

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



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Línea Directa Group Tax Strategy

18 July 2019

Updated 28 June 2022

| Important information about this document | |
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| Name of the Policy | Línea Directa Group Tax Strategy |
| Related section of the Línea Directa Group's Code of Ethics | Section 16 |
| Related section of other policies | Tax Policy |
| Rules and standards superseded | N/A |
| Rules and standards repealed | N/A |
| Related rules and standards | Línea Directa Group Code of Ethics, Compliance Policy, Tax Policy |
| Business unit or function affected | All business units and functions of Línea Directa Aseguradora, S.A. and its Subsidiaries, as well as the Línea Directa Foundation |
| Personnel affected | All the staff of Línea Directa Aseguradora, S.A. and its Subsidiaries |
| Main person responsible for monitoring | Patricia do Carmo Tax Area Manager |
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The Board of Directors of Línea Directa Aseguradora, S.A. de Seguros y Reaseguros ("LÍNEA DIRECTA") is the body responsible for approving the tax strategy of LÍNEA DIRECTA as the parent company of all its group companies (the "Group") in accordance with Article 5 of the Board of Directors Regulations.

The guiding principles and good tax practices on which the LÍNEA DIRECTA tax strategy are based are aligned with the provisions set out in the Group's Code of Ethics.

1. Purposes of the Línea Directa Group's Tax Strategy

The tax strategy of LÍNEA DIRECTA is essentially aimed at establishing a high-level framework of action that ensures and promotes compliance with tax regulations, taking into account the corporate interest and supporting the Group's business strategy.

To this end, in the context of its social and corporate responsibility, LÍNEA DIRECTA recognises the social function of the tax system. It therefore intends for the Group's tax function to also serve the social interest and that of its stakeholders, as well as the value it creates for cultivating trust in the community in which it operates.

In this sense, the LÍNEA DIRECTA tax strategy is aligned with the values embedded in its corporate culture and the low fiscal risk profile that has traditionally characterised its compliance with its tax obligations.

The purposes, principles and good tax practices on which the Group's tax strategy is based should guide decision-making at any level, as well as the activities of its different companies.

2. Guiding principles

Compliance with LÍNEA DIRECTA tax obligations will be governed by the following guiding principles:

- i. According to the compliance rule described in the Group's Code of Ethics, LÍNEA DIRECTA will fulfil the tax regulations that apply to it anywhere it conducts business and will pay any taxes for which it is liable. In this regard, LÍNEA DIRECTA will diligently manage compliance with its tax obligations due to its economic activities. Tax compliance relates mainly to the timely management (i) of payment of its own taxes, (ii) payment of taxes withheld and paid on behalf of third parties and, (iii) the reporting and tax cooperation requirements established by the Spanish Tax Office. LÍNEA DIRECTA will also promote a zero-tolerance tax compliance policy for deliberate tax evasion to reduce this type of offence.
- ii. The LÍNEA DIRECTA tax strategy will be based on a reasonable and prudent interpretation of applicable accounting and tax regulations, in line with the situation in the sector

underlying economy. Consequently, LÍNEA DIRECTA will ensure that the application of tax legislation is properly based on law especially where the tax rule is not clear or subject to interpretation, taking into account the state of affairs according to case law in each applicable case. LÍNEA DIRECTA will ensure that decision-making is supported by documents that highlight the facts, risk analysis and conclusions reached, and that important tax decisions are taken at the appropriate level, in accordance with legislation, where appropriate, as well as regulations and policies, and ensuring coherence and consistency over time.

- iii. In line with its Code of Ethics, LÍNEA DIRECTA will promote a climate of good faith, transparency, cooperation, and reciprocity in its dealings with the tax authorities, in accordance with the law and the human and material resources available, and notwithstanding the defence of its legitimate interests and, where appropriate, its reasonable interpretations, seeking to reach agreements or consensus with the authorities to settle disputes.
- iv. LÍNEA DIRECTA will establish a fiscal risk management and control policy to responsibly assess those risks in a responsible manner and based on set criteria, thereby preventing and reducing the risks and allowing it to define, review and achieve its tax compliance objectives. The company believes that a proper organisational culture is essential to tax compliance, to prevent, detect, manage and mitigate the tax risk and eradicate malpractice within the organisation.
- v. Consequently, LÍNEA DIRECTA is committed to applying good tax practices in its business activities to reduce significant tax risks and prevent any conduct that could cause them. In particular, LÍNEA DIRECTA will apply the good tax practices described below.

