Remuneration Policy for Línea Directa Aseguradora, S.A. Directors

Text approved by the Annual General Meeting held on 24 March 2022

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In accordance with article 529 novodecies of Royal Legislative Decree 1/2010, of 2 July, approving the consolidated text of the Spanish Corporate Enterprises Law (the “**LSC**” or the “**Spanish Corporate Enterprises Law**”), the Annual General Meeting is responsible for approving the Remuneration Policy for Directors in listed companies.

After the amendments introduced by Law 5/2021[1], the LSC still sets out that the Annual General Meeting of a listed company must approve the remuneration policy for its directors every three years and extends its mandatory content.

The first transitory provision of the aforementioned Law 5/2021 establishes that listed companies must submit a new Remuneration Policy for Directors, adapted to ensure that it complies with the new requirements established in article 529 novodecies of the LSC, for approval by the first Annual General Meeting held after this Law enters into force. Notwithstanding that the current policy for 2022, approved by the Annual General Meeting on 18 March 2021, was already adapted to ensure that it complies in general terms with Law 5/2021, a new policy is presented that includes a series of amendments, tweaks and adjustments that will fully adapt the policy to ensure that it complies the new applicable regulations, and properly set out the remuneration terms and conditions of the executive director who has been recently appointed by the board of directors of Línea Directa Aseguradora, S.A. Compañía de Seguros y Reaseguros ("**Línea Directa**", the "Company or the "**Entity**"), following a proposal by the Appointments, Remuneration and Corporate Governance Committee (the "**CNRGC**").

In view of the above, the Línea Directa board of directors approved the Remuneration Policy for Directors (the "**Remuneration Policy**" or the "**Policy**") at its meeting on 17 February 2022, following a favourable report by the CNRGC.

This Remuneration Policy is submitted for approval by the 2022 Línea Directa General Shareholders' Meeting and will remain in force from the date on which it is approved by the Annual General Meeting until 31 December 2025, with the main purpose of determining both the remuneration system of directors in their capacity as members of the board of directors and the remuneration system applying to Board members who perform other functions, including executive functions, with the latter coinciding, in general terms, with the applicable remuneration policy at Línea Directa.

If it is approved by the Annual General Meeting, the Remuneration Policy will replace and annul the remuneration policy for the Company's directors that was approved by the Annual General Meeting on 18 March 2021, which was valid from the date on which the admission-to-trading prospectus for Company shares was registered on the Madrid, Barcelona, Bilbao and Valencia stock exchanges until 31 December 2023.

1 Law 5/2021 of 12 April, amending the revised text of the Spanish Corporate Enterprises Law, approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, in relation to promoting the long-term involvement of shareholders in listed companies ("**Law 5/2021**").

This Remuneration Policy is aligned with the provisions of:

- The Spanish Corporate Enterprises Law, including the amendments of Law 5/2021.
- The specific legislation applicable to insurance companies, in particular Law 20/2015 of 14 July on the management, supervision and solvency of insurers and reinsurers ("**LOSSEAR**") and its implementing regulations.
- Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on life insurance, access to and exercise of insurance and reinsurance activities ("**Solvency II**"), and Delegated Regulation (EU) No. 2015/35 of 10 October 2014.
- The "*Guidelines on system of governance*" published by the "*European Insurance Occupational Pensions Authority*" ("**EIOPA**").
- The "*Opinion on the supervision of remuneration principles in the insurance and reinsurance sector*" of 31 January 2020.

1. General Principles of the Remuneration Policy

The main objective of the Remuneration Policy is aligning it with the Company's interests, as well as promoting the Company's corporate values and culture. The remuneration system must aim to foster the long-term profitability and sustainability of the Entity, rewarding behaviour and attitudes consistent with its culture and values, and incorporating the precautions required to avoid excessive risk-taking and rewards for adverse outcomes.

