with the Regulatory Compliance Department, will recommend suitable action plans to prevent or mitigate them.

The rest of the information reported on governance can be found in section GOV-1 of the chapter referring to ESRS 2.

SBM-3. Material impacts, risks and opportunities and their interaction with strategy and business model

The Línea Directa Group, through its double materiality analysis conducted in 2024—detailed in the ESRS 2 chapter Impacts, risks and opportunities management—identified one material risk for the Group. These findings are elaborated in chapter Description of the Processes to Identify and Assess Material impacts, Risks, and Opportunities Related to regulatory compliance.

This risk is related and linked to its strategy and business model. **Ethics, compliance, and risk management** are key pillars of the Group's Fifth Sustainability Plan for 2023-2025. This pillar shapes the Group's ESG priorities and drives specific actions outlined in the plan.

Material risk is tied to the Group's imperative to ensure regulatory adherence by maintaining robust controls, policies, and processes to meet applicable regulations, thereby minimising the reputational and financial risks that could arise from non-compliance. To support this, the Group implements awareness and training initiatives alongside policies like the Compliance Policy. This policy governs the operation of a critical function mandated by Solvency II insurance regulations, while affirming the Línea Directa Group's dedication to upholding legal standards, rejecting any violations of applicable laws or conduct conflicting with the Code of Ethics, and maintaining a zero-tolerance stance toward criminal behaviour. It establishes a set of compliance principles that all employees and third-party collaborators are expected to follow, reinforced by adherence to the Code of Conduct for Suppliers.

IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities related to regulatory compliance.

As described in greater detail in the ESRS 2 Impact, risk and opportunity management, the following process has been followed for the assessment of impacts, risks and opportunities:

1. Firstly, a context analysis has been carried out, using both internal and external sources of information, to obtain an initial approximation of potentially material topics from a cross-cutting sustainability perspective.

2. Secondly, a preliminary identification of the topics and sub-topics has been made, defined from the list of Topics, Sub-topics and Sub-sub-topics proposed in ESRS 2 AR 16 and the Group's previous materiality.

3. Thirdly, the Impacts, Risks and Opportunities (IROs) have been identified, examining and considering the information present in the sources used in the first phase of the project.

4. Fourthly, the materiality value of each of these has been obtained from the quantitative data assigned to each IRO, from the consultations carried out with the different Stakeholders and from the Group's management framework.

5. Finally, the material topics have been obtained, identifying 11 material environmental, social and governance (ESG) issues.

Sub-topic	Sub-topic linked to ESRS	Positive / Negative Risk / Opportunity	IRO description	Value chain
Regulatory compliance	Entity-specific	Risk	Regulatory shifts impacting the organisation economically	Upstream - Shareholders / investors Own operations

Following an analysis of the Group's management framework and the likelihood of the risk manifesting in the short, medium, and long term, it was deemed material based on the double materiality analysis. This methodology is elaborated further in the chapter ESRS 2 Impact, risk and opportunity management.

During the analysis, it has been identified that this risk has a direct impact on shareholders and investors, corresponding to the upstream value chain and on the operations themselves.

Additionally, it is worth highlighting that the evaluation of Impacts, Risks, and Opportunities (IROs) incorporated input from four key Línea Directa Group Stakeholders via surveys, alongside focus groups with Group employees and interviews with Línea Directa Aseguradora's management team.

The purpose of these surveys is to incorporate Stakeholders' perspectives into the evaluation of topics and sub-topics, ensuring a more comprehensive outcome.

MDR-P. Policies adopted to manage material sustainability matters

Policies for addressing regulatory compliance

Línea Directa Group Compliance Policy

The **Línea Directa Group** maintains a Compliance Policy that applies to all employees, managers, and directors across its constituent companies, as well as the **Línea Directa Foundation**. Furthermore, the Group urges its collaborators and other parties associated with its operations, products, and services to uphold the principles outlined in this policy.

As previously indicated, the main objective of the Compliance Policy is to govern the operation of a critical function mandated by Solvency II insurance regulations, while affirming the Línea Directa Group's dedication to upholding legal standards, rejecting any violations of applicable laws or conduct conflicting with the Code of Ethics, and maintaining a zero-tolerance stance toward criminal behaviour. For this purpose, it establishes a set of compliance principles that all employees and third-party collaborators are expected to follow, reinforced by adherence to the Code of Conduct for Suppliers. To this end, a Compliance Function has been implemented in the organisation with the aim of identifying, evaluating, managing and controlling regulatory risks together with measures that help to prevent and mitigate them.

The Compliance Function encompasses:

- Offering guidance to business units and establishing directives to shape the legal risk management strategy, while ensuring adherence to regulations and policies stemming from applicable laws. This responsibility also covers self-imposed guidelines, as well as sectoral or ethical standards that Stakeholders in the communities where the Group operates reasonably expect to be followed.
- Assessing the potential impact of changes in the legal landscape on the company's activities.
- Identifying and evaluating compliance risks.
- Overseeing the Criminal Compliance System.
- Fostering a culture of regulatory compliance.
- Providing training on regulatory compliance matters.

Línea Directa Aseguradora, S.A. has set up a Regulatory Compliance Function (hereinafter RCF) documented by:

- The Compliance Policy.
- The Criminal Compliance Policy.
- The Compliance Management System.

The Regulatory Compliance Function (RCF) will be overseen by the Chief Compliance Officer (CCO), who will execute its duties in coordination with the Compliance Committee and the Standing Risk Committee, while reporting to the Audit and Compliance Committee.

Upon identifying a potential compliance risk, the CCO will promptly recommend to the Audit Committee the necessary measures to prevent such risks or lessen their impact. From a disciplinary standpoint, these measures and decisions will be implemented by the appropriate department, scaled according to the potential or actual harm caused by the non-compliance, and enforced consistently with equal rigor across similar cases, irrespective of the rank or role of the individual(s) involved.

This policy has been endorsed by the Board of Directors upon the recommendation of the Audit and Compliance Committee, in line with the Regulations of the Board of Directors of

Línea Directa Aseguradora, SA, and is consistent with its strategic goals. It demands the commitment of not only senior management but also every individual within the Group.

The policy's content will undergo an annual review, with any necessary updates or revisions implemented as deemed appropriate. Should the review necessitate changes, the revised policy will be presented to the Board of Directors for approval and subsequently communicated effectively. The policy is available on the Company's intranet.

The Línea Directa Group's Criminal Compliance Policy

The **Criminal Compliance Policy** applies to all entities within the 'Línea Directa Group' at any given time, including the Línea Directa Foundation. It extends to all employees, senior management, governing bodies, and affiliates of the companies comprising the Línea Directa Group.

In December 2010, Law 1/2010, amending the Penal Code (referred to as the 'PC'), took effect, marking the first introduction of criminal liability for legal entities in the Spanish legal framework. This milestone was further solidified by Law 1/2015, effective from 1 July 2015, which refined the concept of corporate criminal liability introduced in 2010. Under these reforms, a company may face criminal accountability for offences committed within the organisation by its employees, managers, or governing bodies. However, the Penal Code specifies that a legal entity can be exempt from liability if it can prove that, prior to the offence, the Group had adopted and effectively enforced organisational and control models incorporating appropriate oversight and control mechanisms.

The policy was developed to define the overarching principles and guidelines for all organisational members in preventing criminal risks.

The primary objectives of this Policy are:

• To outline and reinforce the framework of conduct and behavioural standards governing the organisation's activities.

• To establish essential control mechanisms for preventing crimes within the scope defined by this document.

• To reaffirm the Board of Directors of Línea Directa Aseguradora, S.A.'s unwavering zero-tolerance stance on crime and extend this expectation throughout the entire organisation.

• To assure third parties that the organisation exercises legally binding oversight over all its operations.

The Línea Directa Group relies on a set of core principles and foundations outlined in the Code of Ethics, which applies to all personnel, including senior management, and serves as the basis for the more detailed criminal risk control system.

The Línea Directa Group's **crime prevention model** relies on the following internal bodies and functions:

• The **Board of Directors**, which is the body that is tasked with championing a preventive culture rooted in a 'zero tolerance' approach to criminal acts and is tasked with adopting and executing an effective surveillance and control model to prevent such incidents in the Línea Directa Group.

• The **Audit and Compliance Committee**, which holds ultimate oversight and responsibility for the policy's supervision and control. In this capacity, the Audit Committee approves the policy and delegates its operational oversight and compliance monitoring to the Regulatory Compliance Department, an internal Group entity. This department keeps the Audit and Compliance Committee updated on decisions and measures taken in fulfilling its duties of supervising, monitoring, and enforcing the policy.

• **Regulatory Compliance Department**: A proactive team tasked with ensuring the policy operates effectively and remains aligned with the evolving needs and conditions of the companies within the Línea Directa Group, exercising responsible oversight.

• **Regulatory Compliance Committee**: An internal body that assists the Regulatory Compliance Department in effectively carrying out its responsibilities related to preventing criminal risks.

• **People, Communication and Sustainability Department**: Responsible for coordinating and managing internal employee training and overseeing the disciplinary system for breaches of this policy.

The Línea Directa Group maintains an extensive array of policies, procedures, and core internal regulations, forming a comprehensive toolkit of preventive controls designed to reduce the likelihood of crimes being committed by its employees and managers.

Any person associated with the Línea Directa Group has the obligation to respect and comply with current legislation, as well as the internal rules, policies and procedures implemented by the Group that are applicable within the framework of the performance of their duties.

Should these obligations be violated, the disciplinary measures outlined in labour legislation, the applicable Collective Bargaining Agreement, and, if relevant, those approved by the Audit and Compliance Committee upon recommendation from the People, Communication and Sustainability Area will be enforced, without prejudice to additional liabilities that may apply.

The Línea Directa Group is steadfastly dedicated to ensuring that all employees understand the ethical and integrity standards it has adopted, the methods for achieving these goals, and their responsibility to cooperate with the Regulatory Compliance Department. To support this, the policy’s rollout is paired with robust internal communication, information, awareness, and training initiatives for all employees, focusing on criminal risks. These efforts are managed by the Regulatory Compliance Department in collaboration with the Training Department within the People Department. The policy is available on the Company’s intranet.

MDR-A. Actions and resources in relation to material sustainability matters

Actions and resources in relation to regulatory compliance

Increased regulatory pressure is forcing Línea Directa to comply with the requirements and restrictions imposed by new legislation, adapt its processes and systems, and strengthen its legal teams. The expected regulatory changes in the area of sustainability and climate change could have a significant impact on companies.

Línea Directa has developed different measures to mitigate this risk. Firstly, it has a bulletin of regulatory and legal news, which includes regulatory projects, relevant criteria issued by the main supervisors and other news of importance that may affect or be of interest to the institution. In addition, the Management team is promptly informed of the changes and their potential impact on the business, and awareness programmes are conducted throughout the organisation on the new regulations and the risks they may entail.

The Group also has other tools in place, such as the Regulatory Radar, which analyses regulatory changes and their potential impact, and helps to drive the implementation of measures to ensure that these changes are incorporated into processes and operations.

In the area of compliance, the CAR workshops in Madrid and Barcelona have received training. And a training video specifically looking at the penal code is available for the managers and coordinators of Línea Directa.

In 2024, the organisation has welcomed 34 new employees in strategic areas such as Technology, Digital Transformation, the Technical area, Finance, Risk Analysis, Compliance, People and Communication and Marketing. In addition, the Commercial and Customer Service Teams are continuously reinforced.

Main milestones of 2024

1. New control environment

In the first four months of 2024, the Línea Directa Group finalised the redesign of its **Function Map**, building on a preliminary review of pertinent sector regulations. This initiative aimed to achieve several objectives:

To assess how well the organisation's **activities align** with current **regulatory** requirements.

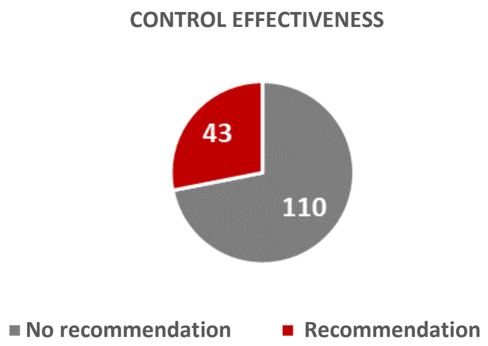
To provide this insight, a holistic, cross-functional view of the subject was essential, leading to the structuring of the control environment around management processes rather than individual organisational departments.

Starting in the second quarter, following the completion of the new map, testing began on the most critical controls identified within it.

Of the **219 controls initially documented** in the control environment, **159** (70%) have been evaluated. The review of the Línea Directa Group matrix, which encompasses controls of higher materiality, has reached a **completion rate** of **84%**.

LDA GROUP	CONTROLS	REVIEWED	%
Línea Directa Aseguradora	177	148	**84%**
Subsidiaries	34	0	**0%**
Línea Directa Foundation	8	4	**50%**
Total	219	152	**70%**

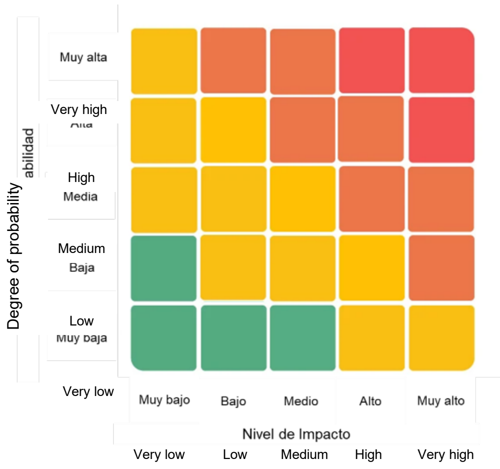
With regard to the controls monitored up to the time of writing this report, weaknesses have been detected in 43 controls (in 28% of the tests carried out). The ratio of recommendations made in 2023 came to 14%. This difference is due to the greater robustness of the control environment implemented this year.



2. Unified Data Protection Map

After the 2023 review of **Data Protection Risks** within the Regulatory Compliance framework, a new consolidated map was developed in the period, integrating risks tied to security measures (operational and technological). This unified approach enables a thorough assessment of these risks from both angles.

The resulting Map is organised into 7 primary risk categories, each supported by a set of second-level or underlying risks, totalling 133.



This structure facilitates the monitoring of c risks linked to emerging technologies, including identity theft, the improper transmission of sensitive information to third parties, and data breaches.

3. Adaptation to new regulations

Adaptation to new regulations has driven the creation of **additional control environments** (new Maps) in 2024, stemming from two key regulations:

- **Regulation (EU) 2024/1689** of 13 June 2024, which establishes harmonised rules on artificial intelligence (AI).
- **Regulation (EU) 2022/2554** of 14 December 2022, focused on digital operational resilience for the financial sector (DORA).

These have been integrated into SAP for testing scheduled in 2025.

Metrics and targets

MDR-M. Metrics in relation to material sustainability matters as regards Quantitative indicators from other reporting frameworks.

The metrics designed to assess the strategy for managing the material risk of regulatory changes impacting the Group's economic activities are outlined in the preceding section. These metrics are consistent with other reporting frameworks, including the DORA Directive and the Artificial Intelligence Directive.

MDR-T. Tracking effectiveness of policies and actions through targets

The Línea Directa Group has implemented a robust and systematic framework to monitor the effectiveness of policies and actions tied to regulatory compliance. This involves setting annual objectives that align with the corporate strategy and the priorities defined by the Board of Directors. The framework ensures that initiatives correspond with the Board's annual strategic goals, with oversight from the Regulatory Compliance Committee and support from key metrics and specific KPIs.

Objectives 2025: Challenges and priorities

1. Conduct a review of risks with a control ratio exceeding 5, eliminating them without penalising mitigation efforts. This objective is set for completion by 2025 and will be tracked through evidence recorded in the SAP Map.
2. Assess the risks and control environments of subsidiaries (Assistance and CAR) and unresolved areas (primarily S.G. and Marketing) following the 2024 review. This objective has a 2025 deadline and will be evaluated using evidence in the SAP Map.
3. Finalise a comprehensive review of the risk control environment aligned with the DORA, AI, and RPGD frameworks. This objective is set for completion by 2025 and will be tracked through evidence recorded in the SAP Map.

The costs of actions undertaken in 2024 have been fully covered by Línea Directa Aseguradora's own resources.

These objectives are subject to systematic monitoring, with regular reviews ensuring the effectiveness of compliance policies and actions. This process also enables the identification of improvement opportunities, and the implementation of corrective measures as needed. This approach strengthens the Group's capacity to proactively anticipate and address challenges within both the business and regulatory landscapes.

Risk Management (Entity-specific)

Governance

GOV-1. The role of the administrative, management and supervisory bodies

The risk management and control governance framework of the Línea Directa Group is built on the principles of independence and segregation of duties, ensuring a clear distinction between business units and those tasked with risk oversight and control. Below is an overview of the key roles and responsibilities of the governing bodies and participants in this process:

Board of Directors

The Board of Directors holds ultimate authority for setting the Group's General Risk Policy, which outlines the overarching framework for managing the risks the Group faces. This framework provides the foundation for developing tailored policies for each specific risk category.

Audit and Compliance Committee

The Audit and Compliance Committee is tasked with overseeing the effectiveness of the internal control system, internal audit, and risk management systems.

It regularly receives updates from the Risk Function and Internal Audit Function regarding the most critical risks identified in the Risk Map, the progress of issued recommendations, and trends in Key Risk Indicators (KRIs). Additionally, the committee assesses and ensures the proper implementation of control measures that enhance the Group's sustainability and stability.

Internal Audit Function

In the Three Lines Model, the Internal Audit Function serves as the third line of defence, focused on safeguarding and increasing the organisation's value. It achieves this by delivering objective, risk-based assurance and advice, working in partnership with the Board of Directors and Executive Management to protect assets, reputation, and shareholder interests, thereby supporting the organisation's long-term sustainability.

Risk Management Functions

The second line of defence is carried out by the Risk Management Functions, which are tasked with:

- Ensuring the identification, management, and appropriate quantification of significant risks to the company, consistent with the General Risk Policy.
- Contributing to the formulation of the risk strategy and aiding in critical management decisions.
- Monitoring the effectiveness of control systems and recommending measures to mitigate risks within the framework established by the Board of Directors.
- Preparing regular reports detailing the status of risks, the performance of controls, and recommendations arising from conducted assessments.

Standing Risk Committee

This committee is pivotal in overseeing and ensuring the adoption of robust risk management practices. Its duties encompass monitoring all risks pertinent to the Group, reviewing periodic reports from the first line of defence, and ensuring that risk control strategies align seamlessly with corporate goals.

Senior Management

Senior Management, in turn, is tasked with fostering a strong risk management culture by establishing an organisational structure that embeds risk management into everyday operations.

It also oversees the proactive handling of risks tied to business and support functions, ensuring the deployment of effective mitigation measures.

Information and control systems

The risk management functions are supported by sophisticated information systems and robust controls, which guarantee the policy's execution and its alignment with corporate objectives. These tools are elaborated in the specific policies tailored to each risk category.

Details on the composition, diversity, skills, and expertise of the members of these governing bodies are provided in ESRS Chapter 2 Governance. Additionally, these bodies are responsible for setting targets related to material incidents, risks, and opportunities, and tracking progress toward them, as outlined in subchapter MDR-P Policies Adopted to Manage Material Sustainability Matters.

This holistic governance approach strengthens Línea Directa's capacity to identify, manage, and mitigate risks, thereby enhancing the Group's sustainability and stability.

Strategy

SBM-3. Material impacts, risks and opportunities and their interaction with strategy and business model

Through a double materiality analysis conducted in 2024, as outlined in the methodology detailed in chapter ESRS 2 "Impact, risk and opportunity management," Línea Directa Aseguradora has identified a significant risk: the inadequate development of strategies and action plans to manage and prevent unidentified environmental, social, and governance (ESG) risks. This finding is elaborated in subchapter IRO-1, "Description of processes to identify and assess material risk management-related impacts, risks and opportunities."

This approach reflects the Group's dedication to maintaining an effective control environment that promotes long-term sustainability, as further explained below.

Strategic objective in risk management

The primary goal of the Risk Management Function is to maintain a comprehensive and current risk map that highlights both existing and emerging risks faced by the Group. This map ensures an efficient control environment capable of mitigating at least 80% of inherent risk, with a long-term aim of nearing 100% mitigation. While complete mitigation is impractical due to cost constraints, the focus remains on maximising the control environment's effectiveness. This is achieved through periodic evaluations to ensure its suitability and relevance.

Optimal mitigation requires not only robust controls but also thorough reviews conducted on a biennial cycle, keeping the Group's actual risk exposure current and aligned with its strategic priorities.