3. Good tax practices

In line with the general principles and rules of conduct set out in the Group's Code of Ethics, LÍNEA DIRECTA will follow the good tax practices below with the aim of reducing significant tax risks and eradicating any conduct likely to cause them:

- a. LÍNEA DIRECTA will avoid aggressive tax planning practices, either with its own investments or with those of its customers, which includes any base erosion and profit shifting.
- b. LÍNEA DIRECTA will avoid the use structures of an opaque nature for taxation purposes, understanding the latter to be those which, by interposing instrumental companies through tax havens or states which do not cooperate with tax authorities, are designed to impede the Tax Agency from learning which company is ultimately responsible for activities or the actual holder of the goods or the rights involved.
- c. LÍNEA DIRECTA will avoid contrived investment structures that are not conceived for business organisation and development and any other valid economic reason. It will also avoid investments made in or through entities domiciled in tax havens or entities set up for tax purposes.
- d. LÍNEA DIRECTA will ensure that the transfer pricing policies between the Group's companies, or between them and other related entities or individuals, properly follow the OECD's principles of free competition and, in particular, that they are implemented in accordance with the material and human resources available to the parties involved, the risks assumed, the functions carried out and the assets involved.
- e. LÍNEA DIRECTA recognises the usefulness of legal instruments for tax consultation and pre-tax agreements and will endeavour to make use of them to determine the applicable taxation when reasonable depending on the available instruments, the matter in question and the foreseeable time limits.

- f. In accordance with the transparency standard in the Group's Code of Ethics, LÍNEA DIRECTA will provide the Spanish Tax Office with any information it requests in accordance with legally established procedures and in the shortest possible time. In particular, it will strictly comply with tax reporting obligations for financial institutions and will cooperate with the tax authorities to fulfil its reporting obligations according to applicable tax rules and procedures.
- g. LÍNEA DIRECTA will cooperate with the Spanish Tax Office to find solutions to any fraudulent tax practices in the markets in which it trades, to eradicate any existing ones and prevent them from spreading.
- h. LÍNEA DIRECTA will involve the Board of Directors in decision-making within the essential powers described and listed in the Board of Directors Regulations in relation to taxation matters, as summarised below.
 - a. The determination and approval of risk control and management policy, including tax risks, and supervision of internal information and control systems.
 - b. The determination of this Group tax strategy.
 - c. Approval of investments or transactions of any kind that, due to their elevated amount or special features, are strategic in nature or involve a significant tax risk, provided they are not delegated to the Investment Committee, unless such approval must be given by the shareholders at the General Shareholders' Meeting.
 - d. The approval, following a report from the Audit, Internal Control and Compliance Committee, of transactions carried out by the company or group companies with directors, in the terms established by law, in the Bylaws or in this regulation.

The Board of Directors will also receive and compile the information it requires to undertake its tax obligations, through the Tax Department.

4. Monitoring and control

LÍNEA DIRECTA will incorporate taxation into its risk management and control system to be able to efficiently assess and manage the fiscal risks that may arise during its activities and those of its Group

Senior Management will be responsible for driving implementation of the tax principles. The Audit and Compliance Committee, in accordance with its Regulations, will monitor the effectiveness of the tax risk control and management system and report to the Board of Directors on the issues legally envisaged in this area.

Responsibility for the tax risk management system will fall on the Compliance Manager and the Taxation Manager, under the terms of the Tax Policy.

At any rate, the above principles that govern the tax activity of LÍNEA DIRECTA will be applied by the Taxation Area and the other departments of LÍNEA DIRECTA insofar as they affect them.

The Taxation function will have the qualified, material and functional human resources at its disposal to achieve the objectives pursued herein.

5. Scope and update

LÍNEA DIRECTA will ensure that the principles and good practices set out herein shape the activities of all the companies in its group, to achieve concerted and coordinated tax management alongside its other risks.

The Governing Bodies of each of the Group's subsidiaries will adopt the necessary measures and principles to ensure compliance with this integrated management.

This tax strategy will be permanent, although the content can be changed or updated if so determined in applicable regulations or the LÍNEA DIRECTA Board of Directors.

Approved by the Board of Directors at its meeting on 18 July 2019

Updated by the Board on 28 June 2022