The general principles governing the Línea Directa Remuneration Policy are as follows:

	Executive directors	Non-executive directors
Prudent and effective risk management: The Policy will promote suitable and effective risk management and will not encourage a level of risk-taking that exceeds the Entity's risk tolerance limits, including sustainability risks.	●	●
Alignment with long-term interests: Remuneration will be set with a medium and long-term vision and will include measures to avoid conflicts of interest.	●	●
Adequate ratio between fixed and variable components: variable remuneration in relation to fixed remuneration will not, as a general rule, acquire a significant proportion, in order to avoid excessive risk-taking. Variable remuneration cannot be considered as guaranteed under any circumstances.	●	
Internal and external equity: The Policy will reward Entity directors' levels of responsibility and professional experience, ensuring internal and external equity.	●	●

Ensuring independent judgment: Remuneration will be structured in a way that will not compromise the independent judgment of external directors.		●
Equality and diversity: The Policy will avoid discrimination of any type based on sex, race, religion or disability, recognising equal pay for positions of equal value.	●	●
Flexibility: The rules for managing the remuneration of directors will incorporate mechanisms that will help with handling exceptional situations, based on needs that arise at any given time.	●	●
Simplicity and transparency: Remuneration management rules will be drafted clearly and concisely, simplifying, as far as possible, both the description thereof and the calculation methods and the terms and conditions applying to implementing them. These rules will be explicit and known to the Entity's Directors, with transparency about the terms and conditions of remuneration always taking priority.	●	●
Relationship with employee terms and conditions: Consideration of Company employees' terms and conditions when determining the Remuneration Policy	●	

2. Process of determining, reviewing and applying the Remuneration Policy

2.1. Board of Directors

In accordance with Article 4.4. (xvi) of the Board of Directors Regulation, the Board is empowered to make decisions on directors' remuneration, within the statutory framework and, where appropriate, the remuneration policy adopted by the General Shareholders’ Meeting.

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

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

Notwithstanding the above, the Board of Directors will, in any event, take action within the scope of the powers over the Remuneration Policy attributed to it by the LSC, the Articles of Association and the Board of Directors Regulations.

2.2. Appointments, Remuneration and Corporate Governance Committee

The CNRGC proposes this Remuneration Policy to the Board of Directors in accordance with Article 34.3 (xiv) of the Board of Directors Regulations.

In accordance with Article 34.3. (xv) of the Board of Directors Regulations, it also proposes individual remuneration for the executive directors and, where appropriate, external directors, for the performance of any further duties on top of their duties in their capacity as directors, and other terms and conditions of their contracts.

In addition, it proposes the Remuneration Policy for senior management, including general managers or individuals who perform their senior management functions reporting directly to the board, executive committees or chief executive officers, as well as individual remuneration and other basic terms and conditions of their contracts, and the remuneration of members who are not senior-management staff but are engaged in professional activities that could have a significant impact on the company's risk-taking, in accordance with the Línea Directa Remuneration Policy.

2.3. Other areas of the Entity

The following areas of the Entity are involved in the process of determining, reviewing and applying the Remuneration Policy:

- The Internal Audit Area is involved in the control and monitoring of the Policy.
- The Compliance and Corporate Governance department is involved in drawing up the Remuneration Policy and advises the Entity about regulatory requirements and about managing any conflicts of interest that may arise when this Area engages in activity.
- The Compliance and Corporate Governance Area proposes the Policy to the CNRGC, as well as its subsequent amendments.

2.4. Measures to prevent or manage conflicts of interest

Article 17 of the Board of Directors Regulations establishes that there will deemed to be a conflict of interest with the director in situations where the interest of the Company or the companies in its Group and the personal interest of the director, directly or indirectly, clash.

The director will notify the board of directors, through its chairman or secretary, of any situation of conflict of interest, both direct and indirect, in which they find themselves.