ESG Risk Map

The ESG risk map of the Línea Directa Group is organised around three core pillars encompassing five key ESG blocks. These blocks are further segmented into 16 distinct categories representing various risk events:

1. Environment: Covering climate change-related risks.
2. Employees, customers, and community: Addressing risks tied to interactions with essential Stakeholders.
3. Corporate governance: Focusing on ethics, transparency, and third-party relationships.

These risks are aligned with the Sustainable Development Goals (SDGs) and other prominent reporting frameworks, including the GRI Standards and the Non-Financial Reporting Act (Law 11/2018).

Monitoring with Key Risk Indicators (KRIs)

The Group tracks Key Risk Indicators (KRIs) monthly to detect any deviations from the thresholds set by the Audit and Compliance Committee. These KRIs are defined by specific traits:

- Measurable and specific: Enabling objective risk assessment.
- Periodic and relevant: Ensuring consistent analysis in line with strategic goals.
- Predictive: Allowing risks to be foreseen before they materialise.

The KRIs Scorecard categorises indicators into two tiers based on their significance. This aides in the prioritisation of critical risks and preventing the oversight of vital information needed for decision-making by governance bodies. Moreover, the closer a KRI is to the root cause of a risk event, the more effectively the Group can implement proactive measures to mitigate its impact.

Integration with the business strategy

Línea Directa's risk management framework is crafted to bolster its corporate strategy by fostering a balance between mitigating risks, seizing opportunities, and adhering to ESG standards. This approach not only enhances the Group's sustainability but also guarantees that strategic decisions are informed by a comprehensive and current understanding of the risks facing the organisation.

Impact, risk and opportunity management

IRO-1. Description of processes to identify and assess material risk management-related impacts, risks and opportunities

As described in greater detail in the ESRS 2 Impact, risk and opportunity management, the following process has been followed for the assessment of impacts, risks and opportunities:

1. Firstly, a context analysis has been carried out, using both internal and external sources of information, to obtain an initial approximation of potentially material topics from a cross-cutting sustainability perspective.
2. Secondly, a preliminary identification of the topics and sub-topics has been made, defined from the list of Topics, Sub-topics and Sub-sub-topics proposed in ESRS 2 AR 16 and the Group's previous materiality.
3. Thirdly, the Impacts, Risks and Opportunities (IROs) have been identified, examining and considering the information present in the sources used in the first phase of the project.
4. Fourthly, the materiality value of each of these has been obtained from the quantitative data assigned to each IRO, from the consultations carried out with the different Stakeholders and from the Group's management framework.

5. Finally, the material topics have been obtained, identifying 11 material environmental, social and governance (ESG) issues.

Sub-topic	Sub-topic linked to ESRS	Positive / Negative Risk / Opportunity	IRO description	Value chain
Management of financial and ESG risks	Entity-specific	Risk	Insufficient formulation of strategies and action plans to address and prevent unidentified environmental, social, and governance risks	Own operations

Following an analysis of the Group's management framework and the likelihood of the risk manifesting in the short, medium, and long term, it was deemed material based on the double materiality analysis. This methodology is elaborated further in the chapter ESRS 2 Impact, risk and opportunity management. The analysis has determined that this risk has a significant impact on the organisation's operations.

Additionally, it is worth highlighting that the evaluation of Impacts, Risks, and Opportunities (IROs) incorporated input from four key Línea Directa Stakeholders via surveys, alongside focus groups with Group employees and interviews with Línea Directa Aseguradora's management team.

The purpose of these surveys is to incorporate Stakeholders' perspectives into the evaluation of topics and sub-topics, ensuring a more comprehensive outcome.

MDR-P. Policies adopted to manage material sustainability matters

Risk management within the Línea Directa Group is guided by the **General Risk Policy**, a foundational document endorsed by the Board of Directors. This policy outlines the principles and guidelines for identifying, assessing, managing, and controlling risks that could impact the Group's operations. It undergoes regular reviews to maintain alignment with strategic goals and ensure the business's sustainability.

The policy's primary aim is to provide a holistic risk management framework, establishing a control environment that effectively addresses the threats facing the Group. Risk management is regarded as a collective duty across all levels of the Línea Directa Group, from employees to governing bodies, fostering a proactive culture that emphasises early risk detection and effective response.

The principles outlined in the General Risk Policy apply to all employees, managers, and directors across the Línea Directa Group's companies, in line with relevant regulations.

Subsidiaries are required to adopt this policy and establish appropriate control systems tailored to their specific business characteristics, ensuring compliance and consistency with the Group's standards.

The policy is built on several core principles. These include independence, ensuring a clear separation between business units and the units responsible for monitoring and control; comprehensive management, enabling the identification and handling of all significant risks via a Risk Map; and transparency, facilitating effective communication for the timely detection of threats. Additionally, the policy emphasises ongoing review, integrating enhancements based on new tools, reported incidents, and industry best practices, while prioritising regulatory compliance to ensure all activities adhere to established ethical and legal standards.

The **General Risk Policy** is supported by a suite of internal documents and targeted policies that address specific risk categories, corporate functions, and business areas. Key among these are:

- The Criminal Compliance Policy: Implements measures to prevent and mitigate legal and compliance risks.
- The Operational and Reputational Risk Management Policy: Focuses on identifying and addressing risks stemming from processes, systems, and external relationships.
- The Internal Control over Sustainability Reporting Policy (ICSR) Policy: Sets up mechanisms to ensure the accuracy of non-financial data.
- The Product Governance Policy: Oversees the development and marketing of products meeting ethical and quality standards.
- The Investment and Reinsurance Policy: Offers guidelines for managing assets and reinsurance activities to reduce financial exposure.

Each policy outlines specific measures and procedures that enhance comprehensive risk management and align with the Group's strategic goals.

Responsibility of the governing bodies.

The execution and oversight of the policy are entrusted to various bodies and functions:

- Board of Directors: Establishes risk tolerance limits and approves both general and specific policies.
- Audit and Compliance Committee: Oversees the effectiveness of the risk management system.
- Standing Risk Committee: Tracks the implementation of risk management practices and monitors Key Risk Indicators (KRIs).
- Senior Management and Business Areas: Ensure accurate identification and management of risks within their respective domains.

The policy is periodically evaluated to confirm its suitability for addressing emerging risks and adhering to sector best practices. At the operational level, Senior Management and Business Areas are tasked with ensuring that risks within their domains are properly identified and managed, aligning implemented measures with the policy's core principles. The Risk Map, combined with the annual Own Risk and Solvency Assessment (ORSA) reports, serves as a critical tool for pinpointing and prioritising significant risks, supporting informed strategic decisions.

Approved by the Board of Directors on 20 July 2023 and updated on 24 September 2024, this policy underscores the Línea Directa Group's dedication to rigorous risk management that meets the highest ethical and regulatory benchmarks.

MDR-A. Actions and resources in relation to material sustainability matters

The Línea Directa Group encounters a range of risks tied to its operations, business activities, and external influences that could hinder the realisation of its strategic goals. To manage these risks effectively and systematically, the Group has adopted a holistic approach rooted in key principles that guide all risk management efforts.

A cornerstone of this approach is the **embedding** of **risk management** across all **organisational** levels. This ensures that every decision made within the Group accounts for associated risks, and cultivates a culture where risk management is a fundamental responsibility shared by every department and employee.

Supporting this, **operational independence** maintains a clear separation of roles between business units and the teams responsible for risk oversight and control. Similarly, coordination mechanisms are established to ensure that decisions and strategies align seamlessly with predefined control objectives.

Another vital element of the risk approach is comprehensive management. Every entity within the Línea Directa Group identifies, assesses, manages, and controls all significant risks, leveraging tools like the **Risk Map** to offer an **overview of the most critical threats**. This method enables the deployment of tailored policies, procedures, and frameworks for each risk type, ensuring they are effectively addressed.

Lastly, **transparency in risk communication** stands out as a critical component. Robust channels have been set up to detect threats at the earliest opportunity, reducing their potential impact. This principle ensures that information is shared clearly and promptly, enhancing the organisation's ability to respond swiftly and effectively.

Regarding continuous improvement, Línea Directa conducts regular reviews of its risk management practices to assess their appropriateness, effectiveness, and relevance. This process enables the company to pinpoint areas for enhancement by leveraging internal incident reports, new tools, and external insights, ensuring that risk management remains dynamic and responsive to evolving environmental demands.

External support has been used to analyse both the sufficiency and the level of provisions that the Company has to verify its degree of prudence. This action amounted to a cost of € 43,484.21 in 2024.

Additionally, Línea Directa partnered with a specialised external consultancy for SAP functional support in corporate risk management, at a cost of € 9,833.82 in 2024.

Lastly, all risk management efforts are aligned with internal regulatory compliance and the corporate values enshrined in the organisation's Code of Ethics. Embracing a 'zero tolerance' stance on illegal activities or fraud, the Group upholds its dedication to legality and integrity across all operations.

Collectively, these actions and principles underpin the Línea Directa Group's risk management framework, creating a strong and adaptable control environment that effectively mitigates risks and ensures the Group's long-term sustainability.

Review 2024: Key achievements

In 2024, the Corporate Risk area made substantial progress in enhancing and solidifying its risk management processes and tools, with the following notable accomplishments:

1. **Comprehensive risk review:** A thorough analysis of actuarial, operational, and regulatory compliance risks was conducted, assessing their control environments, residual criticality, and the status of action plans and recommendations.
2. **Operational economic capital methodology:** A tailored methodology was developed to calculate the economic capital tied to operational risks, bolstering the Company's ability to assess and manage its exposure.
3. **Design and implementation of the ICSR:** The Internal Control over Sustainability Reporting (ICSR) function was introduced, encompassing policy approval, a methodology for identifying and evaluating risks and controls, and documentation of critical processes.
4. **Registration and insurance advice:** Risk registration was solidified within the first line of defence (1st LoD), supported by training and advisory sessions to enhance its control capabilities.

5. **Development of new risk perspectives:** Targeted risk views, including the 'GDPR Perspective,' 'Brand Perspective,' and 'Top 10 Perspective,' were created to enable a more detailed and focused approach to managing key risks.
6. **Consolidation of the KRIs scorecard:** The tracking of Key Risk Indicators (KRIs) was reinforced, aligning them with strategic goals and improving the organisation's ability to anticipate risks.
7. **Specific analyses:** In-depth studies were performed on risks related to digitalisation, new product marketing, reinsurance structures, technical provisions data quality, and the adoption of major regulations such as CSRD, DORA, and AI.

Integration of the Fraud Function: The Fraud Function was integrated into the second line of defence (2nd LoD) risk management system, streamlining fraud **prevention mechanisms and enhancing alert systems**.

Metrics and targets

MDR-M. Metrics in relation to material sustainability matters

The Línea Directa Group's risk management system is crafted to ensure the effective identification, assessment, management, and control of the Group's most significant risks. This holistic approach is realised through a well-defined framework of controls, reporting mechanisms, and targeted training, all of which promote long-term operational sustainability and efficiency.

As outlined earlier, the management structure is built on a three-line-of-defence model:

- **First line of defence:** Business and support areas take ownership of identifying, managing, and reporting risks tied to their day-to-day operations, ensuring robust and appropriate control over their activities. They are supported by internal control teams that regularly monitor key risks and perform essential assurance controls.
- **Second line of defence:** Spearheaded by the Corporate Risk area, this line encompasses specialised functions including Risk Management, the Actuarial Function, Regulatory Compliance, the Internal Control over Financial Reporting System (ICFR), the Internal Control over Sustainability Reporting System (ICSR), and Fraud Management. These units assess control effectiveness, recommend enhancements, and provide status updates to governing bodies.
- **Third line of defence:** The Internal Audit Function independently oversees the first two lines, pinpointing opportunities for improvement and ensuring regulatory compliance and the ongoing sustainability of the risk management system.

Additionally, Línea Directa employs a **Key Risk Indicator (KRI) scorecard** to monitor and assess the status of risks across the organisation.

KRIs are defined by specific attributes that ensure their effectiveness in risk management:

- **Measurable:** Grounded in objective, quantifiable data.
- **Specific:** Tailored to each significant risk category.
- **Periodic:** Assessed at regular, predetermined intervals.
- **Predictive:** Focused on anticipating potential risk events.
- **Relevant:** Chosen for their strategic and operational significance.

The Board of Directors and the Audit and Compliance Committee annually review KRI thresholds to confirm alignment with the Group's risk appetite. Indicators tied closely to the root causes of risks enable faster implementation of proactive mitigation measures.

The Group also identifies and manages a broad spectrum of risks, grouped into the following primary categories:

- Non-life underwriting risk.
- Health risk.
- Market and concentration risk.
- Financial, credit, and counterparty risks.
- Operational risks, including cybersecurity.
- ESG risks (environment, social and governance).
- Strategic and emerging risks.
- Reputational risk.
- Regulatory compliance risk.

ESG risks are treated as composite risks, integrating elements from other categories to provide a holistic perspective. Emerging risks, given their uncertainty and potential for significant impact, are subject to special focus and ongoing evaluation.

Furthermore, a '**Top 10 Perspective**' has been established, consolidating the most critical risks with potential strategic implications. These risks are supported by strong mitigation frameworks and are reviewed yearly to ensure they remain aligned with corporate goals.

Emerging risks

Within Línea Directa Aseguradora's comprehensive risk management framework, emerging risks pose a strategic challenge due to their novel, uncertain, and hard-to-measure nature, compounded by their medium- to long-term time horizons. While their likelihood of occurring is typically low, their manifestation could lead to substantial economic and reputational consequences. As a result, these risks are designated as a distinct category in the Group's Risk Map, enabling specialised analysis and oversight.

The following have been flagged as particularly significant for Línea Directa:

Unethical artificial intelligence

The rapid evolution of artificial intelligence technologies introduces risks tied to their potential unethical application. Inadequate regulatory frameworks or unchecked development could lead to scenarios where machine autonomy or the rise of superintelligences surpasses human oversight. This risk encompasses the Group's potential inability to keep pace with cutting-edge technological landscapes, as well as exposure to AI that fails to meet ethical standards or jeopardises data integrity and decision-making processes.

Competition with large distribution operators

The possibility of major global platforms branching into the insurance industry presents a formidable competitive challenge. Driven by globalisation, sector liberalisation, and low entry barriers, this risk could overshadow traditional insurers, exerting intense pressure on pricing and service offerings.

Autonomous mobility

The rise of autonomous vehicles marks a groundbreaking shift in the mobility landscape, with profound implications for the insurance industry. Key risks include an unpredictable accident rate unfamiliar to insurers and the need to design specialised coverage to meet evolving market demands and shifting user behaviours.

In essence, managing emerging risks is critical to ensuring the Línea Directa Group's sustainability and resilience amid a dynamic environment. This forward-thinking strategy equips the Group to tackle future challenges, reinforcing its leadership in innovation and adaptability within the insurance sector.

Assurance and supervision

Internal audits and external assessments enhance the integrity and transparency of the risk management system. Yearly reviews incorporate elements of the Internal Control over Financial Reporting (ICFR) and the Internal Control over Sustainability Reporting (ICSR), ensuring that risk management bolsters operational sustainability and maintains shareholder trust.

This thorough and systematic approach enables Línea Directa to sustain an effective control environment, responsive to the evolving demands of the industry and consistent with its dedication to sustainability and responsible governance.

Risk culture and training

To foster a robust risk culture, Línea Directa undertakes several initiatives, including regular training for non-executive directors to deepen their understanding of risk management principles and strategies, broad employee training through concise modules on Regulatory Compliance and the COSO methodology, and the **incorporation** of **risk** criteria into **new products and services** via a tailored evaluation checklist developed by the risk area functions.

MDR-T. Tracking effectiveness of policies and actions through targets

The Línea Directa Group has implemented a robust and systematic framework to monitor the effectiveness of policies and actions tied to risk management. This involves setting annual objectives that align with the corporate strategy and the priorities defined by the Board of Directors. This system ensures constant control of identified risks, promoting continuous improvement and guaranteeing the operational sustainability of the Group.

Objectives 2025: Challenges and priorities

Specific objectives for 2025 have been established to enhance and solidify the risk management systems.

1. **Review of operational risks**: A thorough assessment of the risks and control environments at subsidiaries Línea Directa Asistencia and CAR will be conducted.
2. First line of defence **assurance campaign**: This will involve verifying compliance with internal methodologies and evaluating the effectiveness of controls and assurance activities as recorded and measured by the first line of defence.
3. **Thematic control evaluation campaigns**: Targeted reviews will focus on specific risks, including Brand, Top 10, Fraud, Conduct, Quality, and Digitalisation, alongside an assessment of risk appetite.
4. **Trend analysis and predictability of KRIs**: Efforts will centre on enhancing foresight by improving the predictive power of key risk indicators.

5. **Regulatory monitoring**: This will entail confirming the progress and implementation of CSRD, DORA, and AI regulations.
6. **ICSR design and consolidation**: The Internal Control over Sustainability Reporting (ICSR) design will be finalised, with internal control activities performed to evaluate the residual criticality of related risks.

The risk management framework, along with the objectives outlined earlier, encompasses the entire Group and applies to all risk categories specified in the policy. These objectives are absolute, deemed achieved only if 100% of the actions outlined for their execution are completed.

Additionally, the Corporate Risks area engages in the Group's quarterly incentive program, which sets quantifiable targets tied to enhancing the control environment, updating the risk map, overseeing critical controls, and implementing pertinent regulations. This program fosters a culture of accountability and dedication, aligning individual and team performance with Línea Directa's strategic goals.

These objectives are subject to systematic monitoring, with regular reviews ensuring the effectiveness of risk management policies and actions. This process also enables the identification of improvement opportunities and the implementation of corrective measures as needed. This approach strengthens the Group's capacity to proactively anticipate and address challenges within both the business and regulatory landscapes.

Digitalisation and innovation (Entity-specific)

Governance

GOV-1. The role of the administrative, management and supervisory bodies

The Línea Directa Group has implemented a strong **governance structure** to steer its digitalisation and innovation strategy, ensuring alignment with its sustainability and business growth goals. The Digital Transformation team is at the forefront of this effort, driving the creation and implementation of a digital governance framework through a targeted **action plan** set to conclude in March 2025.

This team is tasked with crafting a detailed policy that outlines the mission and objectives of digital transformation, assigns clear roles and responsibilities, and establishes robust accountability measures. Dedicated committees have been formed to guide the strategic vision and oversee the execution of critical digital transformation initiatives.

Línea Directa's digital governance operates within an ethical framework that ensures responsible data use, sets firm boundaries, and enforces stringent safeguards. This includes adopting specific standards for areas like the energy efficiency of digital models and the accessibility of digital features. Additionally, digital assets undergo ongoing evaluation to assess their economic impact and alignment with the Group's strategic priorities. The governing bodies consistently monitor and review the progress of these efforts to ensure they support the organisation's broader sustainability strategy.

In the realm of **innovation**, the Group has established a standardised procedure governing the Product Committee's operations. Operating under the Product Control and Governance Policy, this committee defines the activities, roles, scope, and structure for designing, approving, and modifying insurance products. Developed in line with Línea Directa's Code of Ethics and Sustainability Policy, this procedure applies to all relevant business units and personnel involved in these activities.

Details on the composition and diversity of the Product Committee and the various administrative bodies, and the skills and knowledge they have available to them in the field, can be found in the ESRS chapter 2 Governance. Additionally, these bodies are responsible for setting targets related to material incidents, risks, and opportunities, and tracking progress toward them, as outlined in subchapter MDR-P Policies Adopted to Manage Material Sustainability Matters.

This comprehensive approach to governance and innovation highlights Línea Directa's ability to lead in a dynamic and competitive environment, taking advantage of both digitalisation and innovation to achieve its strategic objectives.

Strategy

SBM-3. Material impacts, risks and opportunities and their interaction with strategy and business model

Through its double materiality analysis conducted in 2024—detailed in the ESRS 2 chapter Impacts, risks and opportunities management—Línea Directa Aseguradora identified one positive impact and one material opportunity for the Group. These findings are elaborated in subchapter IRO-1 Description of the Processes to Identify and Assess Material impacts, Risks, and Opportunities Related to digitalisation and innovation.

These matters align with the company's strategy and business model. Digitalisation and Innovation are key pillars of Línea Directa's Fifth Sustainability Plan 2023-2025. These strategic priorities shape the Group's ESG action agenda, translating into specific initiatives outlined in the Plan. For an in-depth examination of the company's strategy and business model resilience—including qualitative and quantitative analyses and applicable time horizons—refer to chapter ESRS 2.

