

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



linea directa

Selection and Succession Policy for the members of
the Board of Directors



Important information about this document	
Name of the Plan	Selection and Succession Policy for the members of the Board of Directors
Related section of the Línea Directa Group's Code of Ethics	Not applicable.
Related section of other policies	-
Rules and standards superseded	-
Rules and standards repealed	-
Related rules and standards	Board of Directors Regulations
Business unit or function affected	Board of Directors
Personnel affected	Members of the Board of Directors.
Main person responsible for monitoring	Board of Directors. Appointments and Remuneration Committee
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1. Introduction

The Board of Directors of Línea Directa Aseguradora, S.A. Compañía de Seguros y Reaseguros (hereinafter “**Línea Directa**” or the “**Company**”) recognises that transparency in all its actions is core to its corporate governance strategy, including the appropriate process for selecting members of the Board, as well as the conditions and procedures that guarantee the orderly succession of the appointees.

This Selection and Succession Policy for the members of the Board of Directors (the "Policy") sets out the Company's principles, procedure and criteria that will be applied in the selection processes for the appointment, re-election and succession of the members of the Board of Directors, according to prevailing regulations and best corporate governance practices.

2. Scope

This Policy applies to selecting candidates for the position of director - either individuals or, in the case of corporations, the individuals who will represent them.

3. Objectives of candidate selection

The selection of directors will begin with an analysis of the needs of the Company, its group of companies (the “**Group**”) and the Board of Directors. This analysis will be led by the Board of Directors with advice and a supporting report from the Appointments and Remuneration Committee.

Preference will be given to candidates who meet the requirements set out in the following sections of this Policy and the Company will promote gender diversity, experience and expertise within the Board of Directors. Any implicit bias that may involve discrimination and, in particular, that makes it difficult to select directors will be avoided, ensuring that the Company appoints a significant number of senior directives.

The ideal structure of the Board of Directors includes a healthy diversity of opinions, perspectives, skills, experiences and backgrounds. In particular, the Board will be gender diverse, establishing a representation target for the less-represented gender, and a number of female directors accounting for at least 40% of the members of the Board, in addition to other types of diversity, including race or ethnic, nationality, cultural background, etc. subject to the essential principle of merit and suitability.



Within their scope of powers, the Board of Directors and the Appointments and Remuneration Committee will ensure that the person nominated for the position of director can devote sufficient time to their duties.

4. General principles of the Policy

In this context, the selection and succession process for directors will be based on the following general principles:

- i. Complying with applicable regulations and respecting the structure of the Board of Directors set out in the Bylaws and the Board Regulations.
- i. The number of independent directors should represent a broad majority of the Board of Directors and the number of executive directors should be kept to a minimum.
- ii. There must be a proper balance between proprietary and independent directors, to reflect, as far as possible, the proportion between voting shares represented by proprietary directors and the rest of the share capital.
- iii. Diversity of gender and experience must be sought, to improve decision-making and bring a diversity of opinions to debates on matters within their competence, all according to the latest good governance recommendations for listed companies.
- iv. The stability of the Board of Directors must be guaranteed in line with the Company's measures to ensure that the appointment or re-election of directors does not affect more than a quarter of the Board members in the same year, where possible.
- v. Succession must be orderly and coordinated, to guarantee smooth business continuity.

These principles will also apply to the selection processes for candidates for the position of directors of the group's regulated subsidiaries, which are different to the Company's executive directors, senior management members or other Línea Directa Group staff.



5. Requirements for candidates

5.1. Common requirements for candidates

Candidates for the position of director must have the necessary integrity, solvency, skills, experience, qualifications, availability and commitment for their duties, according to applicable regulations and the Group's internal standards regarding aptitude and integrity.

In particular, they must be upstanding professionals whose conduct and professional background are aligned with the group's mission, vision and values.

The members of the Board of Directors, as a whole, should be able to understand the Company's activities, including the main risks, and accordingly be able to make the right decision every time based on the business model, risk appetite, strategy and markets in which the Company trades.

Members of the Board of Directors, as a whole, should also have expertise and experience in the insurance and financial markets sector, financial and actuarial analysis as well as the regulatory framework applicable to the insurance sector.