3. Remuneration policy for directors in their capacity as such

3.1. Components of the remuneration of directors in their capacity as such

In accordance with article 31 of the Articles of Association, the position of Company director is remunerated. The Remuneration Policy aims to remunerate the members of the board of directors for their position as such, i.e. for carrying out the supervisory and collective decision-making tasks within the board of directors and the committees of which they are a part, appropriately and sufficiently, in line with their commitments, qualifications and responsibilities, and without compromising their independent judgment in doing so.

For the purposes of the LSC, the maximum annual remuneration amount for all directors in their capacity as such may not exceed EUR 1,500,000, which will remain in force until the Annual General Meeting agrees to amend this amount.

The remuneration accrued by the members of the board of directors for their supervisory and collective decision-making functions will be made up a set annual amount and allowances for attending each meeting of the board of directors and its committees.

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

Within the limits and terms and conditions set out above, the concepts of remuneration recognised to directors in their capacity as such for serving on the board of directors are as follows:

Position	Annual set amount	Allowances for attending board of directors sessions (for each meeting)
Chairman	€120,000	€3,000
Executive Director	€90,000	€2,250
Board member	€60,000	€1,500

In addition, members of the board who serve on committees within it, will be entitled to the following remunerations:

Position	Per diems for attending each committee session (for each meeting)
Committee chairman	€2,000
Committee member	€1,000

These amounts may be updated by the board of directors, provided that the total remuneration for performing its supervisory and collective decision-making functions outlined in this section does not exceed the annual maximum limit set out in this Policy.

In addition, non-executive directors of Línea Directa who are members of the administrative bodies of other companies in the Group may receive the corresponding statutory remuneration for serving on these bodies.

The Annual Reports on Directors' Remuneration submitted to the Board's advisory vote will detail the amounts that directors have received for these concepts during the previous financial year, as well as the details of the amounts allocated for the current financial year. Similarly, these reports will account for updates to the amounts allocated to directors for these concepts.

3.2. Incorporation of new board members

This same remuneration system will apply to any new director who joins the board of directors during the term of this Policy.

4. Remuneration system for executive directors for performing their executive functions

On the date that this Policy enters into force, there is only one executive director, the Chief Executive Officer (the "**Executive Director**").

In addition to the remuneration outlined in paragraph 3 above, the Executive Director will be entitled to receive an annual remuneration for exercising his executive powers, under the mercantile administration contract between him and the Entity, which has a fixed and a variable part depending on the fulfilment of pre-established objectives, which are aligned with prudent risk management and tailored to the Entity's long-term interests. The Executive Officer is also entitled to be part of long-term variable remuneration systems that the Entity may decide to implement at any time.

In addition, the Executive Director may receive cash remuneration, shares or options on shares for his executive functions when the Company feels that it must reward and incentivise his performance in certain operations or exceptional circumstances, subject to approval in accordance with applicable law, under a duly justified proposal by the CNRGC. These exceptional incentives will, where appropriate, be in addition to the concepts and amounts outlined in this paragraph 4. Should there be an incentive in shares or referenced to the value of the share, the General Meeting will agree on how these remuneration systems will be applied under the terms established by law.

The following are the various elements that make up the Executive Director's remuneration system, which will apply to both current directors and individuals who may be appointed as such during the term of this Policy.

4.1. Fixed Remuneration

The Executive Director's annual gross fixed remuneration is 300,00 euros, to be paid in twelve (12) monthly payments.

This amount will be understood to refer to the period of the full calendar year, so, if the Executive Director leaves the company on a date other than the end of the calendar year, he will receive the amounts actually accrued, proportional to the time worked in the aforementioned year.

In accordance with market studies and analyses drawn up by external third parties and the average increases in the remuneration of the Línea Directa senior management, following a proposal of the CNRGC, the board of directors will agree to update the fixed remuneration in order to establish appropriate compensation for the duties of an Executive Director, in such a way as to be competitive in the market and in line with the compensation for similar entities to Línea Directa.