Línea Directa fosters internal innovation through the **10X Innovation Program**, a corporate initiative with a tailored methodology focused on product differentiation and business expansion. The program encourages the creation of innovation teams composed of high-potential employees tasked with uncovering new business opportunities. This process spans exploration, ideation, validation, and implementation phases. The methodology enables the company to swiftly identify customer needs, test concepts via prototypes, and roll out new products to market in record time. This approach enhances Línea Directa's responsiveness to market demands while reinforcing its business strategy rooted in innovation and sustainability.

Impact, risk and opportunity management

IRO-1. Description of processes to identify and assess material impacts, risks and opportunities related to digitalisation and innovation

As described in greater detail in the ESRS 2 Impact, risk and opportunity management, the following process has been followed for the assessment of impacts, risks and opportunities:

1. Firstly, a context analysis has been carried out, using both internal and external sources of information, to obtain an initial approximation of potentially material topics from a cross-cutting sustainability perspective.
2. Secondly, a preliminary identification of the topics and sub-topics has been made, defined from the list of Topics, Sub-topics and Sub-sub-topics proposed in ESRS 2 AR 16 and the Group's previous materiality.
3. Thirdly, the Impacts, Risks and Opportunities (IROs) have been identified, examining and considering the information present in the sources used in the first phase of the project.
4. Fourthly, the materiality value of each of these has been obtained from the quantitative data assigned to each IRO, from the consultations carried out with the different Stakeholders and from the Group's management framework.
5. Finally, the material topics have been obtained, identifying 11 material environmental, social and governance (ESG) issues.

Sub-topic	Sub-topic linked to ESRS	Positive / Negative Risk / Opportunity	IRO description	Value chain

Enhanced efficiency and innovation in business development	Entity-specific	Positive impact	Decreased reliance on material resources and improved process efficiency through digitalisation	Own operations - own workforce
Enhanced efficiency and innovation in business development	Entity-specific	Opportunity	Adoption of cutting-edge technologies and digital systems to differentiate the Company from competitors	Downstream - Own operations

On the subject of digitalisation and innovation, one positive impact and one opportunity have been deemed material through a double materiality analysis. This methodology is elaborated further in the chapter ESRS 2 Impact, risk and opportunity management.

A positive material impact has been determined with a direct effect on the company's own operations, particularly in relation to the Interest Group of its own workforce. This analysis has been supported by management tools, such as the Sustainability Policy and the Environmental Management and Climate Change Policy.

Positive impact

A reduction in the use of material resources and an improvement in the efficiency of processes has been detected thanks to digitalisation. This impact directly affects the operations themselves, particularly the Stakeholder Group of the company's own workforce. For example:

- Over **60% of tow truck requests** in December and more than half of annual motor and home insurance claims are now submitted digitally, leading to substantial reductions in monthly call volumes.
- Digital channel usage (website and app) surpasses **2 million monthly accesses**, outpacing call volumes by a factor of 2.4, signalling a steady rise in preference for digital solutions.
- The integration of artificial intelligence has streamlined processes, **cutting the average case-opening time by 30%**.

Furthermore, a significant opportunity has been identified, impacting both internal operations and the downstream value chain.

Opportunity

The company has recognised an opportunity to leverage emerging technologies and digital systems, positioning itself as a frontrunner in the industry. Key examples include:

- Fully **automated digital processes** enabling customers to adjust their policies without human intervention, outpacing competitors' offerings.
- The creation of a **hybrid conversational chat**, blending artificial intelligence with human agents to efficiently handle a large volume of interactions. Integrated with operational systems, this chat delivers tailored responses based on individual client needs.

These initiatives (IROs) underscore Línea Directa's dedication to innovation and sustainability, enhancing its business model and delivering value across its own operations and the downstream supply chain. The double materiality analysis has been instrumental in ensuring a holistic approach, encompassing both the impact perspective (inside-out) and the financial perspective (outside-in).

Additionally, it is worth highlighting that the evaluation of Impacts, Risks, and Opportunities (IROs) incorporated input from four key Línea Directa Stakeholders via surveys, alongside focus groups with Group employees and interviews with Línea Directa Aseguradora's management team.

The purpose of these surveys is to incorporate Stakeholders' perspectives into the evaluation of topics and sub-topics, ensuring a more comprehensive outcome.

These findings have been endorsed by the Group's governing bodies and serve as the foundation for embedding digitalisation into the corporate strategy, driving sustainable growth in line with environmental, social, and governance (ESG) principles.

MDR-P. Policies adopted to manage material sustainability matters

The Línea Directa Group is crafting a robust governance framework for digitalisation, prompted by an internal audit conducted in 2024. This action plan, set to conclude in March 2025, aims to establish a policy that enhances digital transformation processes, ensuring alignment with the Group's strategic goals and the management of material impacts, risks, and opportunities as outlined in section IRO-1.

Purpose and main objectives

The policy being developed seeks to create a comprehensive framework addressing critical elements of digital transformation, including:

- **Mission and purpose of digital transformation**: Define a clear vision and specific objectives to steer all digitalisation efforts.
- **Responsibilities and accountability**: Specify the roles of governing bodies, including dedicated committees overseeing digital projects and transformation.
- **Ethical framework**: Embed principles for responsible data use, with boundaries and safeguards to uphold ethical standards.
- **Standard setting**: Establish guidelines for areas such as energy efficiency in digitalised models and accessibility of digital features.
- **Digital asset review process**: Introduce methods to regularly assess the functionality and economic value of digital assets.
- **Economic return evaluation**: Develop tools to measure the financial and social benefits of digital initiatives.
- **Review of data relevance**: Ensure data accuracy through control mechanisms to address communication issues, such as email delivery failures.

This strategy aims not only to streamline digital processes but also to ensure that all efforts are pursued within a framework of sustainability, efficiency, and corporate responsibility

Key policies in digitalisation and innovation

Línea Directa has established two significant policies in the areas of innovation and digitalisation:

1. **Product Control and Governance Policy:**

Its primary goal is to ensure that products designed, developed, and marketed by the Company adhere to relevant regulations, notably Decree-Law 3/2020 and Delegated Regulation (EU) 2017/2358.

This policy covers all stages of the product life cycle—from design through to post-marketing oversight—focusing on addressing customer needs, fostering continuous improvement, ensuring transparency, meeting regulatory requirements, and promoting sustainability. It applies to all products offered by Línea Directa Aseguradora S.A., encompassing Motor, Home, and Health lines of business as of the policy's drafting.

2. **Comprehensive Governance Policy for Digitalisation:**

Currently under development, this policy outlines the principles for managing material risks, impacts, and opportunities (RIOs) within the realm of digital transformation.

It sets forth ethical, operational, and technical standards to steer digital project execution in alignment with the corporate strategy.

Together, both policies aim to foster responsible innovation, sustainability, and accessibility, ensuring that Línea Directa's products and services deliver value to customers and society alike.

Application and monitoring

The Product Control and Governance Policy is structured around three key phases:

1. **Design**: Outlines the product's features, costs, and risks, ensuring it meets the needs of the target market. This phase includes preliminary testing to evaluate consumer impact and sets distribution strategies and controls to oversee marketing efforts.
2. **Approval**: New products or significant changes are reviewed and approved by the Product Approval Committee, ensuring alignment with the objectives and preferences of the intended audience.
3. **Monitoring**: Ongoing evaluation ensures the product remains appropriate for the target market, confirming it is marketed accurately and transparently.

Governance and access

The product governance framework is rooted in adherence to the principles outlined in Línea Directa's policies. Its core components include the active engagement of product committees, transparency throughout the design and marketing stages, and the advancement of sustainable and inclusive practices. Approved by the Board of Directors, the Product Control and Governance Policy is supported by the Línea Directa Group Product Approval and Monitoring Committee to ensure its effective implementation.

The policy is accessible to all employees via the Company's intranet, designed to be clear and comprehensible across the organisation. This structure underscores Línea Directa's dedication to responsible innovation and operational excellence.

MDR-A. Actions and resources in relation to material sustainability matters

The Línea Directa Group's Digitalisation Plan for 2025 focuses on strategic initiatives to enhance operational efficiency, elevate the customer experience, and unlock new business opportunities through cutting-edge technologies. This strategy combines digital transformation, the modernisation of technological assets, and the adoption of advanced solutions to reinforce the business model. Below are the key actions undertaken in 2024 and those planned moving forward, along with the allocated resources and anticipated outcomes.

Enhanced functionality and process digitalisation

Throughout 2024, as part of a broader long-term strategy, the following initiatives were executed:

- **Optimisation of digital processes:** AI-driven account openings were fully implemented, and advancements were made in rolling out digital supplements. These efforts streamlined customer management, cutting average operation times by nearly 30%.

- **Shift of tow truck requests to digital channels:** This reduced phone call volumes while boosting transactions completed via digital platforms.
- **Enhancement of the hybrid chat channel (AI + agents):** The channel's deployment improved service efficiency, with generative AI models automatically handling 60% of common inquiries. Within eight months, this increased conversation capacity fivefold, lightening agent workloads and enhancing the customer experience.

These initiatives benefit both internal operations and downstream value chain interactions, delivering advantages to customers and internal teams alike.

Additionally, to minimise disruptions in digital channels, a Key Risk Indicator (KRI) was introduced to track error rates on the app and website. By the end of 2024, a dedicated project slashed web channel errors by 50% and app errors by 33% compared to January 2023 levels.

Redesign and re-engineering of digital assets

The overhaul of Línea Directa's digital assets has been a cornerstone of the Digitalisation Plan. Key actions include:

- Enhancing the structure and hierarchy of digital content to ensure customers can effortlessly access essential information and features.
- Deploying personalisation tools, such as marketing automation models and purchase propensity analysis, to optimise commercial outcomes across over 2 million monthly digital interactions.
- Continuously refining the technological architecture to enhance flexibility and efficiency in app development.
- Integrating WCAG accessibility standards, in line with inclusion principles, to ensure digital assets are usable by all customers.

These enhancements aim not only to boost customer satisfaction but also to drive commercial growth by leveraging digital interactions more effectively.

Digitalisation in talent management

In today's landscape, digitalising recruitment processes has emerged as a strategic focus for Línea Directa Aseguradora, particularly for attracting STEM (Science, Technology, Engineering, and Mathematics) talent. Leveraging digital technologies enhances both talent acquisition and evaluation while solidifying the Company's reputation as an innovative, efficiency-driven employer.

Key initiatives include:

- Use of Digital Channels: Línea Directa taps platforms like LinkedIn, WhatsApp, and Talent Link on its corporate website to advertise openings and engage candidates. Participation in virtual job fairs further enables dynamic, accessible interactions with potential hires, streamlining the discovery of top-tier talent.
- Incorporation of Artificial Intelligence Tools: AI-driven solutions have revolutionised the selection process, improving the accuracy and speed of candidate identification and assessment. Early involvement of managers ensures selected profiles align strategically with team requirements.
- 'Always On' Selection Model: This approach facilitates ongoing, proactive recruitment, maintaining a steady pipeline of qualified talent adaptable to shifting market demands.

These efforts align with the Group's digital strategy, harnessing technology to optimise operations while reinforcing human capital as a cornerstone of innovation and sustainable growth.

Customer-centric approach

The Línea Directa Group anchors its digitalisation strategy in a customer-centric philosophy, prioritising the customer across all processes and platforms. The core aim is to enhance user experience, streamline operations, and reduce administrative burdens.

This approach has driven a significant reduction in average operation times, as highlighted in the section 'Increased Functionality and Digitalisation of Processes.' Beyond cutting call volumes, it saves customers time, boosting operational efficiency and elevating satisfaction levels.

Currently, Línea Directa's digital channels (website and app) attract over 2 million monthly visits—2.4 times the number of calls received. This figure underscores the success of its digital strategies and customers' growing preference for these platforms. By the close of 2024, active app users, with the application installed and in use, reached 1.4 million customers.

Efforts have also focused on redesigning and re-engineering digital assets, including:

- An enhanced content structure and hierarchy, simplifying access to information and features for customers.
- Market-leading usability, delivering a digital experience on par with top industry standards.
- Conversion of interactions into sales opportunities using marketing automation tools and sales propensity models crafted by the technical team.

This project has also involved a revamp of the apps' technological architecture, making them more adaptable for ongoing enhancements. Additionally, Línea Directa has adopted the latest WCAG accessibility standards, ensuring digital assets are inclusive for all users, including those with low vision. This commitment to accessibility will extend into 2025 with further initiatives to create an even more inclusive experience.

Innovation and entrepreneurship at Línea Directa

The Línea Directa Group champions innovation and entrepreneurship through targeted programs that enhance its business model and underscore its dedication to sustainable development. A flagship effort is the 10x Intrapreneurship Program, crafted to drive differentiation and growth via a unique methodology. This initiative revolves around specialised teams of employees chosen for their expertise, proven performance, and potential. These groups work to pinpoint new business opportunities through a structured process encompassing exploration, ideation, validation, and implementation.

In the exploration phase, teams conduct an in-depth trend analysis, followed by a research phase that defines challenges and assesses the significance of identified opportunities. The ideation stage involves conceptualising solutions and assigning pilot teams. Lastly, validation entails prototyping, result assessment, and initial market launches.

In 2024, projects from this program were pitched to Group leadership in an elevator pitch format during a conference at IESE in Madrid, concluded by the CEO of Línea Directa. These proposals, featuring unprecedented coverage and functionalities in the insurance sector, aim to enrich the Group's offerings, positioning it as a multi-branch, multi-product entity. Development will progress into 2025, aligned with strategic priorities.

Additionally, Línea Directa partners with IESE on an entrepreneurship support program, launching commercial challenges tied to business goals. These challenges span talent attraction, new product and service design, and customer journey enhancement.

Innovation remains a strategic cornerstone, with developments focused on distinctive products addressing emerging customer needs:

- Coverage for illegal squatting: A pioneering insurance product in Spain, it provides a holistic solution to the legal and financial impacts of housing occupation. It includes legal support, compensation, and repair services.
- Pet insurance: Tailored to meet Animal Welfare Act requirements, this product offers advanced features like 24/7 televeterinary services, electronic prescriptions, and liability coverage up to € 300,000.

Both products highlight Línea Directa's commitment to addressing evolving customer demands while fortifying its business model.

Lastly, the Línea Directa Foundation advances innovation in road safety through its Entrepreneurs Award, marking its 10th edition in 2024. This established competition serves as a start-up accelerator, funding projects with the potential to save lives on Spanish roads. Offering a net prize of € 20,000 and training, the award fosters innovative solutions that enhance social well-being and sustainability

Actions to enhance processes and channels

In 2024, significant upgrades were made to digital processes and channels to elevate the customer experience:

1. Functional completeness: Full digitalisation of policy management—encompassing modifications, product switches, and driver additions—enabled customers to perform these tasks seamlessly via the app and website.
2. Simplified processes with AI: The use of artificial intelligence in case openings streamlined classification, cutting down both time and complexity for customers and agents alike.
3. Self-contained channel: The hybrid chat initiative provided direct support within the digital ecosystem, minimising the need to switch channels and boosting self-service efficiency.
4. Digital sales: Personalised digital interactions, paired with strategies like A/B testing through Adobe Target, enhanced conversion rates and unlocked new business opportunities.

Resources allocated

Línea Directa has committed substantial resources to meet its digitalisation and innovation goals, including:

- Technological investment: Adoption of cutting-edge tools like generative AI models and marketing automation platforms.
- Human capital: Dedicated, skilled teams have spearheaded and implemented the plan's core initiatives.
- Commitment to accessibility: Integration of international standards, such as WCAG, to ensure an inclusive experience across all digital assets.

Monitoring and evaluation

The Digitalisation Plan's progress is regularly assessed through meetings involving the CEO, the Head of Digital Transformation, and the management team. This oversight, reported to the Steering Committee, ensures alignment with the Group's strategic goals, enabling prompt adjustments to optimise the initiatives' impact and effectiveness.

Metrics and targets

MDR-M. Metrics in relation to material sustainability matters

The Línea Directa Group employs a comprehensive set of key metrics to assess the impact and success of its digitalisation and innovation efforts. These indicators enable the measurement of strategic initiative performance, ensuring they align with corporate goals and customer expectations. They include:

1. **Percentage of errors in digital assets**

This metric tracks errors identified in the mobile app and website, indicating the frequency of customer-facing issues. Classified as a Key Risk Indicator (KRI), it is reported directly to the Audit and Compliance Committee.

In 2023, a targeted action plan reduced website errors by approximately 70% and mobile app errors by 50%, driven by a dedicated team and a specialised tech project. Although current levels have stabilised, ongoing efforts continue to sustain and enhance these improvements.

2. **Customer adoption of digital channels**

This metric tracks the proportion of tow truck requests and motor and home insurance claims submitted digitally. Línea Directa currently logs over 2 million monthly digital interactions, a volume 2.4 times higher than phone calls received, highlighting a clear customer shift toward digital platforms.

3. **Performance of the hybrid chat channel**

Combining artificial intelligence and human agents, this channel has demonstrated strong efficiency. AI resolves over 60% of inquiries automatically, freeing operators to handle more complex tasks. Within less than eight months, conversation volume has surged fivefold, establishing it as a vital tool for digital engagement.

MDR-T. Tracking effectiveness of policies and actions through targets

The Línea Directa Group has implemented a well-defined monitoring framework to assess the success of its digitalisation and innovation policies and actions. This system ensures alignment with the annual strategic goals set by the CEO, overseen by the Head of Digital Transformation, and supported by key metrics and tailored KPIs.

Monitoring methodology and strategic goals

The evaluation of the Línea Directa Group's digitalisation and innovation efforts rests on a structured framework featuring key indicators and specific objectives, synchronised with the CEO's annual strategic priorities and monitored by the Head of Digital Transformation.

To provide a thorough assessment, these indicators are reviewed regularly, allowing adjustments to meet evolving customer needs and internal targets. The strategic priorities for 2025 include:

- Enhance digitalisation rates: Boost the volume of digital transactions—such as tow truck requests, motor and home claim submissions, and policy supplements—to minimise follow-up calls.
- Grow digital sales: Increase coverage sales via the private customer area and overall sales through digital channels.
- Improve operational efficiency: Refine critical processes, including the hybrid chat channel and digital policy modification procedures.
- Elevate customer and employee satisfaction: Track customer experience (via digital Net Satisfaction Score, NSS) and employee feedback through targeted surveys, ensuring Key Risk Indicators (KRIs) stay within acceptable limits.

Periodic monitoring and governance

The monitoring framework incorporates monthly targets, enabling ongoing assessment of objective achievement. These evaluations are overseen by the Steering Committee, alongside the CEO and the Head of Digital Transformation, who ensure timely adjustments to maintain alignment with the Group's strategic goals.

For product innovation, sales volumes and new product profitability are tracked within the Group's profit and loss statement. Results are reviewed in regular sessions under the product policy, ensuring management aligns with strategic priorities and supports effective governance.

Impact of monitoring initiatives

The effects of these efforts are evident in concrete metrics, such as reduced error rates in digital assets and greater adoption of digital channels. In 2024, over half of service operations—including tow truck requests and claim submissions—were completed digitally. Additionally, the digital channel averaged over 2 million monthly interactions, a volume 2.4 times higher than calls received, enhancing operational efficiency and elevating the customer experience.

Success story: Hybrid chat channel

A standout example of effective goal monitoring is the hybrid chat channel, which, after its first year, delivered significant insights:

- It proved four times more efficient than the phone channel, enabling operators to handle up to four conversations at once.
- Artificial intelligence integration enabled automatic responses to 60% of common inquiries, easing operator workloads and enhancing personalised service.
- The channel saw rapid growth, with conversation volume increasing fivefold in under eight months.

Commitment to continuous improvement

Línea Directa's monitoring strategy ensures alignment with strategic goals while driving ongoing enhancement, amplifying the effectiveness of its digitalisation and innovation policies. This approach positions the Company competitively, emphasising operational sustainability and the satisfaction of both customers and employees.

ESG product design (Entity-specific)

Governance

GOV-1. The role of the administrative, management and supervisory bodies

The creation, development, and rollout of ESG-focused products are central to the key actions and goals outlined in Línea Directa Aseguradora's Sustainability Master Plan. The company's Board of Directors holds ultimate responsibility for approving this three-year plan and defining its monitoring metrics, which encompass all aspects of sustainable business generation.

The Board is supported by the Appointments, Remuneration and Corporate Governance Committee, tasked with overseeing the Group's environmental, social, and governance (ESG) practices. This committee also supervises the Group's strategy and Sustainability Plan, assesses compliance levels, and reviews related policies.

Reporting to this committee, via the Department of People, Communication, and Sustainability, is the Sustainability Committee. Comprising directors from key areas tied to the Company's ESG strategy, this committee drives plan adherence within their domains and convenes at least three times annually. Represented areas include People, Communication and Sustainability, General Secretariat, Services and Benefits and Assistance, Finance, and Marketing.