5.2 Additional requirements for CEOs

The performance of executive functions additionally requires proven experience in management positions and responsibilities, especially in the Company's sectors and, in particular, in the field of insurance and financial services.

5.3. Additional requirements for independent directors

In addition to the common requirements for any candidate, independent directors must meet personal and professional criteria to reasonably ensure that they can perform their duties without being influenced by their relationship with the Company or its group, its significant shareholders or its directors, according to current legislation and the Board of Directors Regulations.

Independent directors must also have additional qualities that increase the diversity of the Board of Directors, both in terms of structure and the



expertise and experience of the directors, to help to enrich the debate and bring specialist knowledge to the different Board committees.

6. Barriers to running as a candidate for the position of director

The following individuals cannot be considered as candidates for the position of director:

- i. If they have been disqualified from holding a directorship or incurred in any of the incompatibility causes preventing appointment in accordance with prevailing legislation, the Bylaws or the Board of Directors Regulations.
- ii. If they are involved in a conflict of interest with the Company or its Group companies.
- iii. If their presence on the Board of Directors may pose a reputational risk for the Company.
- iv. If they do not comply with the requirements set out in the Company's Bylaws, Regulations or other internal rules.

7. Selection process for new directors

The selection process should take into account the Company's competency matrix which shows the skills and expertise of candidates for the position of director, especially executive directors and independent directors, and the needs of the Company and the Group companies. This helps the Appointments and Remuneration Committee to identify the duties for each post, as well as the required skills, knowledge and experience.

The Appointments and Remuneration Committee will propose independent directors and the Board of Directors will propose proprietary and executive directors. The Appointments and Remuneration Committee will submit proposals for the appointment of independent directors to the Board, which will then put forward the proposals for the appointment of all directors to the General Meeting or appoint directors for co-opted members.

Once the Board or General Meeting has approved the appointment, it will inform the Directorate-General for Insurance and Pension Funds within the time limit established by law, as well as the National Securities Market Commission if necessary.

The Company can use external advisors for the preliminary appraisal of the



Company's needs, the search for or assessment of candidates for directors or the evaluation of their performance. The Appointments and Remuneration Committee will be responsible for hiring the external expert's services, who must not provide the company with any other significant services that could undermine its independence.

8. Process for re-electing directors

If the re-election of any director is proposed, the proposal that the Board of Directors submits to the General Meeting must be preceded with a report from the Appointments and Remuneration Committee. This report will focus on the director's performance during their term of office and their ability to continue to perform it satisfactorily.

9. Succession process for directors

The Board of Directors will coordinate the succession process for executive or proprietary directors and the Appointments and Remuneration Committee will coordinate the process for all other directors, including the Chairman if not an executive director.

The selection of candidates to succeed outgoing directors must comply with the same principles and procedures set out in this Policy for the selection of new directors.

The succession process for the Chairman and the CEO will be planned as follows:

i. Succession plan for the Board Chairman:

When the Chairman leaves office, the Deputy Chairman of the Board or the director performing his duties will be responsible for convening a Board meeting, as per the Board Regulations, where the member to replace the Chairman will be elected. The Board will ensure that there is a sufficient number of qualified members within it to carry out these duties. If the Board decides at the meeting that the candidates will be external, it will ask the Appointments and Remuneration Committee to start the selection process to fill the position.

ii. Succession plan for the CEO:

The CEO will regularly submit a succession plan for the CEO to the Appointments and Remuneration Committee. Once this Committee has reviewed and approved the succession plan, it will forward it to the Board of Directors for approval, all in accordance with the recommendations and obligations adopted for this purpose in accordance with current legislation.



The proposal of candidates for succession should consider the special personal and professional skills of potential candidates and their ability to lead the development and implementation of the Company's strategy.

If the Board Chairman or CEO is temporarily unavailable, the rules set out in the Board of Directors Regulations will be followed.

In the event of the succession of the Chairman in one of the Board committees, the Board will temporarily appoint a Committee member to fulfil the position.

10. Annual compliance assessment

The Appointments and Remuneration Committee will check compliance with this Policy on an annual basis and report to the Board of Directors. This information will also be included in the Annual Corporate Governance Report.