4.2. Corporate benefits

The Executive Director will be entitled to and be given access to corporate benefits arranged for the Entity's management team, as well as those included in the Collective Bargaining Agreement applying to all Línea Directa employees or corporate benefits that, in the future, may be in the collective rules or in specific collective agreements at company level, such as health insurance, life insurance or the right to a vehicle, including vehicle expenses.

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

4.3. Social security systems

The Executive Director maintains the rights recognised to him in a collective life insurance policy of the collective unit linked modality, underwritten by Línea Directa, which implements the entity's pension commitments. The rights arising from this insurance policy in favour of the Executive Director are not consolidated, as this consolidation may only occur under certain circumstances, including if he voluntary leaves the company, unless expressly agreed otherwise, or a breach of the directors' non-competition and no-hire agreement.

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

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

4.4. Variable Remuneration

The main objective of variable remuneration is to incentivise performance by targeting the objectives set by the Entity, while promoting suitable and effective risk management that prevents variable remuneration from creating incentives for individual risk-taking behaviours, and effectively aligning the remuneration of executive directors with the long-term interests of the Entity and its stakeholders.

The Executive Director's variable remuneration may be paid in part in shares in accordance with market best practices, subject to prior approval by the Annual General Meeting, in compliance with Article 219 of the LSC.

According to the Línea Directa general remuneration policy, the variable components of the Executive Director's remuneration will be set in compliance with the following principles:

1. It contributes to the business strategy and to the interests and long-term sustainability of the Entity, by establishing a direct relationship between the Entity's earnings and the variable remuneration amount, based on how much the objectives are fulfilled.

2. The attainment of variable remuneration is linked to work undertaken individually and to corporate, area, or department objectives being achieved, at optimal levels, including both financial and non-financial objectives. These criteria must be properly balanced.

3. Variable remuneration will promote suitable and effective risk management and will not lead to or create situations that will result in the Entity's risk profile increasing.

4. The incentive policy will be completely flexible and will include the possibility of variable components not being paid.

5. In the total remuneration, the fixed and variable components will be balanced in such a way that the fixed component is a sufficiently high proportion of the total remuneration, in order to prevent employees from over-relying on variable components and to enable the company to use a completely flexible incentive policy, including the possibility of not paying any variable components. An appropriate balance between fixed and variable remuneration will be deemed to exist when the variable component does not exceed 100% of the fixed component of the total remuneration, or that set out by the Supervisor at any time. The Company will do its best effort to maintain a suitable balance between the fixed and variable components of the Executive Director's total remuneration.

4.4.1 Annual Variable Remuneration

The Annual Variable Remuneration will be paid 50% in cash and 50% in shares, depending on how much the predetermined objectives are being fulfilled, which is linked to how much strategic objectives established at any time by the Entity are being achieved.

In any case, the 50% of the Annual Variable Remuneration paid in shares will be paid if it is approved by the Línea Directa Annual General Meeting, under the terms of Article 219 of the Spanish Corporate Enterprises Law.

The shares will be delivered once the aforementioned approval has been given by the Annual General Meeting.

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

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

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

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

The CNRGC proposes the annual variable remuneration amount for the Executive Director to the board of directors for approval, which will be paid out annually, notwithstanding any adjustments that may apply in each case (including deferral in the payment of variable remuneration).

This variable remuneration payment will be determined based on how much the objectives set by the Company for the period in question are being fulfilled. In any case, how much the objectives are being fulfilled will depend on different indicators, which are always linked to improvement in the Entity's management, profitability and growth, and will never involve or create situations that result in the Entity's risk profile increasing.

The annual variable remuneration system will be reviewed by the CNRGC on a regular basis, which will determine whether it is appropriate to measure the contribution against the Company's earnings.

The Company will provide full information about the annual variable remuneration system established for each financial year and the weightings of each indicator in the corresponding Annual Report on Directors' Remuneration.

4.4.2 Long-term Variable Remuneration

The Executive Director may be part of all of the Multiannual Incentive Plans approved by the board of directors and, where appropriate, by the Annual General Meeting, during the term of the Policy which grants any type of rights to receive a certain number of shares or a cash amount, including, but not limited to, share option systems, appreciation rights over Línea Directa shares, free delivery of shares or multi-year bonuses.