Additionally, a Sustainability Working Group includes leaders from corporate areas most impactful to the sustainability strategy: External Communication and Sustainability, Corporate Governance, Investor Relations, Services and Benefits, Risks, Product Innovation, Quality, Purchasing, Space Management, People, and Social Action. The Working Group chaired by the head of External Communication and Sustainability. Meeting monthly, this group ensures the execution of actions and projects across corporate and business units while tracking progress on Sustainability Plan objectives, including the design and development of ESG products planned for each fiscal year.

Details on the composition, diversity, skills, and expertise of the members of these governing bodies are provided in ESRS Chapter 2 Governance. Additionally, these bodies are responsible for setting targets related to material incidents, risks, and opportunities, and tracking progress toward them, as outlined in subchapter MDR-P Policies Adopted to Manage Material Sustainability Matters.

The Company's Product Committee, led by the Head of Marketing, also participates in the design and development of these products, organising different strategic sessions, as well as operational and product approval sessions.

Strategy

SBM-3. Material impacts, risks and opportunities and their interaction with strategy and business model

Through its double materiality analysis conducted in 2024—detailed in the ESRS 2 chapter Impacts, risks and opportunities management—Línea Directa Aseguradora identified one material opportunity for the Group. These findings are elaborated in subchapter IRO-1 Description of the processes to identify and assess material impacts, risks, and opportunities related to ESG product design.

This opportunity is related and linked to its strategy and business model. Sustainable products and services are key pillars of Línea Directa's Fifth Sustainability Plan 2023-2025. This pillar shapes the Group's ESG priorities and drives specific actions outlined in the plan.

For an in-depth examination of the current and projected financial impacts of significant risks and opportunities on the Group's financial position, performance, and cash flows—including risks that may necessitate substantial adjustments in the next reporting period—and the resilience of the strategy and business model in addressing these factors, refer to chapter ESRS 2. This section provides detailed qualitative and quantitative analyses, along with applicable time horizons as per ESRS 1.

A key material opportunity lies in addressing customers' needs to shift toward a sustainable economy by expanding the Group's range of sustainable products and services as alternatives to conventional offerings, thereby lessening the environmental and societal impact of its operations. To support this, the Company has implemented awareness programs and a policy framework, including the Product Control and Governance Policy. This policy sets out guidelines for developing and marketing new insurance products across all stages, while also overseeing existing products, implementing corrective actions as needed, and encompassing sustainable or ESG-focused products.

Impact, risk and opportunity management

IRO-1. Description of the processes to identify and assess material impacts, risks, and opportunities related to ESG product design

As described in greater detail in the ESRS 2 Impact, risk and opportunity management, the following process has been followed for the assessment of impacts, risks and opportunities:

1. Firstly, a context analysis has been carried out, using both internal and external sources of information, to obtain an initial approximation of potentially material topics from a cross-cutting sustainability perspective.
2. Secondly, a preliminary identification of the topics and sub-topics has been made, defined from the list of Topics, Sub-topics and Sub-sub-topics proposed in ESRS 2 AR 16 and the Group's previous materiality.
3. Thirdly, the Impacts, Risks and Opportunities (IROs) have been identified, examining and considering the information present in the sources used in the first phase of the project.
4. Fourthly, the materiality value of each of these has been obtained from the quantitative data assigned to each IRO, from the consultations carried out with the different Stakeholders and from the Group's management framework.
5. Finally, the material topics have been obtained, identifying 11 material environmental, social and governance (ESG) issues.

Sub-topic	Sub-topic linked to ESRS	Positive / Negative Risk / Opportunity	IRO description	Value chain
Sustainable products	Entity-specific	Opportunity	Supporting customers in the energy transition and shift to a sustainable economy, including through alternative products and services	Downstream - Own operations

This opportunity has been deemed material following a double materiality analysis, the methodology of which is described in greater detail in chapter ESRS 2 Impact, risk and opportunity management. The analysis has determined that the opportunity has a material impact on both the organisation's own operations and the downstream value chain.

Additionally, it is worth highlighting that the evaluation of Impacts, Risks, and Opportunities (IROs) incorporated input from four key Línea Directa Stakeholders via surveys, alongside focus groups with Group employees and interviews with Línea Directa Aseguradora's management team.

The purpose of these surveys is to incorporate Stakeholders' perspectives into the evaluation of topics and sub-topics, ensuring a more comprehensive outcome.

MDR-P. Policies adopted to manage material sustainability matters

In terms of ESG product design, the Línea Directa Group has policies that are associated with the opportunity identified in the double materiality analysis and indicated in detail in subchapter IRO-1 Description of the processes to identify and assess material impacts, risks, and opportunities related to ESG product design.

Product Control and Governance Policy

This Policy aims to define the requirements for overseeing and managing insurance products designed, developed, and marketed by the Línea Directa Group. This ensures customers receive full assurances when purchasing insurance, in compliance with applicable regulations. The policy sets out guidelines to follow and governs the entire process of launching new insurance products—from **design and approval to distribution**—while also addressing the monitoring and control of existing products and implementing corrective actions as needed, including **sustainable or ESG products**. In the event of a new line of business being initiated, the content of this policy will be reviewed and adapted if necessary.

Through this policy, Línea Directa commits to adhering to relevant regulations, notably Decree-Law 3/2020 (Insurance Distribution Law) and Delegated Regulation (EU) 2017/2358.

Approved by the Board of Directors, the policy operates under the Product Committee, chaired by the Marketing Department. The Product Approval and Monitoring Committee conducts regular reviews to ensure products continue to meet **target market needs** and that **distribution strategies** remain suitable. This committee convenes biannually to oversee approved products and, as needed, at the request of a business unit for product approvals or modifications.

Aligned with the Company's Code of Ethics, the policy emphasises customer relationships and transparency, guided by core principles: meeting insureds' needs, continuously improving product and service offerings, ensuring quality, maintaining transparency and accuracy in product information, strictly adhering to regulations and commitments, and embedding sustainability into products.

Regarding product sustainability, the policy incorporates the following criteria:

- Product offerings will be designed in alignment with sustainability taxonomies where feasible.
- Preference will be given to products and services that respect the environment and support the shift to a sustainable, decarbonised economy, replacing reliance on thermal coal, oil, and unconventional gas
- Non-discrimination of current and prospective customers must be upheld.
- The direct and indirect impacts of products and services will be evaluated, particularly those enhancing access to insurance for vulnerable or special-needs groups, with promotion of such offerings where appropriate.
- Innovation in products and services will be fostered to broaden insurance access across diverse populations.

The Product Control and Governance Policy is accessible to employees via the intranet. Additionally, Línea Directa has published its sustainability principles—guiding the design and launch of new products—on the corporate website for all Stakeholders.

Social Impact and Financial Inclusion Policy

Revised in 2024, this policy reflects Línea Directa's dedication to financial inclusion.

It stipulates that, while adhering to the principles of internal product governance regulations and without compromising the development of related products and services, the Group pledges to:

- Innovate and broaden the array of services and benefits tailored to vulnerable groups, informed by market research and customer input.
- Tailor delivery approaches to suit the needs and preferences of the intended audience.
- Provide non-financial support and enhance the financial well-being of vulnerable groups, particularly by raising awareness and sharing knowledge about the insurance industry with current and prospective customers.
- Introduce measures to prevent over-indebtedness among target groups through various financial education initiatives.
- Set up accessible complaint mechanisms for customers prioritised under financial inclusion efforts

In addressing staff training to curb aggressive sales tactics and collaboration with third parties to enhance or grow the inclusive finance market, Línea Directa grounds its approach in the following actionable principles, which underpin its commitment fulfilment:

- Identifying vulnerable groups (both current and potential) to target with financial inclusion initiatives, products, and services.
- Training employees to avoid aggressive marketing practices and ensure respectful treatment of target groups, consistent with the operating principles of the Company's Talent Policy.
- Engaging in dialogue and partnerships with external organisations to broaden the reach or advance the development of the inclusive finance market.

Regarding the oversight of financial inclusion, the Board of Directors, which approves the Línea Directa Aseguradora Group's **Social Impact and Financial Inclusion Policy**, holds ultimate responsibility for its implementation. This includes ensuring policy compliance, upholding legal and regulatory standards in Stakeholder interactions, honouring all contracts and commitments in good faith, and adhering to customary practices and industry best standards in its operations.

Línea Directa provides access to its Social Impact and Financial Inclusion Policy for all Stakeholders via its corporate website.

The policy applies across the Línea Directa Group, encompassing all domestic activities in Spain, with a particular focus on vulnerable or underserved populations. Its goal is to deliver a positive social impact and enhance financial inclusion for groups facing barriers to accessing products or services.

MDR-A. Actions and resources in relation to material sustainability matters

Development of sustainable products

As part of its 2023-2025 Sustainability Plan, which prioritises sustainable business generation and responsible marketing, the Línea Directa Group is set to design and roll out various products and services over the next three years to advance these goals.

In the 2024 financial year, the Company introduced a new **sign language video-interpretation service** tailored for **deaf individuals**, aligning with its accessibility and inclusion roadmap. This initiative service will be provided in sign language, and enables hearing-impaired customers and non-customers alike to access a range of services and inquiries related to the Company's offerings, such as **purchasing insurance**, reviewing policy terms, **reporting accidents**, or requesting **roadside assistance**, among other options.

Implemented in partnership with the **CNSE Foundation** (State Confederation of the Deaf), through this initiative Línea Directa aims to ensure high-quality, personalised support. It addresses the communication needs of approximately 1.2 million deaf or hearing-impaired individuals in Spain, bridging the gap with hearing counterparts.

To develop this service, the organisation leverages Svisual, Spain's first sign language video-interpretation platform, developed by CNSE.

Beyond this, Línea Directa has built a portfolio of **sustainable products** over recent years, including:

- **Electric Vehicle Policy**: Launched in 2017 to support the transition to low-carbon mobility, this insurance targets electric vehicle owners. Originally it was a product that supported drivers who bought electric vehicles, but since 2022 it has been extended to plug-in hybrid vehicles and motorbikes, which have a lower environmental impact. This policy includes a series of tailored features for this kind of vehicle, like battery coverage in accidents, charging cable theft protection, and unlimited-mileage roadside assistance for battery failures. By the end of 2024, the Group insured over 36,000 private electric and plug-in hybrid vehicles, securing an 8% share of new registrations in this segment.
- In 2020, Línea Directa introduced ***Llámalo X*** (Call it X), a pioneering all-inclusive insurance policy that bundles a car with a fixed monthly fee covering maintenance and taxes. This offering, well-received across its promotional campaigns, periodically features zero-emission vehicles. It addresses consumer uncertainties stemming from restrictions on high-pollution vehicles and the shift toward new mobility and ownership models. By the close of 2024, *Llámalo X* boasted a portfolio of 1,885 policies with vehicles included. Following severe snowfall in the Valencian Community in late 2024, Línea Directa rolled out a tailored promotion for affected customers, offering highly competitive rates and favourable terms, free of down payments or final fees.
- Línea Directa customers can use the **ConducTOP** mobile app, a tool that evaluates driving habits to promote safer and more sustainable practices. The app assesses factors such as smooth turning and braking, acceleration, adherence to speed limits, and driver focus. This enables policyholders to participate in challenges and accumulate points for good driving, obtaining rewards and discounts on different products and services, such as fuel.
- Línea Directa's Advanced Repair Centres (CAR), cutting-edge proprietary workshops, incorporate sustainable features. The CAR Madrid centre is equipped with LED lighting and photovoltaic panels. The solar installation generates over 11% of the workshop's annual electricity needs. Meanwhile, the CAR Barcelona centre provides a water-efficient vehicle washing service post-repair. This service features a water recovery

system that reduced water usage by 10% in 2024 compared to 2023. Both facilities offer replacement vehicles for customer convenience.

- Within its sustainable insurance offerings, Línea Directa Asistencia provides a **Night-time Assistance Service for Young People**, a complimentary night-time transport option for customers under 26 who have consumed alcohol or feel unwell. This service, which is completely free of charge, includes both the driver and their vehicle. This is a unique industry initiative seeks to prevent dangerous situations for a demographic especially vulnerable to traffic accidents.
- In 2024, the Línea Directa Group began offering its **illegal home squatting** coverage (‘Hogar Despreokupado’) as a standalone insurance product, eliminating the need for an existing home insurance policy and making it available to customers insured with other providers. Originally introduced in 2023, this pioneering insurance in Spain safeguards homeowners from the legal and financial fallout of illegal occupation. It provides up to 10,000 euros in legal assistance and covers legal expenses (including lawyer, solicitor, expert, notary fees, court costs, and other charges) to reclaim the property, alongside financial compensation for refurbishment and related costs. Policyholders can opt for unlimited refurbishment services by Línea Directa professionals or receive a 5,000-euro reimbursement if they arrange the work independently. Currently, 70% of new Línea Directa Home Insurance subscribers include this coverage.

Actions in financial inclusion

Línea Directa is dedicated to fostering financial inclusion for underserved communities, viewing the core of the insurance business as safeguarding individuals, businesses, and assets from diverse risks. This role underscores insurance’s vital social purpose: by pooling risks and providing a safety net, it bolsters societal financial stability, reduces inequalities, and advances financial inclusion.

Recognising this responsibility, Línea Directa leverages its expertise to amplify its impact, forging a connection between its insurance operations and social contributions. This means creating a link between the insurance business and the Group's social contribution, which is materialised through the launch of products and services designed for different groups with special needs. In this way, the organisation seeks to increase social coverage for vulnerable groups and facilitate their access to insurance solutions.

The Línea Directa Group has introduced several products aligned with this mission, including the following:

- **Health insurance.** Línea Directa aims to make private healthcare more accessible by tailoring its health insurance offerings to suit the financial and family situations of individuals. They provide a flexible and affordable range of options designed to meet the diverse needs of various groups. This flexibility allows access to groups that have historically faced obstacles in accessing private healthcare. The Línea Directa product lineup includes different plans—such as Specialists, Comprehensive, and Dental—crafted to address the specific healthcare needs of people over 60, including medical tests, disease detection, and prevention. With options for primary care, diagnostic tests, and specialist visits, available with or without co-payments, Línea Directa ensures protection that promotes the inclusion of this age group in private insurance. By the close of 2024, Línea Directa served 121,000 health insurance policyholders, including over 14,900 seniors.
- **Personal mobility insurance.** Since 2021, Línea Directa has offered insurance for personal mobility vehicles (PMVs) like scooters and electric bikes. This policy is designed to provide cover that addresses the rise of this sustainable and cost-effective urban transport option, which supports a wide range of users—occasional and regular

alike—enhancing mobility across various social groups. A study by the Línea Directa Foundation found that 74% of 18- to 24-year-olds, a group particularly at risk for road safety issues, are the most frequent users of these vehicles. The interaction between PMVs, other vehicles, and pedestrians, combined with the infrequent use of safety gear, heightens the accident risk for riders. Línea Directa's policy is flexible, allowing customers to choose coverage for a single trip through an 'on/off insurance' pay-per-use model or opt for year-long protection. Tailored to a pay-per-use economy, the insurance is highly affordable, costing less than € 39 annually or just € 0.02 per minute for on-demand use.

- **Coverage for vehicle accessories tailored for individuals with disabilities.** Adapted cars are those that have a series of modifications so that people with reduced mobility can drive a vehicle. This group requires very specific accessories such as like telescopic ramps, lifting platforms, and manual controls in place of pedals, etc. Línea Directa, through its car insurance, specifically covers those accessories approved for drivers who need a modification of their vehicle in order to drive it. This enables the company to address the unique needs of this group and extends motor insurance, reinforcing Línea Directa's commitment to financial inclusion. By the end of 2024, 89 customers—often overlooked by the broader market—benefited from this coverage for their adapted vehicle accessories.

Non-financial support

Línea Directa is dedicated to fostering sustainable development and progress in the communities it serves. The company strives to enhance people's quality of life and safety by aligning its products and services with a value-driven social contribution strategy. This approach promotes sustainable socio-economic growth and improves access to insurance for vulnerable populations. By integrating business operations with its social impact goals, Línea Directa supports initiatives like road and home safety, healthy living, and well-being. This includes also offering digital and job training programs.

Within the Línea Directa Group, there is flexibility to pursue various social contribution activities, provided they draw on the company's business expertise, reflect its guiding principles and corporate values. These efforts must also align with the Group's sustainability strategy, and support the commitments outlined in this policy. To achieve its outlined objectives, which weave together the principles and values previously mentioned, Línea Directa leverages several channels:

- **Corporate volunteering:** Encourages societal change by involving employees directly in social contribution activities. This initiative enables staff to contribute their skills, time, and energy to benefit the community through voluntary participation in Group-led programs.
- **One-off or recurring philanthropic donations:** Provides support to NGOs and other institutions in their social efforts, aiming to build a more compassionate, equitable, and engaged society.
- **Community contributions:** Offers financial or in-kind support to causes selected by the Group in line with this Policy's principles, alongside partnerships with NGOs and community organisations to tackle identified social needs within local environments.

Additionally, the Group conducts awareness and training activities tied to its key priorities, targeting employees and other Stakeholders to support social development.

In 2024, Línea Directa directed non-financial support toward underserved communities through the following efforts:

- **Fundación Integra:** Programs designed for individuals at risk of social exclusion to facilitate their entry into the workforce. Notably, on 8 March, Línea Directa offered training to a group of vulnerable women linked to this organisation, focusing on job interview skills and group exercises. These efforts include:

- **Escuela de Fortalecimiento:** A job integration workshop for diverse at-risk groups (such as migrants, ex-convicts, and former drug addicts), providing training on interview techniques and CV preparation.
- **Integratech:** An initiative to bridge the digital divide for those at risk of exclusion, enhancing their employability through tech skills.
- In 2024, the Group also launched two programs to address the digital divide among seniors. The first is **Abuelos Hackers** (Hacker Grandparents): Group volunteers teach a course on new technologies to elderly residents of Tres Cantos (Madrid). And the second is **Mi Abuelo es la Caña** (My Grandad is the Best): A companionship day for seniors held at the company's facilities.

Collectively, these initiatives reached and supported a total of 151 individuals.

Awareness-raising activities

Línea Directa undertakes significant awareness-raising efforts that span multiple dimensions of sustainability. Each year, the company releases reports examining topics like accident rates from both insurance and health perspectives. Through its foundation, it also conducts and shares three annual studies on critical road safety issues, with topics selected by its board of trustees from a list proposed by the organisation.

- In the insurance domain, Línea Directa released its '**VI Barómetro del Fraude**' (6th Fraud Barometer) in 2024, a detailed analysis of motor and home insurance fraud. The report explores fraud frequency, geographic distribution, types, and the activities of organised networks, alongside a broad survey of Spanish drivers' habits and views on the subject. It found that factors like the lingering effects of COVID, declining purchasing power, and improved fraud detection methods have driven car insurance fraud attempts to a record high. Nearly 9% of claims over the past two years were fraudulent—five times the rate seen in 2009. Of particular concern are organised networks engaging in 'carousel' fraud, where small groups (typically 2-3 people) target multiple insurers with fake injury claims, averaging over € 8,300 per case in illicit gains.
- In the health domain, the Group released the report '**Oversharing: Addicted to Sharing Everything. Psychological Consequences of Social Network Addiction in Spain**', which explored the compulsive tendency to overshare personal details on social media and its detrimental effects on mental well-being. In Spain, this addiction is linked to 55% of anxiety symptoms, 52% of depression symptoms, and 48% of aggressive behaviours toward others. On another health-related front, Línea Directa continues to incentivise healthy lifestyles among its customers by offering substantial discounts on insurance renewals—a practice it has promoted since entering the health insurance market in 2017.
- In the realm of road safety, the **Línea Directa Foundation** partnered with FESVIAL (Spanish Foundation for Road Safety) to release **three impactful studies** that garnered significant media attention in the year.
    1. The first study examined **cocaine use and its impact on driving**, revealing disturbing trends: 13% of drivers killed in traffic accidents who underwent toxicology testing were positive for cocaine—a 54% rise over the past decade. Drug test results were even more concerning, with 52% of tests conducted by the Civil Guard in 2023 showing positive results for drugs, including 19% specifically for cocaine.

2. The second study explored **overtaking on conventional roads**, focusing on the effects of a regulatory change that eliminated the extra 20 km/h previously allowed for overtaking. Based on data from the first 30 days of 2022—despite the rule being in effect for only nine months that year—accidents with victims dropped by 6.1%, fatalities decreased by 8.5%, and serious injuries fell by 9.6% compared to 2019, the last comparable year. Nevertheless, conventional roads remain a major concern, accounting for 73% of interurban road deaths.
3. The third study investigated the **risks of night-time driving**, delivering striking findings: from 2013 to 2023, over 276,000 night-time accidents occurred, claiming more than 6,500 lives—a 24% increase between those years. Night-time crashes proved disproportionately deadly, with a fatality rate 55% higher than daytime accidents (1.7% vs. 1.1%) and a 10.5% greater share of serious injuries (7.4% vs. 6.7%).