These types of remuneration systems may cover any of the following objectives:

1) Retaining and incentivising the Entity's key workforce.

2) Improving the Entity's P&L account in the medium term.

3) Improving the Company's sustainability.

The board of directors will determine its terms and conditions following a proposal from the CNRGC.

The specific terms and conditions of the Multiannual Incentive Plan that is implemented, where appropriate, (including those related to possible adjustments, such as payment schedule or reduction clauses, "*malus*", and recovery clauses, "*clawback*") will be the terms and conditions established by the board of directors following a proposal by the CNRGC, in accordance with the principles of this Policy, and subject to approval by the Línea Directa General Meeting in cases where it will be necessary.

In any case, the specific information for each year will be set out in detail on a case-by-case basis in the Annual Report on Directors' Remuneration, which will be published annually.

4.4.3 Common provisions on variable remuneration

a) Settlement and payment of variable remuneration

At least 40% of the variable remuneration will be paid on deferred basis during a period of no less than three years. During the deferral period, deferred remuneration will be received proportionately.

b) Adjustments to variable remuneration

Variable remuneration will only be paid or consolidated if it is sustainable based on Línea Directa's situation as a whole and if it is justified based on the Entity's earnings.

<u>Malus clauses</u>

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

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

- Where a competent authority requires or recommends that the Entity restrict its dividend distribution policy.

- If the Executive Director has significantly contributed to obtaining poor financial earnings for the Entity or the business unit of which he is a part.

- The level of solvency or liquidity, or both, is or is expected to be below the limit set out in the Solvency II regulations.

- The Executive Director has caused serious harm to the Entity, with guilt or negligence involved.

- The Executive Director has been sanctioned for a serious and intentional breach of any of the internal Línea Directa regulations that may apply to him.

- Where there are regulatory sanctions or court convictions as a result of actions that may be attributable to the unit or personnel responsible for these events or conduct. When the Executive Director breaches the Entity's internal codes of conduct.

Circumstances where the "*malus*" clause is applied may be amended, extended or adapted based on the regulations in force at any time or if deemed appropriate by the board of directors, following a proposal from the CNRGC.

<u>Clawback clauses</u>

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

The board of directors, following a proposal from the CNRGC, will be responsible for determining or proposing, as appropriate, how the malus clause or the loss of the right to receive the deferred amounts or to fully or partially claw them back will be applied, depending on the characteristics and circumstances of each particular case.

c) Prohibition of personal hedging strategies

Personal hedging strategies and insurance related to remuneration and liability that impedes the risk-adaptation effects implied in the remuneration system may not be used.

4.4.4 Extraordinary variable remuneration plan in shares linked to Línea Directa shares being listed on the stock exchange

The Executive Director will also be part of the extraordinary variable remuneration plan in shares (the "**Plan**") that has been introduced for the members of the Company's management team, as a result of Línea Directa's shares being listed on the stock exchange, which were granted to him in his capacity as a Línea Directa director on the date that this Plan was approved.

The purpose of this Plan is to serve as a tool for retaining and motivating members of the Company's management team, of which the current Chief Executive Officer was part, on the date that Línea Directa shares were listed on the stock exchange, giving them an opportunity to receive a certain number of shares during the three years after the date that Línea Directa shares were listed.

The Plan entitles the Company's management team to receive a number of shares, calculated by dividing 100,000 euros by the weighted average price of shares of Línea Directa Aseguradora, S.A. Compañía de Seguros y Reaseguros within thirty (30) working days of the date that these shares are listed on the stock exchange.

The right to receive the shares will follow the following timetable:

a) The right to receive 33% of the shares will be enforceable on the date of the first anniversary of Línea Directa shares being listed on the stock exchange (29 April 2022).

b) The right to receive 33% of the shares will be enforceable on the date of the second anniversary of Línea Directa shares being listed on the stock exchange (29 April 2023).

c) The right to receive 34% of the shares will be enforceable on the date of the third anniversary of Línea Directa shares being listed on the stock exchange (29 April 2024).

The shares resulting from the Plan will be covered by the retention period, which will be set out subsequently in the Executive Director's contractual terms and conditions (i.e. permanent holding of shares).

This Plan was submitted for approval by the Company Annual General Meeting in 2021 under a separate agenda item, in which the terms and conditions required for delivering these shares were set out in detail.

4.5. Remuneration mix of the Executive Officer

The Executive Director's remuneration system is made up of fixed elements and variable elements.

The Executive Director has a fully flexible variable remuneration system that responds appropriately to the earnings achieved. The relative size of the Executive Director's variable remuneration means that, combined with the annual variable remuneration and long-term variable remuneration, and depending on the Executive Director's personal performance and how much he fulfils the objectives set for accrual, there is a balance between the fixed and variable components of the remuneration, without resulting in a high dependency on the variable remuneration.

Therefore, the Executive Director's target annual variable remuneration in the short term accounts for approximately 29% of the total annual remuneration (sum of the Fixed Remuneration and Target Annual Variable Remuneration).

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

4.6. Incorporation of new executive directors

In principle, the remuneration system and basic contractual terms and conditions outlined in this Policy will also apply to any new executive director who joins the board of directors during the term of this Policy, taking into account, in particular, the functions assigned, the responsibilities assumed and their professional experience. A fixed remuneration appropriate to these characteristics will be established by agreement by the board of directors, in line with the current Executive Director's fixed remuneration and taking into account the competitive environment, with the variable remuneration system set out in this Policy also being applied.

5. Main terms and conditions of the contract of the Executive Director

The basic terms and conditions of the Executive Director's contract are as follows:

(i) <u>Term</u>: indefinite.

(ii) <u>Confidentiality obligation</u>: a strict duty of confidentiality is established during the term of the relationship and also upon termination.

(iii) <u>Exclusivity</u>: The Executive Director will not enter into other employment, commercial or civil contracts or any other type of contracts with other persons, companies, bodies or entities, himself or for related persons, regardless of whether or not they are family members, nor through legal persons or entities or organisms, nor to provide labour, commercial or civil services or any other type of services for any natural person, legal person or entity if they are engaged in activities that involve competition with any of the activities in which Línea Directa or any of the Group's companies operate.

(iv) Causes of termination and compensation: The Executive Director's contract may be terminated by mutual agreement between the parties, at the request of the Executive Director or unilaterally by the Company.

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

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

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

(v) Post-contractual non-competition and non-hiring of directors: The post-contractual non-competition agreement sets out that, once the contract has been terminated and for a period of 18 months after it is terminated for any reason, the Executive Director will not (i) engage in work activities or provide professional services himself or for others that compete with the services of the Entity or entities of its Group, and (ii) actively promote hiring any director from the Entity or from other companies or entities of the Group, either himself, by third parties or by other persons. As compensation for those obligations, the Executive Director will receive compensation equivalent to 50% of the total of the last annual fixed remuneration agreed for the current year, which will be paid after the 18-month period has elapsed.

(vi) Permanent holding of shares: If part of the Executive Officer's variable remuneration is paid in shares, the Executive Officer may not transfer ownership until at least three years have elapsed.

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

This will not apply to shares that the Executive Director needs to dispose of in order to meet the costs related to their acquisition or, after favourable assessment by the CNRGC, to cover the costs of any unforeseen extraordinary situations.

6. Relationship of the Remuneration Policy with the conditions of the employees of the Entity

In order to establish the Executive Director's remuneration terms and conditions in this Remuneration Policy for Directors, consideration has been given to the remuneration policy applicable to Company employees.