- In 2024, the Línea Directa Foundation hosted the 21st edition of the **Road Safety Journalism Award**, honouring outstanding journalism that promotes responsible driving and societal awareness. This year's event set a participation record with over 2,100 submissions. Winners included Alicia Calvo of El Mundo Castilla y León in the written press and online media category, Luis María Henares of Onda Aranjuez in the radio category, and Noelia Camacho of Telecinco in the television category. The Solidarity Award was jointly awarded to STOP ACCIDENTES and P(A)T (Prevención de Accidentes de Tráfico) for their efforts in preventing traffic accidents and supporting victims and families, while the Honorary Award marked the 65th anniversary of the Traffic Association of the Civil Guard.
- The Foundation also celebrated the **10th edition of the Entrepreneurs and Road Safety Award**, spotlighting innovators whose projects aim to lower road fatalities. The 2024 winner, Biel Glasses, developed glasses for individuals with low vision, enhancing their safe mobility.
- Throughout 2024, the Foundation collaborated with STOP Accidentes, a leading Spanish victims' association, to conduct employee-focused **awareness initiatives**. These included talks, competitions, and the publication of engaging road safety articles on the corporate blog.

Metrics and targets

MDR-M. Metrics in relation to material sustainability matters

Besides the metrics for the actions and resources indicated in each of them throughout the MDR-A, it should be noted that of the total net written premium for insurance subscription products obtained by Línea Directa in 2024, 1.7% of these were revenues from sustainable products, including policies for electric and plug-in hybrid vehicles, premiums for illegal occupation insurance and net written premiums for personal mobility insurance.

MDR-T. Tracking effectiveness of policies and actions through targets

The Board of Directors of the Línea Directa Group approves and bears ultimate responsibility for the Sustainability Policy. It oversees policy compliance, ensures adherence to laws and regulations in dealings with Stakeholders, upholds good-faith fulfilment of obligations and contracts, and promotes respect for industry best practices. This policy is developed and complemented by strategic sustainability plans and related internal policies, all aligned with the Group's core principles. These plans establish objectives and targets, which are tracked by the Appointments, Remuneration and Corporate Governance Committee. This Committee conducts an annual review of policy compliance and reports progress on the Sustainability Policy and strategy to the Board, with findings documented in the Annual Corporate Governance Report. Meanwhile, the Línea Directa Sustainability Committee provides at least annual updates to the Appointments, Remuneration and Corporate Governance Committee on actions from the Sustainability Plan and performance against ESG indicators, goals, and targets.

Meanwhile, the Product Governance and Control Policy takes into account, among other aspects, the design of ESG products. This policy, approved by the Board of Directors, is followed by the Product Committee in its actions. This Committee is in charge of supervising, evaluating and approving whether a product or service is launched on the market, for which it takes into account the sustainability filter, but also a matrix of requirements that the product must meet. In 2024, for instance, sustainable offerings such as **video interpretation services for the deaf** and insurance against illegal occupation for non-customers were favourably assessed.

Línea Directa's 2023-2025 Sustainability Plan sets a goal within the Long-Term Incentive Plan (LTIP) to introduce four sustainability-related products, services, or coverages across any business line during this period.

Additionally, the 2024 Level 1 Sustainability Plan, approved by the Board, includes a social-axis initiative to launch a sustainability-linked product.

Cybersecurity and data protection (Entity-specific)

Governance

GOV-1. The role of the administrative, management and supervisory bodies

At Línea Directa, the Information Security function is managed by the **Cybersecurity department**, led by the **Chief Information Security Officer (CISO)** within the **Technology and Cybersecurity Area**. This department is dedicated to enhancing the cybersecurity program through regularly updated objectives and provides at least annual updates to Management on the program's status for ongoing monitoring.

The CISO also reports to the Audit and Compliance Committee at least yearly—or more frequently as needed—on program oversight and any pertinent issues deemed significant by the Committee. The Committee's chair brings expertise in risk identification and internal control systems, while one member has prior experience leading a Corporate Security department elsewhere. The Committee, in turn, informs the Board of Directors with the same regularity to ensure proper oversight.

Per the **Regulations of the Board of Directors**, ultimate accountability for cybersecurity rests with the Audit and Compliance Committee of Línea Directa Aseguradora's Board. These regulations outline the Committee's duties, which include understanding, supervising, and evaluating the preparation and integrity of financial and non-financial information, as well as overseeing control systems and the management of both financial and non-financial risks across the Group. This encompasses operational and technological risks, including the supervision of the cybersecurity strategy.

The aforementioned Committee is made up of the following members of the Board of Directors: Ana María Plaza (Chair), Elena Otero-Novas (Member) and Alfonso Botín-Sanz (Member). According to the Linea Directa Directors' Skills Matrix, the four members responsible for overseeing the Group's cybersecurity strategy are Alfonso Botín-Sanz de Sautuola y Naveda, John de Zulueta Greenebaum, Rita Estévez Luaña and Elena Otero-Novas, all of whom have expertise in the area of cybersecurity.

In terms of data protection, the Board of Directors, via the Audit and Compliance Committee, holds responsibility for overseeing the Group's primary risks, including those related to data. The Risk Department provides quarterly risk updates to the Audit and Compliance Committee and delivers additional reports as needed whenever issues arise that warrant the Committee's attention. Additionally, the Group has a Data Protection Officer, appointed by the Board, who is tasked with ensuring adherence to the data protection policy.

It is worth highlighting that the administrative, management, and supervisory bodies, along with senior executive management, are responsible for establishing goals tied to significant incidents, risks, and opportunities, as elaborated in the subchapter MDR-P Policies Adopted to Manage Sustainability Issues of Relative Importance.

Together, this framework ensures that cybersecurity and data protection principles are seamlessly woven into the business strategy, supported by robust governance and active oversight, and aligned with privacy, information security, and regulatory standards. The ESRS 2 Governance chapter outlines the composition and diversity of the administrative, management, and supervisory bodies, and explains how they assess and ensure the presence—or development—of the necessary skills and expertise to address sustainability matters effectively.

Strategy

SBM-3. Material impacts, risks and opportunities and their interaction with strategy and business model

Through its double materiality analysis conducted in 2024—detailed in the ESRS 2 chapter Impacts, risks and opportunities management—Línea Directa Aseguradora identified two material risks for the Group. These findings are elaborated in subchapter IRO-1 Description of processes to identify and assess material impacts, risks and opportunities related to cybersecurity and data protection.

These matters align with the company's strategy and business model. Information security is a key pillar of Línea Directa's 5th Sustainability Plan (2023-2025). These priorities guide the Group's ESG actions, translating into specific initiatives within the Plan that align the business strategy with broader Group objectives, aiming to harmonise business and security strategies effectively.

The Group faces **potential material risks** tied to its reliance on a robust information protection system, critical for securing its digital operations and relationships with its own workforce and the broader value chain. This system is vital for countering the rising threat of **cybercrime** and reducing management errors that could result in data breaches or vulnerability to cyberattacks. To address these risks, Línea Directa implements training and development programs to enhance employee skills, aligning them with market needs and regulatory standards. The company also enforces policies with well-defined principles, procedures, and commitments. Thus, it is able to bolster both competitiveness and organisational resilience.

In support of this, the Risk Department, in collaboration with the Data Protection Office (OPD), has developed a data protection risk map that outlines and monitors agreed-upon controls with the relevant departments. If audits or tests conducted by the Risk Department reveal ineffective or non-functional controls, the responsible department must devise and execute an action plan within set timelines.

Per the **Solvency II Directive**, the Group conducts an annual ORSA (Own Risk and Solvency Assessment) to evaluate short- and long-term risks relative to internal capital needs, ensuring compliance with technical provisions and regulatory capital requirements.

Within the ORSA framework, cybersecurity risk—which isn't factored into the standard CSO formula—was assessed. Applying a global cybersecurity attack scenario to the baseline revealed a capital charge differential of € 3.1 million.

Impact, risk and opportunity management

IRO-1. Description of processes to identify and assess material impacts, risks and opportunities related to cybersecurity and data protection

As described in greater detail in the ESRS 2 Impact, risk and opportunity management, the following process has been followed for the assessment of impacts, risks and opportunities:

1. Firstly, a context analysis has been carried out, using both internal and external sources of information, to obtain an initial approximation of potentially material topics from a cross-cutting sustainability perspective.
2. Secondly, a preliminary identification of the topics and sub-topics has been made, defined from the list of Topics, Sub-topics and Sub-sub-topics proposed in ESRS 2 AR 16 and the Company's previous materiality.
3. Thirdly, the Impacts, Risks and Opportunities (IROs) have been identified, examining and considering the information present in the sources used in the first phase of the project.

4. Fourthly, the materiality value of each of these has been obtained from the quantitative data assigned to each IRO, from the consultations carried out with the different Stakeholders and from the Group's management framework.
5. Finally, the material topics have been obtained, identifying 11 material environmental, social and governance (ESG) issues.

Sub-topic	Sub-topic linked to ESRS	Positive / Negative Risk / Opportunity	IRO description	Value chain
Cybersecurity	Entity-specific	Risk	Vulnerability to cyberattacks resulting from inadequate management of information protection systems	Upstream - Suppliers and shareholders / Investors Downstream - Own operations
Privacy and data protection	Entity-specific	Risk	Stakeholder data breaches caused by system failures or weak oversight	Upstream - Suppliers and shareholders / Investors Downstream - Own operations

In the area of cybersecurity and data protection, two risks have been deemed material through a double materiality analysis. This methodology is elaborated further in the chapter ESRS 2 Impact, risk and opportunity management.

These risks affect both the company's operations and the value chain, specifically impacting key players such as suppliers and shareholders/investors. The analysis was conducted using information from the Group, which made it possible to assess the relevance and impact of these risks in the organisational context.

Additionally, it is worth highlighting that the evaluation of Impacts, Risks, and Opportunities (IROs) incorporated input from four key Línea Directa Stakeholders via surveys, alongside focus groups with Group employees and interviews with Línea Directa Aseguradora's management team.

The purpose of these surveys is to incorporate Stakeholders' perspectives into the evaluation of topics and sub-topics, ensuring a more comprehensive outcome.

MDR-P. Policies adopted to manage material sustainability matters

The Línea Directa Aseguradora Group is dedicated to upholding cybersecurity, protecting the privacy of its customers, employees, and suppliers, and ensuring the confidentiality of its operations. To this end, it adheres to the General Data Protection Regulation 2016/679 (GDPR), Law 3/2018 on the Protection of Personal Data and Guarantees of Digital Rights, and relevant standards like ISO/IEC 27001 and ISO/IEC 22301. In line with these, the Group has approved and published various policies to meet regulatory requirements and align with guidelines from Spanish and European authorities.

Through these measures, the Línea Directa Group reinforces its commitment to safeguarding the fundamental right to personal data protection, fostering trust and security within the organisation. The Technology and Cybersecurity Department, led by the Chief Information Security Officer (CISO) as head of Corporate Cybersecurity, ensures that key cybersecurity policies—such as the information security policy and rules for using information systems—are accessible to employees via the corporate intranet. These policies address risks pinpointed in the double materiality analysis, with further details provided in subchapter IRO-1 Description of processes to identify and assess material impacts, risks and opportunities related to cybersecurity and data protection.

The following policies have been approved and published to date:

- **Information Security Policy**

Approved on 28 June 2022, this policy outlines an organisational and procedural framework for developing, implementing, monitoring, reviewing, maintaining, and enhancing the Information Security Management System. Its goal is to ensure a robust security level to protect and mitigate risks to the Company's information assets, drawing on international standards ISO/IEC 27001 and ISO/IEC 22301. Given the Group's deep focus on technology, digitalisation, and direct customer channels, the policy prioritises safeguarding information assets. It establishes commitments and obligations to uphold the confidentiality, integrity, and availability of information while ensuring compliance with applicable legal and regulatory requirements.

The policy applies across all Línea Directa Group business units, encompassing all employees and service providers. The Board of Directors of Línea Directa Aseguradora holds ultimate responsibility for its implementation, with the Chief Information Security Officer (CISO) overseeing compliance. As indicated, the policy is aligned with recognised international standards, specifically ISO/IEC 27001 and ISO/IEC 22301, which provide guidelines for information security management and business continuity.

The policy is shared with all Línea Directa personnel and made accessible to Stakeholders through the corporate intranet and website.

- **Línea Directa Group Privacy Policy**

This policy sets out the principles and procedures for processing personal data in line with the **General Data Protection Regulation** (GDPR) and Spanish laws, safeguarding digital rights. It applies to all Group companies acting as data controllers—such as Línea Directa Asistencia and other subsidiaries—as well as all operations, including those involving suppliers. The Board of Directors holds ultimate responsibility for its approval and enforcement, while employees and collaborators are required to adhere to its provisions.

The policy provides clear mechanisms for data subjects to exercise their rights, including access, rectification, erasure, objection, restriction, and data portability, all managed through the Data Protection Office. It also specifies channels for exercising these rights, alongside security and training measures to ensure data protection. In accordance with the Privacy Policy, employees and collaborators who do not comply with the obligations set out in the Privacy Policy will be subject to disciplinary, contractual or any other applicable sanctions.

The Privacy Policy System is embedded within the Group's broader risk management and compliance framework. Línea Directa places significant emphasis on this area, incorporating it into its risk map, which outlines the organisation's comprehensive measures to safeguard information and data.

The policy is made available on the corporate intranet and website to ensure accessibility for all Stakeholders.

- **Commercial Privacy Policy**

Published on Línea Directa's commercial website, this policy offers comprehensive details on the processing of personal data for customers and prospective customers. It specifies the data controller's identity, the Data Protection Officer's contact information, the purposes of data processing, the legal grounds for such activities, data recipients, potential international transfers along with their safeguards. It also outlines data retention periods or criteria for determining them, and the rights of data subjects, including access, rectification, erasure, objection, restriction of processing, portability, and the ability to contest automated decisions.

The policy clarifies that the Línea Directa Group serves as the data controller, underscoring its dedication to transparency. It also covers the management of shared systems within the insurance sector, where Línea Directa assumes joint responsibility and complies with the UNESPA Code of Conduct.

Applicable to users, potential users, and customers, the policy ensures regulatory compliance across all stages of data processing. The entire Línea Directa Group is accountable for implementing this Privacy and Data Processing Policy, guided by the Data Protection Office.

At the highest level, the Board of Directors of Línea Directa S.A. is tasked with approving the Privacy Policy of the Línea Directa Group and ensuring its enforcement and adherence throughout the organisation.

- **Internal Training and Awareness Policy**

This policy outlines the core principles to ensure that all personnel with access to personal data undergo mandatory training and receive regular updates in accordance with current regulations. The policy encompasses initial training, ongoing refreshers, and upskilling on fundamental data protection principles and applicable laws, alongside efforts to heighten awareness of regulatory compliance's importance.

Applicable to all Group companies, the policy is overseen by the Data Protection Office, which manages a thorough training and awareness program. This policy is published on the Group's intranet for all employees to access.

The Steering Committee, at the Data Protection Office's request, ensures adherence to the training requirements set forth in this policy.

MDR-A. Actions and resources in relation to material sustainability matters

Actions in the field of cybersecurity

Recent years have seen a surge in cyberattacks, driven by organised crime groups and targeted actors focusing on the financial sector.

Digitalisation introduces new challenges for companies, requiring them to address emerging risks such as cloud environment security, an expanded attack surface, and risks tied to service providers.

To tackle these issues, Línea Directa Aseguradora has intensified its efforts in identifying, detecting, protecting against, and responding swiftly to cyberattacks, ensuring robust safeguarding of the information assets of its customers, suppliers, and employees.

In 2024, the Company implemented several enhancements to its structure and capabilities:

Reference framework

Throughout 2024, Línea Directa laid the groundwork to align its cybersecurity control and reference framework with the **NIST Cybersecurity Framework**. This standard encompasses Governance, Identification, Protection, Detection, Response, and Recovery—key areas for understanding, assessing, prioritising, and communicating cybersecurity risks.

Progress was also made toward adopting the updated **NIST CSF 2.0** standard.

- **Identification:** Cybersecurity management has been incorporated into the ISTSM tool, alongside the completion of an information inventory and classification project.
- **Protection:** Efforts have focused on network segmentation and the rollout and enhancement of a cybersecurity awareness program for all Company staff.
- **Detection:** New use cases have been integrated into the SIEM system, complemented by vulnerability analysis and penetration testing (pentesting).
- **Response:** The contingency plan has been revised to include scenarios for external calls, ransomware attacks, and other potential incidents.

- **Recovery:** A backup solution has been implemented to ensure effective information recovery.

To conduct pentesting and assess the security of customer authentication processes on websites and mobile apps, Línea Directa enlisted external technological consultancy services, investing € 41,300.

Additionally, a specialised technology provider has been engaged to perform an internal audit of cybersecurity processes in accordance with NIST Framework 2023-229 in order to verify and confirm the degree of compliance with regulations and the Company's internal requirements with respect to established guidelines and/or standards. This has involved an investment of € 38,546

Creation of a specific Governance Risk & Compliance (GRC) Area within cybersecurity

A dedicated Governance Risk & Compliance (GRC) area has been established within the first line of defence (1LoD), working closely with the second line of defence (2LoD). This unit focuses on early detection of vulnerabilities and threats, identifying necessary risks and controls in line with the Company's internal policies and relevant regulations.

This area also plays a key role in assessing cybersecurity risks within the supply chain by reviewing critical suppliers, evaluating their cybersecurity posture, and ensuring compliance with internal and regulatory standards.

Additionally, the GRC area contributes to the security lifecycle of projects, embedding security-by-design principles and ensuring security requirements are addressed from the initial stages of demand management.

Enhanced SOC (Security Operations Centre) capabilities

The SOC has been upgraded to provide 24/7/365 response capabilities, incorporating threat intelligence and proactive cyber risk assessments.

The defence team conducts ongoing proactive review campaigns to mitigate risks to digital assets, with a particular emphasis on threats targeting the insurance sector.

Special attention has been given to identity management, introducing new capabilities and risk-based security evaluations for internal and external identities accessing Línea Directa Aseguradora's assets.

In 2024, these initiatives were supported by an external technology consultancy, with an investment of € 400,313.53.

Vulnerability management

Línea Directa has conducted a thorough vulnerability review to identify any design or configuration flaws in the Company's critical assets and applications.

Furthermore, throughout 2024, the Corporate Cybersecurity department performed multiple assessments of internal assets and those exposed to the internet (such as web applications and services), executing technical tests that mimic potential external attacker scenarios.

To support vulnerability management, internal asset evaluations, and third-party reviews of digital assets, the company engaged a specialised technology consultancy firm. This external support included penetration testing (pentesting) and code error analysis, with investments of € 122,577.84 and € 13,009.92, respectively.

Third-party reviews

The Group regularly enlists third parties to audit its digital assets, domains, and internal network. These independent reviews ensure that defence and protection mechanisms, as well as systems, remain current and effective.

Security by design

Cybersecurity is embedded in all of Línea Directa's projects and new digital initiatives. From the design phase onward, the company integrates essential security components and considerations into the development of solutions.

Cybersecurity standards

In 2024, the Cybersecurity area initiated efforts to align and standardise its operations and controls with the NIST Cybersecurity Framework, with the framework providing a structured approach to managing cybersecurity risks. This enables the company to offer a taxonomy of security outcomes to enhance understanding, assessment, prioritisation, and communication of security initiatives.

Awareness-raising actions and employee training.

At Línea Directa, cybersecurity training and awareness are vital to safeguarding company information. In today's increasingly complex and threatening digital landscape, equipping employees with the knowledge and skills to recognise and counter potential cyber threats is a priority.

New employees receive mandatory cybersecurity training upon joining the company. This initial training is essential to ensure that each new team member is prepared. It is delivered in an e-learning format, so as to ensure the homogeneity of the information, and lasts for 1 hour. In 2024, all 270 new hires completed this training as part of their induction process.

Línea Directa also offers ongoing cybersecurity training to prevent attacks and breaches while fostering a security-conscious culture. This continuous education reinforces each employee's role in protecting digital assets. As part of the Self-Learning Programme, two LinkedIn Learning modules were made available, with 93 participants engaging in the training.

- Overview of Cybersecurity Threats (1 hour and 10 minutes)
- Cybersecurity Awareness: Cybersecurity Terminology (44 minutes)

To further build awareness and a security-oriented mindset, the company rolled out organisation-wide initiatives. These efforts are designed to ensure that all employees are aligned with the company's values and procedures.