The Executive Director's remuneration system is aligned with the remuneration system of other Company employees, as it seeks to remunerate the value that they provide to the Entity, sharing the following principles:

- The remuneration package offered by Línea Directa may be made up of fixed components, short- and long-term variables, as well as other corporate benefits.
- Part of the total remuneration is variable and it will be paid based on how much individual and corporate objectives aligned with the Company's strategy are achieved.
- There will be no discrimination on the grounds of gender, race, religion or disability when implementing remuneration practices and policies. Therefore, staff are remunerated in a manner consistent with their level of responsibility, leadership and level of performance within the organisation, in order to attract talent and retain key staff.

7. Contribution of the Remuneration Policy to the Company's strategy, interests and long-term sustainability

Línea Directa's mission is to provide its direct response expertise and make it available to its customers, employees, shareholders, suppliers and, therefore, society as a whole, generating wealth, safety and a more responsible and sustainable environment for people. Therefore, its vision is to be the benchmark insurer as a result of its respect for the groups with which it associates, especially customers, employees and suppliers and to be the forefront of innovation in the insurance sector promoting values associated with road safety, home safety, health, the environment and sustainability.

According to the aforementioned mission and vision, the main values of Línea Directa are (i) respect for people; (ii) the spirit of self-improvement; (iii) enthusiasm; (iv) results-focused and (v) clarity; with activities aimed at defending human rights and labour rights, respect for the environment and the fight against corruption. These values are explicitly reflected in the Entity's

Code of Ethics, which develops the standards of conduct required for proper compliance and implementation, and which applies to all Línea Directa staff and any of its affiliates, including its directors.

Therefore, the ultimate objective of this Remuneration Policy is to contribute to developing the Mission, Vision and Values of Línea Directa, so that the remuneration of the Company's directors is in line with their commitment, effort and responsibility assumed. Considering that its directors and employees are Línea Directa's most valuable asset, the main focus of the remuneration policies are attracting, retaining and motivating the best talent.

Likewise, in line with the growing importance of integrating sustainability into companies' strategies, the CNRGC's remit includes monitoring the Company's sustainability strategy and practices, assessing its level of compliance and reviewing its sustainability policies, ensuring that they are aimed at value creation.

In order to strengthen the overall business strategy and gain competitive advantages in specific aspects of the management in which the Company will work in the coming years, Línea Directa offers its directors and its staff a fair and competitive compensation package.

In line with all of the above, this Remuneration Policy is a tool that contributes to achieving the objectives of its business strategy, taking into account the principles outlined in paragraph 1 above at all times.

8. Temporary exceptions

The Línea Directa board of directors, following a proposal from the CNRGC, may approve temporary exceptions being applied to the Remuneration Policy which will, in any event, be limited to exceptional situations in which not implementing the Policy is necessary in order to serve the long-term interests and sustainability of the Company as a whole or to ensure its viability.

Only the remuneration components set out in paragraph 4 of the Remuneration Policy will be derogated, preventing the guaranteed extraordinary remuneration from being allocated.

The procedure that must be followed should any circumstance arise justifying these temporary exceptions being applied is as follows:

- The CNRGC will issue a report amending the specific circumstances and remuneration from those set out in paragraph 4.

- In order to draw up the report, the CNRGC may use the opinion of an external third party.

- In light of the conclusions of the report, the CNRGC would, where appropriate, raise the proposed exceptional application to the board of directors.

In any event, the Company will take into account the principles of paragraph 1 and will state in the corresponding Annual Report on Directors' Remuneration that the exceptional situation has arisen which has led the board of directors to approve the temporary exception being applied, and will also outlined component(s) affected by that exception.

9. Validity of the Remuneration Policy

This Remuneration Policy will enter into force on the date that it is approved by the 2022 Annual General Meeting until 31 December 2025. Any amendment to or replacement of the Policy while it is valid will require prior approval by the Annual General Meeting, in accordance with the LSC.

In any case, this Policy will be without prejudice to any payments that apply to the directors during these years, corresponding to the variable-remuneration amounts accrued in previous years, as well as to pending payment should an executive officer be dismissed.