Along with phishing campaigns, cybersecurity tips are sent out through the corporate internal communication channels (intranet, screens, etc.). In 2024, these tips focused on summer-specific advice and best practices for email use.

Contingency plans and response procedures for cybersecurity incidents

Organisations recognise that disruptions to technology and operations are possible, necessitating robust business continuity and contingency measures. These capabilities ensure operations persist during potential incidents, minimising downtime and impact.

The Línea Directa Group has established a standard for responding to cybersecurity incidents, in order to guarantee digital operational resilience in the event of incidents that affect the normal operation of the organisation's processes, as well as to comply with all applicable regulations, relevant standards and best market practices.

Alerts at Línea Directa may originate from various areas: IT, users contacting the User Service Centre (CAU), Corporate Cybersecurity, or SOC monitoring. The incident response team analyses evidence and verifies alerts using a classification matrix. This matrix categorises alerts as true positives, false negatives, false positives, or true negatives for accurate incident assessment.

Línea Directa is committed to complying with the Digital Operational Resilience Act (DORA). A detailed action plan has been rolled out, updating cybersecurity regulations and reinforcing the digital operational resilience framework. These steps not only enable us to comply with regulatory requirements, but also to continuously improve our ability to respond to any incident, ensuring the continuity and security of operations. The Digital Operational Resilience Plan will undergo annual testing to verify that it is functioning correctly.

The Group has commissioned external audits of its cybersecurity reference and control framework, as well as its regulatory compliance, ensuring alignment with relevant standards and regulations. This framework is built on both mandatory regulations and leading market standards.

External verifications of the information security management systems have also been conducted. In 2024, the Línea Directa Internal Audit area reviewed cybersecurity processes against **NIST** standards, evaluated the Technology and Cybersecurity assurance map, and performed intrusion exercises.

Meanwhile, the **Corporate Cybersecurity** department conducted reviews of exposed assets through static analyses and source code audits.

As part of the Group’s annual Financial Statements review, an external auditor assessed the Company’s cybersecurity. The economic investment of the external audit amounts to € 268 thousand.

Línea Directa updates its cybersecurity strategy yearly or in response to significant changes in regulations, personnel, facilities, processes, suppliers, markets, technology, or organisational structure.

Data protection actions

The Línea Directa Group’s Data Protection Office (OPD) implemented several **Initiatives in 2024** to ensure compliance with data protection rights.

Specialised training was delivered to relevant teams, updating procedures and emphasising the importance of promptly addressing data rights requests.

The intranet was also enhanced with circulars to support company initiatives, such as the ‘**Documentation Project**.’ A new circular, titled ‘Legal Items Regarding Data Protection on the Telephone Channel,’ was introduced to establish a clear legal framework for data protection in telephone interactions. This circular helps areas to develop their customer contact and management operations in a uniform way and maintaining the same references to safeguard compliance with data protection regulations. It affects areas related to telephone support.

The Data Protection Office (OPD) has also partnered with the risk area to create a tailored **data protection risk map** and has **enhanced** the **Cookies Policy and Privacy Policy** to meet updated regulatory standards. Additionally, the OPD has offered guidance on the Group’s strategic projects to ensure adherence to core data protection principles, including lawfulness, transparency, fairness, data minimisation, and accuracy.

On the occasion of the entry into force of the Regulation on Artificial Intelligence of the European Parliament and of the Council, during the last quarter of 2024, the Data Protection Office has been actively involved in defining a model of governance for Artificial Intelligence in order to guarantee effective compliance with the provisions of the GDPR, in relation to those

Artificial Intelligence processes that involve personal data. Given the project's Group-wide scope, external expertise was engaged from a specialised technology consultancy firm, with an investment of € 74,700 in 2024.

In 2024, the Línea Directa Group upheld its dedication to transparency and promoting sound data protection practices, a commitment rooted in its **2021** adoption of the **AEPD's Digital Pact**. The Group conducted awareness campaigns, including one focused on the responsibility of minors online, and collaborated with internal and external communication teams to advocate for best practices. These efforts highlighted topics like safeguarding minors on social media and '***Egosurfing***.' The initiatives reinforced the company's focus on privacy and security in the digital realm.

Additionally, the Data Protection Office performed annual audits to ensure compliance with the 'Data Protection Items in the Telephone Channel' guidelines.

These audits confirmed that customer-facing staff adhered to requirements such as proper customer identification and obtaining commercial consent. Beyond safeguarding privacy, the audits heightened employee awareness of embedding data protection into all customer interactions—from onboarding to ongoing relationship management. These audits are recognised as part of the Group's internal assurance efforts.

They represented a financial investment of € 49,015 plus VAT in 2024.

Metrics and targets

MDR-M. Metrics in relation to material sustainability matters

During 2024, in relation to sanctions in the field of data protection, the Línea Directa Group has received a sanction in this domain that is pending an appeal in the Administrative Courts. In relation to security breaches, in 2024 the Línea Directa Group suffered a security breach which, in accordance with the provisions of Article 33 of the GDPR, was duly notified to the Spanish Data Protection Agency (AEPD), which finally notified the Company that the breach had been filed. In addition, there was another breach at an external supplier, which was initially notified to the AEPD as a preventive measure, but it was later communicated to the AEPD that Línea Directa's data was not affected.

MDR-T. Tracking effectiveness of policies and actions through targets

In 2024, the Línea Directa Group advanced several strategic objectives in cybersecurity and data protection, aligning with information and sustainability requirements.

On the cybersecurity front

The Línea Directa Information Security Policy ensures the information security management program is regularly updated, reviewed, tested, and refined—at least annually or following significant changes in regulations, personnel, facilities, processes, suppliers, markets, technology, or organisational structure. Furthermore, the Cybersecurity department is committed to the continuous improvement of the Company's information security management program through the periodic definition of objectives.

Throughout 2024, the Corporate Cybersecurity department performed multiple assessments of assets and those exposed to the internet (such as web applications and services), executing technical tests that mimic potential external attacker scenarios.

As part of its cybersecurity training and awareness efforts, phishing campaigns were rolled out to all employees, replicating real-world social engineering tactics used by attackers against businesses and individuals.

Additionally, the Línea Directa Internal Audit area conducted various external intrusion exercises.

Looking ahead, the 2025 security objectives—formulated within the strategic plan and submitted to the board for approval—align with the NIST CSF v2 standard. These goals include strengthening governance and oversight, improving information identification and classification, implementing controls to safeguard digital assets, enhancing proactive alert and vulnerability detection, and refining incident preparation and containment processes.

To support these aims, a framework integrating offensive and defensive security teams will be established to effectively mitigate and resolve potential incidents.

In terms of data protection

Audit Protocol for Compliance with Legal Items of Data Protection – Telephone Channel.

This protocol aims to ensure adherence to the standards set by the **Data Protection Office** (OPD). It assesses compliance with obligations related to commercial information, positive identification, third-party authorisations, consent collection, and consultations with external files, targeting a compliance rating of A (100%) or B (90%-100%). Should ratings fall to C (70%-90%) or D (0%-70%), action plans are developed with implementation timelines not exceeding 12 months. Key Stakeholders include the Data Protection Office, the Secretary-General, managers of involved areas, the external audit provider, the Compliance Committee, and the Standing Risk Committee.

The audit covers primary customer contact activities on the telephone channel and is conducted annually, with reviews and audits scheduled for the first quarter. The process involves annual approval by the Secretary-General, assignment of the audit to an external provider for monitoring and verification, presentation of findings, and preparation of final reports. These reports are shared internally with managers and, if needed, escalated to the **Standing Risk Committee**. Results are assessed using a scoring table, enabling the creation of corrective action plans if compliance falls below target levels.

Beyond the previously outlined protocol, Línea Directa pursues additional **data protection objectives** in the framework of various Company projects.

These notably include:

- First, the GDPR Project focuses on establishing a data retention and usage policy, adapting IT systems, and archiving critical information to minimise sanction risks and align with the Data Conservation Procedure. In 2024, significant progress was made in archiving and deleting key data, such as claims and policies, with full completion targeted for 2025. Managed by a project manager, this initiative involves interdisciplinary teams that hold regular follow-up meetings as needed, reviewing all company information systems, physical records, and predictive models.
- Second, the Consent Project aims to streamline commercial consent management, ensure compliance with current cookie regulations, and build a more effective framework for online advertising investment. Launched in 2023, the project advanced in 2024 with the development of brands, opposition channels, and a preference centre, all adhering to regulatory standards. The goal is to finalise and implement consent mechanisms in 2025 to enhance data enrichment. Like the GDPR Project, it is driven by interdisciplinary teams under a project manager, with regular progress reviews as required.

- Lastly, the People Project seeks to enhance customer data quality and streamline the subscription process by reviewing and refining personal data while updating customer-related models. In 2023, the project introduced critical measures to address immediate needs. It initially aimed to complete developments for matched people and statistical data by 2024, but while progress was made that year, the work remains unfinished. The model adaptation is now slated for completion in 2025.

In 2025, the Data Protection Office is dedicated to safeguarding privacy and ensuring adherence to relevant regulations.

To achieve this, ongoing training will be provided to all Company employees, including new hires and existing staff. This training will be tailored to the specific needs of each department and the Company's evolving stages.

Efforts will persist in promoting awareness and understanding of privacy and data protection, particularly through initiatives tied to our commitment to the **Digital Pact of the Spanish Data Protection Agency**. We will keep the Group's employees informed by sharing relevant publications, news, and content related to data protection that benefits the Organisation.

Additionally, the **Data Protection Office** will regularly assess and update Privacy Policies and internal data protection procedures to align with applicable laws, as well as guidance from the Spanish Data Protection Agency (AEPD) and the European Data Protection Board.

Furthermore, in 2025, the Group will establish a governance framework for Artificial Intelligence. The Data Protection Office will play a key role in this framework through active collaboration. As the guardian of data protection principles, the Office will ensure that all AI-related activities adhere to the concepts of data protection by design and by default. The Data Protection Office will oversee the responsible development and use of AI-based processing, ensuring it meets ethical standards, remains trustworthy, and avoids bias or discrimination against individuals. The Data Protection team will also ensure that Línea Directa fulfils its obligation to provide clear and transparent information to those impacted.

Throughout 2025, the Data Protection Office will continue to assist and guide the business and development teams in executing the Group's strategic projects, ensuring full compliance with privacy and data protection regulations.

Annex I. Law 11/2018

Employment

1. Total number and distribution of employees by gender, age, country and professional classification

	2023			2024		
Professional group	**Female**	**Male**	**Total**	**Female**	**Male**	**Total**
1. MANAGERS	37	35	72	41	38	79
2. EXPERT PROF.	163	185	348	169	179	348
3. PROFESSIONALS	397	261	658	388	258	646
4. STAFF	862	565	1,427	811	539	1,350
Total	**1,459**	**1,046**	**2,505**	**1,409**	**1,014**	**2,423**

	2023			2024		
Age	**Female**	**Male**	**Total**	**Female**	**Male**	**Total**
1. < 30	170	139	309	144	130	274
2. >=30 AND <50	924	699	1,623	866	651	1,517
3. >=50	365	208	573	399	233	632
Total	**1,459**	**1,046**	**2,505**	**1,409**	**1,014**	**2,423**

2. Total number and distribution of work contracts by type

	2023			2024		
Type of contract	**Female**	**Male**	**Total**	**Female**	**Male**	**Total**
Permanent	1,458	1,037	2,495	1,407	1,013	2,420
Temporary	1	9	10	2	651	3
Total	**1,459**	**1,046**	**2,505**	**1,409**	**1,014**	**2,423**

	2023			2024		
Type of working day	**Female**	**Male**	**Total**	**Female**	**Male**	**Total**
Full-time	674	679	1,353	627	659	1,286
Part-time	785	367	1,152	782	355	1,137
Total	**1,459**	**1,046**	**2,505**	**1,409**	**1,014**	**2,423**

	2023			2024		
Professional group	**Permanent**	**Temporary**	**Total**	**Permanent**	**Temporary**	**Total**
1. MANAGERS	72	-	72	79	0	79
2. EXPERT PROF.	348	-	348	347	1	348
3. PROFESSIONALS	658	-	658	644	2	646
4. STAFF	1,417	10	1,427	1,350	0	1,350
Total	**2,495**	**10**	**2,505**	**2,420**	**3**	**2,423**

	2023			2024		
Age	**Permanent**	**Temporary**	**Total**	**Permanent**	**Temporary**	**Total**
1. < 30	309	-	309	271	3	274
2. >=30 AND <50	1,614	9	1,623	1,517	0	1,517
3. >=50	572	1	573	632	0	632
Total	**2,495**	**10**	**2,505**	**2,420**	**3**	**2,423**

	2023			2024		
Professional group	**Full-time**	**Part-time**	**Total**	**Full-time**	**Part-time**	**Total**
1. MANAGERS	72	-	72	79	0	79
2. EXPERT PROF.	325	23	348	323	25	348
3. PROFESSIONALS	561	97	658	545	101	646
4. STAFF	395	1,032	1,427	339	1,011	1,350
Total	**1,353**	**1,152**	**2,505**	**1,286**	**1,137**	**2,423**

	2023			2024		
Age	**Full-time**	**Part-time**	**Total**	**Full-time**	**Part-time**	**Total**
1. < 30	78	231	309	66	208	274
2. >=30 AND <50	865	758	1,623	763	754	1,517
3. >=50	410	163	573	457	175	632
Total	**1,353**	**1,152**	**2,505**	**1,286**	**1,137**	**2,423**

3. Annual average of permanent, temporary and part-time contracts by gender, age and professional category

	2023			2024		
Professional group	**Female**	**Male**	**Total**	**Female**	**Male**	**Total**
1. MANAGERS	37.6	34.6	72.2	39.6	36.0	75.6
2. EXPERT PROF.	167.1	187.7	354.8	166.2	179.3	345.4
3. PROFESSIONALS	400.4	260.7	661.1	389.3	259.8	649.1
4. STAFF	830.3	570.0	1,400.3	816.3	546.8	1,363.1
Total	**1,435.4**	**1,052.8**	**2,488.3**	**1,411.3**	**1,021.8**	**2,433.2**

2023				2024		
Age	**Female**	**Male**	**Total**	**Female**	**Male**	**Total**
1. < 30	145.0	121.9	266.9	154.6	131.0	285.6
2. >=30 AND <50	940.0	730.5	1,670.4	787.5	671.8	1,550.3
3. >=50	350.4	200.6	551.0	378.3	219.1	597.3
Total	**1,435.4**	**1,052.8**	**2,488.3**	**1,411.3**	**1,021.8**	**2,433.2**

	2023			2024		
Professional group	**Permanent**	**Temporary**	**Total**	**Permanent**	**Temporary**	**Total**
1. MANAGERS	72.2	-	72.2	75.6	0.0	75.6
2. EXPERT PROF.	354.8	-	354.8	345.3	0.1	345.4
3. PROFESSIONALS	661.1	-	661.1	647.6	1.5	649.1
4. STAFF	1,387.1	13.3	1,400.3	1,362.6	0.5	1,363.1
Total	**2,475.1**	**13.3**	**2,488.3**	**2,431.1**	**2.1**	**2,433.2**

	2023			2024		
Age	**Permanent**	**Temporary**	**Total**	**Permanent**	**Temporary**	**Total**
1. < 30	265.3	1.7	266.9	284.4	1.2	285.6
2. >=30 AND <50	1,659.8	10.6	1,670.4	1,549.3	0.9	1,550.3
3. >=50	550.0	1.0	551.0	597.3	0.0	597.3
Total	**2,475.1**	**13.3**	**2,488.3**	**2,431.1**	**2.1**	**2,433.2**

	2023			2024		
Professional group	**Full-time**	**Part-time**	**Total**	**Full-time**	**Part-time**	**Total**
1. MANAGERS	72.0	-	72.2	75.6	0.0	75.6
2. EXPERT PROF.	328.0	26.8	354.8	322.8	22.7	345.4
3. PROFESSIONALS	558.3	102.8	661.1	550.1	99.0	649.1
4. STAFF	422.3	978.0	1,400.3	374.4	988.7	1,363.1
Total	**1,380.8**	**1,107.6**	**2,488.3**	**1,322.8**	**1,110.3**	**2,433.2**

	2023			2024		
Age	**Full-time**	**Part-time**	**Total**	**Full-time**	**Part-time**	**Total**
1. < 30	89.9	177.0	266.9	69.4	216.2	285.6
2. >=30 AND <50	907.8	762.6	1,670.4	817.8	732.4	1,550.3
3. >=50	383.0	168.0	551.0	435.6	161.8	597.3
Total	**1,380.8**	**1,107.6**	**2,488.3**	**1,322.8**	**1,110.3**	**2,433.2**

4. Number of dismissals by gender, age and professional category

	2023		2024	
	Dismissal	Period-end headcount	Departures	Period-end headcount
Male	115	1,046	94	1,014
Female	98	1,459	107	1,409

	Dismissal	Period-end headcount	Departures	Period-end headcount
1. MANAGERS	4	72	2	79
2. EXPERT PROF.	3	348	7	348
3. PROFESSIONALS	31	658	34	646
4. STAFF	175	1,427	158	1,350

	Dismissal	Period-end headcount	Departures	Period-end headcount
1. < 30	34	309	41	274
2. >=30 AND <50	152	1,623	131	1,517
3. >=50	27	573	29	632

5. Average salaries and their progress broken down by gender, age and professional classification or equal value

	2023			2024		
	Male	Female	Total	Male	Female	Total
Total	41,619	37,921	39,488	43,767	39,086	41,245
	Average remuneration by age					
1. < 30	28,522	26,014	27,160	29,603	27,898	28,687
2. >=30 AND <50	40,766	36,946	38,618	42,401	37,305	39,520
3. >=50	52,368	45,327	47,910	56,285	47,640	50,819
	Average total remuneration by professional group					
Managers	145,402	141,443	143,340	166,615	143,283	154,396
Expert professionals	60,914	60,040	60,501	62,740	61,841	62,309
Professionals	41,572	38,296	39,586	42,901	39,150	40,643
Staff	29,017	28,518	28,722	29,835	29,252	29,488

6. Pay gap, remuneration for equal jobs or the average in society (following the methodology defined by Law 11/2018, for 2024 and 2023)

	2023	2024
Pay gap calculated by type of position	3.10%	3.50%

7. Average remuneration of directors and executives, including variable remuneration, attendance fees, severance payments, payments to long-term savings schemes and any other compensation broken down by gender.

Director remuneration:

	2023			2024		
Average Remuneration	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Senior Management *Steering Committee excl. CEO	298,657.4	289,129.4	294,537.2	434,895.4	289,117.1	362,006.2

	2023			2024		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**
Average Annual Remuneration						
Non-executive director	106,333.3	89,437.5	96,678.6	113,000.0	95,750.0	103,142.9
Executive Director		504,336.0	504,336.0		506,423.0	506,423.0
Average	106,333.3	172,417.2	147,635.8	113,000.0	177,884.6	153,552.9

8. Number of employees with disabilities

At the end of 2023, the Línea Directa Group was employing 39 people with some form of disability, representing 1.6% of the workforce. By the end of 2024, the Company had 37 employees with disabilities.

Organisation of work

9. Number of hours of absenteeism

	2023		2024	
	No. of days of leave	No. of hours of leave	No. of days of leave	No. of hours of leave
Total	54,004	316,204	50,533	292,432
Common Illness	53,430	312,534	49,630	288,442
Male	16,047	97,649	15,485	91,776
Female	37,383	214,884	34,145	196,666
Total occupational accidents with sick leave	574	3,671	903	3,990
Male	439	2,878	613	2,852
Female	135	793	290	1,138

Health and safety

10. Occupational accidents, in particular their frequency and seriousness; Occupational illnesses, broken down by gender

	2023			2024		
	Male	Female	Total	Male	Female	Total
No. of accidents	10	0	10	13	0	13

	2023			2024		
Occupational accidents	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Frequency rate	5.24	0.00	2.21	7.00	0.00	2.94
Severity rate	0.19	0.00	0.08	0.12	0.00	0.05
Types of occupational diseases	0.00	0.00	0.00	0.00	0.00	0.00

Social relationships

11. Percentage of employees covered by collective bargaining agreements

	2023	2024
People covered by collective bargaining agreements	100%	100%

Training

12. Total number of hours of training by professional category (average number of training hours)

	2023			2024		
Professional group	**Female**	**Male**	**Total**	**Female**	**Male**	**Total**
1. MANAGERS	764.81	1,407.41	2,172.22	1,091.41	1,277.93	2,369.34
2. EXPERT PROF.	4,229.40	4,758.84	8,988.24	5,065.58	5,917.22	10,982.80
3. PROFESSIONALS	8,016.04	5,265.00	13,281.04	8,699.85	5,679.11	14,378.96
4. STAFF	34,795.76	23,341.77	58,137.53	26,178.91	15,931.63	42,110.54
Total	**47,806.01**	**34,773.01**	**82,579.02**	**41,035.74**	**28,805.90**	**69,841.64**

Company

13. The impact of the company's activity on employment and local development

Established in 2014, the Línea Directa Foundation aims to combat road fatalities by leveraging the Group's deep expertise and insights into accident rates. Operating under the slogan "Road Safety. Here and Now," the Foundation focuses on four key areas: Research, Outreach, Social Action, and Training. Through these pillars, it drives impactful initiatives to reduce road deaths.

Research

In 2024, the Línea Directa Foundation prepared and published three Road Safety Studies as established in the 2024 Action Plan:

- **STOP Cocaine: A deadly addiction.** The study "Presence and Influence of Cocaine in Traffic Accidents (2013-2022)" draws on data collected 30 days post-accident by the DGT, alongside findings from the National Institute of Toxicology and Forensic Sciences and drug tests conducted by the Civil Guard in 2023. It also includes a survey of 1,700 drivers to explore their views and behaviours related to this issue.
- Another report, "**Spanish Drivers and Overtaking on the Road":** Accident Rates and Perception (2013-2022)," examines overtaking incidents in light of accident data, particularly following the regulation change that removed the allowance to exceed speed limits by 20 km/h. This analysis reviewed 30 days of overtaking accident data on

conventional roads, pinpointed the most hazardous stretches for overtaking. It also surveyed Spanish drivers' opinions and habits regarding this manoeuvre.

- **Night-Time Driving: Risks, Problems, and Accident Rates (2013-2022)**: This study investigates the dangers, challenges, and crash statistics tied to driving at night, shedding light on the how, why, and where of these incidents.

Outreach

Through its Outreach programme, the Línea Directa Foundation organised a new edition of the Road Safety Journalism Award, which recognises the best reports and articles on road safety published in the Spanish media. In 2024, the 21st edition was held, with the following jury:

- **Pere Navarro**, Director General of Transport. Chairman of the Jury.
- **Mirenchu del Valle,** President of UNESPA (Spanish Union of Insurance and Reinsurance Entities).
- **Pere Macias**, Chairman of the Commission for Road Safety of the Chamber of Deputies during the 2011-2015 legislature.
- **Pedro Guerrero,** former President of Bankinter and Trustee of the Bankinter Foundation of Innovation.
- **Javier García Vila**, Director of EUROPA PRESS.
- **Vicente Ferrer,** Deputy director of EL ESPAÑOL.
- **Ángel Carreira**, Journalist and political correspondent for ANTENA 3 Noticias.
- **Leticia Iglesias**, Journalist and presenter of Informativos TELECINCO.
- **Lourdes Maldonado,** Journalist and presenter on RNE.
- **Ana Corbatón,** Journalist for the radio station Cadena SER and winner of the 20th Road Safety Journalism Award in the Radio category.

The winners of the 21st edition of the Road Safety Journalism Award included Alicia Calvo of El Mundo Castilla y León in the written press and online media category, Luis María Henares of Onda Aranjuez in the radio category, and Noelia Camacho of Telecinco in the television category.

This year, the Solidarity Award was jointly awarded to the associations STOP ACCIDENTES and P(A)T (Prevención de Accidentes de Tráfico) for their efforts in preventing traffic accidents and supporting victims and families. The Honorary Award, meanwhile, went to the Traffic Division of the Civil Guard on its 65th anniversary for its work in providing assistance, raising awareness and monitoring Spanish roads.

Training and Social Action

The Línea Directa Foundation develops different initiatives through its lines of action of Training and Social Action with the objectives of promoting knowledge about road safety and actively collaborating with the creation of a fairer, more united society. In 2024, it continued this mission by hosting its annual Entrepreneurs Award and organising a series of talks by traffic victims' associations for Group employees. The Entrepreneurs Award seeks to spark innovation in road safety and mobility, with the ultimate aim of cutting road fatalities. It offers a € 20,000 prize to the winner, free of obligations or co-investment requirements. Later, the winning project's leaders can tap into funding opportunities from the Bankinter Foundation for Innovation and IESE Business School.

The Catalan start-up Biel Glasses was the winner of the 2024 edition. This company develops smart glasses that enhance mobility and independence for people with low vision (BV). By integrating AI and robotics, the glasses detect movement risks, while mixed reality features provide accessible guidance.

Furthermore, with the collaboration of STOP Accidentes, the Línea Directa Foundation organised various talks and presentations for Group employees last year with the aim of raising awareness of the need for responsible driving. These sessions featured firsthand accounts from traffic accident victims and included a road safety contest with mobility- and safety-themed prizes.

14. The impact of the company's activities on local populations and the region

15. The relationships with the main players in local communities and the types of dialogue established with them

With regard to points 14 and 15, since 2022, the Group's social action has been effectively integrated into the sustainability strategy under the name **'Línea Directa Movement'**. This terminology is intended to make social action visible and comprehensive, and to provide a framework for corporate volunteering. It also seeks to make a call to action with the aim of involving more people in the community. The **volunteering network** aims to incorporate social action and sustainability programmes that address all the solidarity concerns of the Group's employees.

Number of shares	Foundations	Volunteers	Hours
31 (-26%)	9 (-25%)	421 (+23%)	789 (+22%)
2023: 42	2023: 12	2023: 342	2023: 643

Under the 2024 Social Action plan, we streamlined efforts by reducing the total number of initiatives, prioritising those with significant impact. High-impact actions in 2024 included Mi abuelo es la caña (My Grandad is the Best), abuelos hackers (hacker grandparents), Carrera AECC (AECC Race), Carrera In run (In Run Race), Intratech Línea Directa, escuela de fortalecimiento y mentoring en Línea Directa (strengthening and mentoring school), campamento científico infantil (children's science camp), and Ciencia divertida (Fun Science).

The variety of volunteering opportunities, some hosted at our facilities, significantly boosted participation, particularly among one-day volunteers (unregistered in the network).

Working with diverse groups—such as people with disabilities, the elderly, and the socially excluded—further increased volunteer numbers, especially in hands-on collaborative activities.

A key factor was redirecting motivational efforts toward solidarity-focused spaces, like: off-sites and area meetings, etc.

The main actions, categorised by group, are detailed below:

Children	Disability	Social exclusion
• 'EL OLIVO' THREE KINGS • SCIENCE CAMP	• OFF SITE • DIGITAL TRANSFORMATION • OFF SITE COMMERCIAL INRUN • INTERNS' BREAKFAST • HOME SAFETY WORKSHOP	• PERSCOM AREA MEETING • THE INTERVIEW: MISTAKES AND SUCCESSES • COPING WITH A JOB INTERVIEW • OVERCOMING GROUP DYNAMICS • MODIFYING MY DOCUMENTS IN ONE CLICK! • YOUR ACTIVE JOB SEARCH PLAN • 8M OPEN DAYS • MY DIGITAL WORLD • INTEGRATECH • MODIFYING MY DOCUMENTS IN ONE CLICK! • SALES MANAGER COURSE • DIGITAL IDENTITY • PORTFOLIO MENTORING • STRENGTHENING SCHOOL (LÍNEA DIRECTA FACILITIES) • MENTORING STRENGTHENING SCHOOL • MY INFOJOBS PROFILE • LAUNCH WITHOUT LIMITS

Senior citizens	
	• MY GRANDAD IS THE BEST • HACKER GRANDPARENTS

Below is a breakdown of the actions carried out by each of the organisations with which it carries out these social actions:

ADOPTAUNABUELO.ORG	Action	Date	Volunteers	Total hours
	MY GRANDAD IS THE BEST	19/06/2024	33	66
	HACKER GRANDPARENTS	23/10/2024	23	46

A LA PAR FOUNDATION	Action	Date	Volunteers	Total hours
	OFFSITETD	02/07/2024	23	46
	OFF SITE COMMERCIAL	03/07/2024	28	84
	INRUN	05/05/2024	20	40
	HOME SAFETY WORKSHOP	25/04/2024	4	8

Integra Foundation	Action	Date	Volunteers	Total hours
	THE INTERVIEW: MISTAKES AND SUCCESSES	24/01/2024	2	4
	COPING WITH A JOB INTERVIEW	24/01/2024	2	4
	OVERCOMING GROUP DYNAMICS	08/02/2024	2	4
	MODIFYING MY DOCUMENTS IN ONE CLICK!	12/02/2024	1	4
	YOUR ACTIVE JOB SEARCH PLAN	19/02/2024	1	4
	8M OPEN DAYS	08/03/2024	13	26
	MY DIGITAL WORLD	11/03/2024	2	4
	INTEGRATECH	19/06/2024	7	21
	MODIFYING MY DOCUMENTS IN ONE CLICK!	07/10/2024	1	2
	DIGITAL IDENTITY	10/10/2024	1	8
	PORTFOLIO MENTORING	16/10/2024	3	3
	STRENGTHENING SCHOOL (LÍNEA DIRECTA FACILITIES)	31/10/2024	16	32
	MENTORING STRENGTHENING SCHOOL	31/10/2024	10	10
	MY INFOJOBS PROFILE	19/11/2024	1	2

RANDSTAD FOUNDATION	Action	Date	Volunteers	Total hours
	PERSCOM AREA MEETING	02/07/2024	46	92
	SALES MANAGER COURSE	03/07/2024	2	8

El Olivo Home	Action	Date	Volunteers	Total hours
	'EL OLIVO' THREE KINGS DELIVERY	01/02/2024	10	56
	MANAGEMENT MONEY BOXES THREE KINGS	02/01/2024	12	42

Spanish Resilience Institute	Action	Date	Volunteers	Total hours
	SPANISH RESILIENCE INSTITUTE AWARDS	06/06/2024	12	24

Prodis Foundation	Action	Date	Volunteers	Total hours
	TALENT DAY (PRODIS COLLABORATION)	06/06/2024	2	4

Línea Directa Aseguradora	Action	Date	Volunteers	Total hours
	DANA MATERIAL COLLECTION	20/11/2024	4	12

16. Association or sponsorship actions

Línea Directa Group actively participates in insurance sector organisations such as **ICEA**, which is dedicated to research, statistical studies, training and consultancy applied to the insurance sector, and **UNESPA**, the association that represents the insurance sector in society. At an international level, Línea Directa joined, in early 2023, the United Nations ***Principles for Sustainable Insurance*** (PSI) initiative, which provides a global action plan to develop and scale the innovative insurance and risk management solutions needed to promote renewable energy, clean water, food security, sustainable cities and disaster-resilient communities.

The amount allocated by the Group to support these sectoral initiatives was € 134,433.88 in 2024, and € 136,121 in 2023.

Consumers

17. Measures towards the health and safety of consumers

This section is developed in the chapter of S4-4 of this Sustainability Report, on taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions.

Corruption and bribery

18. Measures to combat money laundering

The Línea Directa Group is not a regulated entity in terms of Prevention and Money Laundering and the Financing of Terrorism, as established in Article 2 of Law 10/2010 of 29 April, since it operates in the Non-Life sector, and therefore it is not necessary to detail the aspects outlined in this Non-Financial Annex.

19. Contributions to foundations and NGOs

Línea Directa Group, as a sign of its commitment to society, has contributed € 621,795.68 to foundations and non-profit organisations, mainly for investment in the community and to a lesser extent for charitable donations and commercial initiatives. These contributions totalled € 572,164 in 2023.

Línea Directa also promotes the social commitment of its employees by supporting activities carried out through corporate volunteering in collaboration with various foundations, associations and NGOs described in sections 14 and 15 of this Annex.

Tax information

20. Profit obtained country-by-country

Country	Company	Primary activity	Number of employees		Net turnover by country		Profit/(loss) before tax		Corporate income tax payable		Corporate income tax paid	
			2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Spain	Linea Directa Aseguradora S.A	Insurance agents and brokers	2,505	2,423	959,872	991,255	-6,580	83,311	-2,157	-19,094	-2,550	11,792
	Línea Directa Asistencia S.L.U	Activities related to transport by land										
	Centro Avanzado de Reparaciones (CAR) S.L.U	Motor vehicle maintenance & repair										
	Club Más Moto S.L.U	Other associated activities Not included elsewhere										
	Ambar Medline, S.L.U	Insurance agents and brokers										
	LDA Activos S.L.U	Renting of property for own account										
Portugal	Linea Directa Aseguradora S.A	Insurance agents and brokers			87	74	33	39				
Total			**2,505**	**2,423**	**959,959**	**991,329**	**-6,547**	**83,350**	**-2,157**	**-19,094**	**-2,550**	**11,792**

21. Public subsidies received

Línea Directa Group has not received any public subsidies or aid during 2024. No subsidies or aid was received in 2023 either.

Pollution

22. Measures to prevent, reduce or repair any form of activity-specific air pollution, including noise and light pollution

As a result of the double materiality process carried out in 2024, it has been determined that, due to the nature of its activity, the contents of Law 11/2018 relating to **noise and light pollution** are not considered **material** given the particularities of the industry and the activity of the Group.

Circular economy and waste prevention and management

In the double materiality exercise carried out for the preparation of this report, waste generation has **not** been identified as **material**.

23. Circular economy.

24. Waste: Prevention measures, recycling, reuse and other forms of recovery and elimination of waste.

To manage the **waste generated**, there are waste collection points at each plant, office and company, clearly signposted so that all employees are able to separate organic waste, paper waste and packaging.

All waste resulting from business activity is managed by **authorised waste managers**, with the aim of carrying out final waste **recovery** treatments so that the resources used have a second life.

Circular economy

In recent years, Línea Directa Group has developed a set of actions that promote a circular economy, which is one of the main global challenges in this regard. The company's plan is based on the following two main pillars:

- A project, launched in 2016, aiming to reduce paper consumption through the implementation of digital procedures. Customers can have all their documents available digitally through the "**Digital Policy**", which is sent to the policyholder when the policy is taken out. Other measures that have helped to raise awareness among employees to save paper is the extension of the use of electronic signatures, present both in document-based relations with customers and in contracts with suppliers and employees, allowing each contract to have a specific digital file that reduces the need for paper.
- Reducing waste generation and increasing the reuse, recycling or other recovery of the waste produced. In particular, CAR Madrid earned the “**Zero Waste**” certificate, which confirms that more than 90% of the waste generated by the workshop is treated for recovery; and CAR Barcelona earned the “**Towards Zero Waste**” certificate, which indicates that more than 60% of the waste produced as a result of production activity has undergone recovery treatments.

The above two lines of action, together with the technological changes implemented, have helped to gradually develop a cultural change within the Group, which has a direct impact on environmental performance in general and waste management in particular.

In the case of the CAR Madrid and CAR Barcelona repair shops, the subsidiaries have a strict waste management policy due to their activities and the type of materials they work with.

25. Actions to combat food waste.

Due to the specific nature of the Linea Directa group’s industry and activity, food waste is not deemed a material topic

Sustainable use of resources

26. The consumption of water and the supply of water in accordance with local restrictions.

In the double materiality exercise carried out for the preparation of this report, **water consumption** has **not** been identified as **material**.

27. Consumption of materials and the measures taken to improve efficiency in their use.

Línea Directa Aseguradora has implemented an Environmental Management System, certified under the UNE-EN ISO 14.001:2015 standard, to monitor and centrally manage energy consumption, water consumption, waste production and other aspects of environmental performance in the workplaces occupied by 100% of its employees. the company has also implemented an Energy Management System, certified under the UNE-EN ISO 50.001:2018 international standard, which guarantees a lower environmental impact by reducing energy consumption. Both certifications are renewed annually, allowing for the annual identification of new regulatory requirements and risks associated with these management systems. These management systems also allow the planning and implementation of measures and strategies for the most effective control and management of all resources, with the ultimate aim of minimising the environmental impact and reducing the environmental costs arising from the Group's activities.

The 2025 Sustainability Plan includes the action of preparing the **subsidiaries Linea Directa Asistencia, CAR Madrid and CAR Barcelona** for future inclusion in **ISO 14001:2015 and ISO 50001:2018 certifications.**

In the double materiality exercise carried out for the preparation of this report **raw material consumption** (paper and toner) has **not** been identified as **material**.

28. Direct and indirect consumption of energy, measures taken to improve energy efficiency and the use of renewable energy.

The Línea Directa Group has improved its energy performance, reducing total energy consumption in 2024. The table on Power Consumption compared to 2023 is shown below.

Power Consumption	2023	2024
Diesel (l)	12,028.9	7,706.9
Diesel (MWh)	120.1	76.9
Natural gas (MWh)	2,370.5	2,316.0
Electricity (MWh)	4,916.6	4,683.2
Self-generated electricity (MWh)	688.5	751.8
% electricity from renewable sources	72.2%	73.3%
Electricity from renewable sources (MWh)	3,548.2	3,433.8
Electricity from non-renewable sources (MWh)	1,368.4	1,249.4
Total power consumed	**7,407.2**	**7,076.2**

For further information, see the chapter of the report on **Climate change (ESRS E1)** in section **E1-5 Energy consumption and mix** according to the European directive CSRD.

Biodiversity protection

29. Measures taken to preserve or restore biodiversity.

Biodiversity is not a relevant issue for Línea Directa Group, as it is located in urban areas and does not have an impact on protected natural areas and/or biodiversity.

30. Impacts caused by activities or operations in protected areas.

Línea Directa has carried out an analysis of the recommendations for the disclosure of risks and opportunities related to nature, and has not currently identified issues that may have an impact on this aspect, either positive or negative, nor that are relevant in the short or medium term for the Group.

The business segments Línea Directa operates in as an insurer do not include activities that could have a negative impact on biodiversity or any animal species. In future years, the Group will evaluate the suitability of such an assessment, especially from the role of institutional investor. However, in order to be able to make a complete diagnosis, the companies in which the Group is a shareholder need to make public their corresponding analysis of risks and opportunities related to biodiversity in the coming years.

Moreover, the heterogeneity of the Group's current value chain makes it difficult to obtain complete information related to the impacts on nature and, as a consequence, to carry out an exhaustive diagnosis of the risks and opportunities related to it. The Group's operations combine responsible consumption management with the launch of new products for new, less polluting forms of mobility.

Furthermore, the Group continues to make progress in the responsible management of its value chain and in the inclusion of ESG criteria in the investment portfolio. Meanwhile, as sign of its commitment to nature and the environment, Línea Directa Group supports the initiative promoted by WWF, “Earth Hour”, whose aim is to mobilise individuals, companies and governments to reverse the loss of biodiversity in nature. In particular, the Group actively participates in the activities promoted by this initiative and makes an annual contribution to it.

Emissions

31. Scope 1 and 2 emissions

	2023	2024	Dif %
Scope 1 GHG emissions			
Gross Scope 1 GHG emissions (tCO2eq)	464.2	527.1	13.6%
Scope 2 GHG emissions			
Gross location-based Scope 2 GHG emissions (tCO2eq)	1,084.2	1,007.5	(7.1)%
Gross market-based Scope 2 GHG emissions (tCO2eq)	346.7	310.2	(10.5)%

The Group’s Scope 1 emissions increased by 11% in 2024 due to two leaks of the fluorinated gases R-410A and R-134A, detected in the air conditioning equipment of Línea Directa Aseguradora. These gases have accounted for 84.7 tonnes of CO2 eq.

In Scope 2, the Group has reduced its emissions by 11% in its market-based calculation compared to 2023.

Annex II: Requirements of Law 11/2018 regarding Non-financial Information

Areas	Requirements	Reporting Framework*	Chapter of the report	Page of the Report
Taxonomy		Proprietary methodology based on compliance with EU Regulation 2020/852	Taxonomy	Pgs. 60-80
Business model	Brief description of the Group's business model, which will include: 1) its business environment, 2) its organisation and structure, 3) the markets in which it operates, 4) its objectives and strategies, 5) the main factors and trends that may affect its future development.	ESRS 2 BP and SBM, MDR- P ESRS E1 GOV-1, E1-2, E1-4 E2-1, E2-3 E3-1, E3-3 E4-2, E4-4 E5-1, E5-3 S1-1, S1-5 S2-1, S2-5 S3-3, S3-5 S4-1, S4-5 G1-1	Basis for preparation Strategy Climate change (ESRS E1) Pollution (ESRS E2) Water and marine resources (ESRS E3) Biodiversity and ecosystems (ESRS E4) Resource use and circular economy (ESRS E5) Own workforce (ESRS S1) Consumers and end-users (ESRS S4) Business conduct (ESRS G1) *Non-material matters for the Group (E2,E3,E4,E5,S2,S3)	Pgs. 3-7 Pgs. 23-51 Pgs. 81-82; 87-88; 91-94 Pg. 104 Pg. 105 Pg. 106 Pg. 107 Pgs. 118-128, 141-145 Pgs. 155-161, 169 Pgs. 170-173

Policies	A description of the policies pursued by the group in relation to those matters, including: 1.) the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts 2.) the verification and control procedures, including what measures have been taken.	ESRS 2 BP and SMB, Policies MDR-P; ESRS G1-1	Basis for preparation Strategy Business conduct (ESRS G1)	Pgs. 23-51 Pgs. 170-173 *MDR-P included throughout the report in the description of the policies.
oST, MT and LT risks	The primary risks associated with these matters stem from the group's activities, encompassing, where relevant and appropriate, its business relationships, products, or services that could negatively impact these areas, and * how the group manages these risks, * explaining the procedures used to detect and assess them in accordance with the national, European or international reference frameworks for each subject. * Should include information on the impacts detected, with the related breakdown, in particular on the main short-, medium- and long-term risks.	ESRS 2 GOV 5; ESRS 2 IRO-1, SBM-3	Governance Impact, risk and opportunity management Strategy	Pgs. 19-22 Pgs. 52-57 Pgs. 42-51
KPIs	Non-financial key performance indicators that are relevant to the particular business activity and that meet criteria of comparability, materiality, relevance and reliability. * In order to facilitate the comparison of information, both over time and among entities, certain standards for non-financial key performance indicators that may be generally applied and that comply with the guidelines of the European Commission in this regard and the Global Reporting Initiative standards will be used, and the national, European or international framework used for each subject must be mentioned in the report. * The non-financial key performance indicators must be applied to each section of the Non-Financial Information Statement. * These indicators must be useful, taking into account the specific circumstances that are consistent with the metrics used in their internal risk management and assessment procedures. * In any case, the disclosures must be accurate, comparable and verifiable.		Annex 1. Law 11/2018	Pgs. 228-244

Environmental issues	Environment as a whole			
	1.) Detailed information on the actual and potential impacts of the company's operations on the environment and, where applicable, health and safety. 2) Environmental assessment or certification procedures; 3.) The resources allocated to the prevention of environmental risks; 4.) The application of the precautionary principle, the amount of provisions and guarantees for environmental risks. (e.g. arising from the environmental responsibility law)	1) ESRS SBM-3; E1-9; E2-6; E3-5; E4-6; E5-6. 2) GRI 3-3 3)E1-3; E2-2; E3-2; E4-3; E5-2; ESRS 2 GOV-1. 4) E1-1; E1-3; E2-2;E3- 2; E4-3; E5-2	Climate change (ESRS E1) Impact, risk and opportunity management Governance	Pgs. 82-84; 103-104 Pgs. 52-59 Pgs. 88-91; 8-15 Pgs. 85-86; 88-91
	Pollution			
	1.) Measures to prevent, reduce or remediate carbon emissions that seriously affect the environment; 2.) Taking into account any form of activity-specific air pollution, including noise and light pollution.	1) ESRS E1-1, E1-3 2) ESRS E2-2	Climate change (ESRS E1) Pollution (ESRS E2)	Pgs. 85-86; 88-91 Pg. 104
	Circular economy and waste prevention and management			
	Circular economy	ESRS E5-2	Resource use and circular economy (ESRS E5) Annex 1. Law 11/2018	Pág.107 Pgs. 241-242
	Waste: Prevention measures, recycling, reuse and other forms of recovery and elimination of waste;	GRI 3-3	Impact, risk and opportunity management	Pgs. 52-59
		GRI 306-1	Annex 1. Law 11/2018	Pgs. 241-242
		GRI 306-2	Annex 1. Law 11/2018	Pgs. 241-242
		GRI 306-3	Annex 1. Law 11/2018	Pgs. 241-242
	Actions to combat food waste.	GRI 3-3	Impact, risk and opportunity management	Pgs. 52-59
	Sustainable use of resources			
	The consumption of water and the supply of water in accordance with local restrictions;	GRI 303-5	Annex 1. Law 11/2018	Pgs. 242-243
	Consumption of materials and the measures taken to improve efficiency in their use;	GRI 3-3	Annex 1. Law 11/2018	Pgs. 242-243
		GRI 301-1	Annex 1. Law 11/2018	Pgs. 242-243
	Direct and indirect consumption of energy, measures taken to improve energy efficiency and the use of renewable energy.	GRI 3-3	Annex 1. Law 11/2018	Pgs. 242-243
		GRI 302-1 ESRS E1-5	Climate change (ESRS E1)	Pgs. 94-95
		GRI 302-3 ESRS E1-5	Climate change (ESRS E1)	Pgs. 94-95
		GRI 302-4	Annex 1. Law 11/2018	Pgs. 242-243

Environmental issues	Climate change			
	The important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services produced;	GRI 3-3	Impact, risk and opportunity management	Pgs. 52-59
		GRI 305-1 ESRS E1-6	Climate change (ESRS E1)	Pgs. 96-100
		GRI 305-2 ESRS E1-6	Climate change (ESRS E1)	Pgs. 96-100
		GRI 305-5	Annex 1. Law 11/2018	Pg. 244
	The measures adopted to adapt to the consequences of climate change;	ESRS E1-1 and E1-3	Climate change (ESRS E1)	Pgs. 85-86; 88-91
	The voluntarily established medium- and long-term emission reduction targets to reduce greenhouse gas emissions and the measures implemented for this purpose.	ESRS E1-4	Climate change (ESRS E1)	Pgs. 91-94
	Biodiversity protection			
	Measures taken to preserve or restore biodiversity; Impacts caused by activities or operations in protected areas.	ESRS E-4-3 ESRS 2 SBM-3	Biodiversity and ecosystems (ESRS E4) Strategy	Pg.107 pgs. 42-51

Social and personnel issues	Employment			
	Total number and distribution of employees by gender, age, country and professional classification;	GRI 3-3	Impact, risk and opportunity management	Pgs. 52-59
		GRI 2-7	Annex 1. Law 11/2018	Pg. 229
		GRI 405-1	Annex 1. Law 11/2018	Pg. 229
	Total number and distribution of work contracts by type,	GRI 2-7	Annex 1. Law 11/2018	Pgs. 229-230
	Annual average of permanent, temporary and part-time contracts by gender, age and professional category,	GRI 2-7	Annex 1. Law 11/2018	Pgs. 230-231
		GRI 405-1	Annex 1. Law 11/2018	Pgs. 230-231
	Number of dismissals by gender, age and professional category;	GRI 401-1	Annex 1. Law 11/2018	Pg. 232
	Average salaries and their progress broken down by gender, age and professional classification or equal value;	GRI 3-3	Impact, risk and opportunity management	Pgs. 52-59

		GRI 405-2	Annex 1. Law 11/2018	Pg. 232
	Pay gap, remuneration for equal or average jobs,	GRI 3-3	Impact, risk and opportunity management	Pgs. 52-59
		GRI 405-2	Annex 1. Law 11/2018	Pg. 232
	Average remuneration of directors and executives, including variable remuneration, attendance fees, severance payments, payments to long-term savings schemes and any other compensation broken down by gender,	GRI 3-3	Impact, risk and opportunity management	Pgs. 52-59
		GRI 2-19	Annex 1. Law 11/2018	Pg. 233
	Implementation of labour disconnect policies,	GRI 3-3 ESRS S1-1	Impact, risk and opportunity management Own workforce (ESRS S1)	Pgs. 52-59 Pgs. 126-127
	Employees with disabilities.	GRI 3-3	Impact, risk and opportunity management	Pgs. 52-59
		GRI 405-1	Annex 1. Law 11/2018	Pg. 233
	Organisation of work			
	Organisation of work time	ESRS S1-1, S1-6 and S1-15	Own workforce (ESRS S1)	Pgs. 126-127 Pgs. 145-146 Pgs. 150-151
	Number of hours of absenteeism	GRI 403-9	Annex 1. Law 11/2018	Pg. 234
		GRI 403-10	Annex 1. Law 11/2018	Pg. 234
	Measures aimed at facilitating work-life balance and promoting shared responsibility of both parents.	ESRS S1-4	wn workforce (ESRS S1)	Pgs. 136-138

Social and personnel issues	Health and safety			
	Occupational health and safety conditions; Occupational accidents, in particular their frequency and seriousness; Occupational illnesses, broken down by gender.	ESRS S1-14	*Non-material topic for the Group	-
		GRI 403-9	Annex 1. Law 11/2018	Pg. 234
		GRI 403-10	Annex 1. Law 11/2018	Pg. 234
	Social relationships			
	Organisation of social dialogue, including procedures for notifying and consulting personnel and negotiating with them;	ESRS S1-2 and S1-8	(ESRS S1)	Pgs. 128-132
	Percentage of employees covered by collective bargaining agreements by country;	ESRS S1-8	*Non-material topic for the Group Annex 1 Law 11/2018	Pg. 235
	Balance of collective bargaining agreements, in particular with regard to occupational health and safety.	ESRS S1-8 and S1-14	Group Own workforce	Pg. 130-131
	Mechanisms and procedures that the company has in place to promote the involvement of employees in the management of the company in terms of information, consultation and participation.	ESRS S1-2 and S1-8	Own workforce (ESRS S1) *S1-8 Non-material for the Group	Pgs. 128-132
	Training			
	Policies implemented with regard to training;	ESRS S1-1 ESRS S1-13	Own workforce (ESRS S1) Own workforce (ESRS S1)	Pgs. 118-119 Pgs. 147-150
	Total number of hours of training by professional category.	GRI 404-1	Annex 1. Law 11/2018	Pg. 235
	Universal accessibility for persons with disabilities	ESRS S1-12	Own workforce (ESRS S1) Annex 1. Law 11/2018	Pgs. 147 Pg. 235
	Equality			
	Measures adopted to promote equal treatment and opportunities for men and women;	ESRS S1-3, S1-4 and S1-9	Own workforce (ESRS S1)	Pgs. 132-141; 146-147
	Equality plans (Chapter III of Law 3/2007, of 22 March, for effective equality between men and women), measures adopted to promote employment, protocols against sexual and gender harassment, the integration and universal accessibility for disabled persons;	ESRS S1-1, S1-4 and S1-9	Own workforce (ESRS S1)	Pgs. 118-128 Pgs.133-141 Pgs. 146-147
	Policy against all types of discrimination and, where applicable, for diversity management.	ESRS S1-1 and S1-9	Own workforce (ESRS S1)	Pgs. 118-128; 146-147

Human Rights	Application of due diligence procedures in the field of human rights. Prevention of the risks of human rights violations and, where appropriate, measures to mitigate, manage and redress possible abuses committed;	ESRS 2 GOV-4, ESRS 2 SBM-2; S1-1; S1-4; S2-4; S3-4; S4-4	Strategy Own workforce (ESRS S1) Consumers and end-users (ESRS S4) *ESRS S2 and S3 are not	Pgs. 17-19 Pgs. 41-42 Pgs. 122-123 Pgs. 159-160
	Reports of cases of human rights violations;	GRI 3-3	Impact, risk and opportunity management	Pgs. 52-59
		ESRS S1-17 GRI 406-1 ESRS S4-4 GRI 406-1	Own workforce (ESRS S1) Consumers and end-users (ESRS S4)	Pgs. 152-153 Pg. 166
	Promotion and compliance with the provisions of the core conventions of the International Labour Organisation related to respect for the freedom of association and the right to collective bargaining;	ESRS S1-1 ESRS S2-1	Own workforce (ESRS S1) *ESRS S2 is not material for the Group	Pgs. 122-123; 130-131
	The elimination of discrimination in employment and occupation;	ESRS S-1 and S2-1	Own workforce (ESRS S1) *ESRS S2 is not material for the Group	Pgs. 118-128
	The elimination of forced or compulsory labour;	ESRS S-1 and S2-1	*ESRS S2 is not material	Pgs. 122-123
	The effective abolition of child labour.	ESRS S-1 and S2-1	*ESRS S2 is not material	Pgs. 122-123

Corruption and bribery	Measures adopted to prevent corruption and bribery;	G1-3	*Non-material topic for the Group Business conduct (ESRS G1)	- Pgs. 170-174
	Measures to combat money laundering,	G1-3	Annex 1. Law 11/2018	Pg. 240
	Contributions to foundations and NGOs.	GRI 413-1	Annex 1. Law 11/2018	Pg. 240

Company	The company's commitments to sustainable development			
	The impact of the company's activity on employment and local development;	GRI 3-3	Annex 1. Law 11/2018	Pgs. 235-239
		GRI 203-1	Annex 1. Law 11/2018	Pgs. 235-239
		GRI 203-2	Annex 1. Law 11/2018	Pgs. 235-239
		GRI 413-1	Annex 1. Law 11/2018	Pgs. 235-239
	The impact of the company's activities on local populations and the region;	GRI 203-1	Annex 1. Law 11/2018	Pgs. 235-239
		GRI 203-2	Annex 1. Law 11/2018	Pgs. 235-239
		GRI 413-1	Annex 1. Law 11/2018	Pgs. 235-239
	The relationships with the main players in local communities and the types of dialogue established with them;	GRI 2-29	Annex 1. Law 11/2018	Pgs. 235-239
		GRI 413-1	Annex 1. Law 11/2018	Pgs. 235-239
	Association or sponsorship actions.	GRI 2-28	Annex 1. Law 11/2018	Pg. 239
	Subcontracting and suppliers			
	* The inclusion of social, gender equality and environmental issues in procurement policy; * Consideration of social and environmental responsibility in relationships with suppliers and subcontractors;	ESRS S2-1	*Non-material topic for the Group Business conduct (ESRS G1)	Pgs. 173-174
	Supervision and audit systems and their results.	ESRS S2-2, S2-3, S2-4, G1-2	material for the Group Business conduct	Pgs. 173-174
	Consumers			
	Measures towards the health and safety of consumers;	ESRS S4-4	Consumers and end-users (ESRS S4)	Pgs. 166-169
	Systems for claims, complaints received and resolution.	GRI 3-3	Impact, risk and opportunity management	Pgs. 52-59
		GRI 416-2	Consumers and end-users (ESRS S4)	Pgs. 163-166
	Tax information			
	Profit obtained country-by-country. Taxes paid on profits	GRI 3-3	Impact, risk and opportunity management Annex 1. Law 11/2018	Pgs. 52-59 Pg. 240
	Public subsidies received	GRI 201-4	Annex 1. Law 11/2018	Pg. 241

Annex III. List of disclosure requirements.

ESRS	Disclosure Requirement (DR)	Section of the report
2- General disclosures	BP-1	Basis for preparation
	BP-2	Basis for preparation
	GOV-1	Governance
	GOV-2	Governance
	GOV-3	Governance
	GOV-4	Governance
	GOV-5	Governance
	SBM-1	Strategy
	SBM-2	Strategy
	SBM-3	Strategy
	IRO-1	Impact, risk and opportunity management
	IRO-2	Impact, risk and opportunity management
E1- Climate Change	GOV-3	Climate Change (ESRS E1)
	SBM-3	Climate Change (ESRS E1)
	IRO-1	Climate Change (ESRS E1)
	E1-1	Climate Change (ESRS E1)
	E1-2	Climate Change (ESRS E1)
	E1-3	Climate Change (ESRS E1)
	E1-4	Climate Change (ESRS E1)
	E1-5	Climate Change (ESRS E1)

	E1-6	Climate Change (ESRS E1)
	E1-7	Climate Change (ESRS E1)
	E1-8	Climate Change (ESRS E1)
	E1-9*	Climate Change (ESRS E1)
E2 – Pollution*	IRO-1	Pollution (ESRS E2)
E3 – Water and marine resources*	IRO-1	Water and marine resources (ESRS E3)
E4 – Biodiversity and ecosystems*	IRO-1	Biodiversity and ecosystems (ESRS E4)
E5 – Resource use and circular economy*	IRO-1	Resource use and circular economy (ESRS E5)
ES - Investment with ESG criteria	GOV-1	Investment with ESG criteria (Entity-specific)
	SBM-3	Investment with ESG criteria (Entity-specific)
	IRO-1	Investment with ESG criteria (Entity-specific)
	MDR-P	Investment with ESG criteria (Entity-specific)
	MDR-A	Investment with ESG criteria (Entity-specific)
	MDR-M	Investment with ESG criteria (Entity-specific)
	MDR-T	Investment with ESG criteria (Entity-specific)
S1 – Own workforce	SBM-2	Strategy
	SBM-3	Own workforce (ESRS S1)
	S1-1	Own workforce (ESRS S1)
	S1-2	Own workforce (ESRS S1)
	S1-3	Own workforce (ESRS S1)
	S1-4	Own workforce (ESRS S1)
	S1-5	Own workforce (ESRS S1)
	S1-6	Own workforce (ESRS S1)

	S1-7	Own workforce (ESRS S1)
	S1-8*	-
	S1-9	Own workforce (ESRS S1)
	S1-10	Own workforce (ESRS S1)
	S1-11	Own workforce (ESRS S1)
	S1-12	Own workforce (ESRS S1)
	S1-13	Own workforce (ESRS S1)
	S1-14*	-
	S1-15	Own workforce (ESRS S1)
	S1-16	Own workforce (ESRS S1)
S2 – Workers in the value chain*	-	-
S3 – Affected communities*	-	-
S4 – Consumers and end-users	SBM-2	Strategy
	SBM-3	Consumers and end-users (ESRS S4)
	S4-1	Consumers and end-users (ESRS S4)
	S4-2	Consumers and end-users (ESRS S4)
	S4-3	Consumers and end-users (ESRS S4)
	S4-4	Consumers and end-users (ESRS S4)
	S4-5	Consumers and end-users (ESRS S4)
G1- Business conduct	GOV-1	Business conduct (ESRS G1)
	IRO-1	Business conduct (ESRS G1)
	G1-1	Business conduct (ESRS G1)
ES – Regulatory compliance	GOV-1	Regulatory compliance (Entity-specific)

	SBM-3	Regulatory compliance (Entity-specific)
	IRO-1	Regulatory compliance (Entity-specific)
	MDR-P	Regulatory compliance (Entity-specific)
	MDR-A	Regulatory compliance (Entity-specific)
	MDR-M	Regulatory compliance (Entity-specific)
ES – Risk management	GOV-1	Risk management (Entity-specific)
	SBM-3	Risk management (Entity-specific)
	IRO-1	Risk management (Entity-specific)
	MDR-P	Risk management (Entity-specific)
	MDR-A	Risk management (Entity-specific)
	MDR-M	Risk management (Entity-specific)
	MDR-T	Risk management (Entity-specific)
ES – Digitalisation and innovation	GOV-1	Digitalisation and innovation (Entity-specific)
	SBM-3	Digitalisation and innovation (Entity-specific)
	IRO-1	Digitalisation and innovation (Entity-specific)
	MDR-P	Digitalisation and innovation (Entity-specific)
	MDR-A	Digitalisation and innovation (Entity-specific)
	MDR-M	Digitalisation and innovation (Entity-specific)
ES – ESG product design	GOV-1	ESG product design (Entity-specific)
	SBM-3	ESG product design (Entity-specific)
	IRO-1	ESG product design (Entity-specific)
	MDR-P	ESG product design (Entity-specific)
	MDR-A	ESG product design (Entity-specific)

	MDR-M	ESG product design (Entity-specific)
	MDR-T	ESG product design (Entity-specific)
EN – Cybersecurity and data protection	GOV-1	Cybersecurity and data protection (Entity-specific)
	SBM-3	Cybersecurity and data protection (Entity-specific)
	IRO-1	Cybersecurity and data protection (Entity-specific)
	MDR-P	Cybersecurity and data protection (Entity-specific)
	MDR-A	Cybersecurity and data protection (Entity-specific)
	MDR-M	Cybersecurity and data protection (Entity-specific)
	MDR-T	Cybersecurity and data protection (Entity-specific)

The consolidated report of Línea Directa Aseguradora for the financial year ending 31 December 2024, which includes the information from the Sustainability Report and Non-Financial Information Statement that forms part of the Consolidated Management Report, was approved by the Company's Board of Directors at its meeting on 27 February 2025.

Alfonso Botín-Sanz de Sautuola y Naveda Chairman	Patricia Ayuela de Rueda Director
Rita Estévez Luaña Director	Elena Otero-Novas Miranda Director
John de Zulueta Greenebaum Director	Ana María Plaza Arregui Director
Fernando Masaveu Herrero Director	

RECORD stating that the annual accounts do not feature the signatures of any directors, whether handwritten or via a recognised electronic signature, due to practical limitations arising from technical constraints. These constraints stem from the format and labelling requirements mandated by Delegated Regulation EU 2018/815 of the European Commission.

Pablo González-Schwitters Grimaldo – Secretary of the Board