



REPORT BY THE BOARD OF DIRECTORS ON AMENDMENTS TO THE REGULATIONS OF THE BOARD SINCE THE LAST GENERAL SHAREHOLDERS' MEETING

1. PURPOSE

The Regulations of the Board of Directors of Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros (the "**Company**"), as a listed company, were approved at the meeting of the Board of Directors on 18 March 2021 and came into force on the date of registration of the Company's prospectus with the CNMV, on 15 April 2021 (the "**Regulations**").

In accordance with the provisions of Article 528 of the Spanish Corporate Enterprises Act, the Board of Directors hereby informs the General Shareholders' Meeting about the amendments to the text of the Regulations approved since the last General Shareholders' Meeting on 18 March 2021.

2. AMENDMENTS TO THE REGULATIONS

2.1. Amendment to Article 3 of the Regulations

Recommendations 53 and 54 of the Code of Good Governance of Listed Companies include the recommendation that one of the committees of the Board of Directors should supervise compliance with the rules of corporate governance.

In this regard, Article 34.3(xxvii) of the Company's Regulations attributes to the Appointments, Remuneration and Corporate Governance Committee (the "**CNRGC**") the function of "*overseeing the Company's corporate governance in order to supervise compliance with the rules adopted by the Company*". Additionally, paragraph (xxxi) of the same article attributes to the CNRGC the function of "*proposing to the Board of Directors any practices that it considers would contribute to the progress of the Company's corporate governance*".

In accordance with the attribution of these powers to the CNRGC, it has been considered appropriate to amend Article 3 of the Regulations, which in its previous wording assigned to the Audit and Compliance Committee the power to propose and report on the amendment of the Regulations, in order to attribute this power to the CNRGC.

Accordingly, the new text of Article 3 of the Regulations is as follows:

"Article 3- Amendment

1. These Regulations may be amended at the request of the Chairman of the Board of Directors, three directors or the Appointments, Remuneration and Corporate Governance Committee.



2. *Proposals for amendments that do not come from the Appointments, Remuneration and Corporate Governance Committee must be reported by said committee.*

3. *The text of the proposal, the supporting report of its authors and, where appropriate, the report of the Appointments, Remuneration and Corporate Governance Committee shall be attached to the call announcement for the meeting of the Board of Directors where it will be discussed.*

4. *The amendment to these Regulations shall require agreement adopted by a two-thirds majority of the directors present or represented at the meeting."*

2.2. Amendment of Article 23 of the Regulations

The transposition into Spanish law of the European Directive regarding promotion of the long-term involvement of shareholders in listed companies has resulted in the amending of the Spanish Corporate Enterprises Act (LSC).

Among other issues, a new mercantile law for the approval and publication of related party transactions has been established, which is governed by Chapter VII bis of Title XIV of this Act.

In order to establish the necessary procedures to ensure the application of these regulations in Línea Directa and its group of companies, it has been deemed appropriate to update the Company's internal regulations in accordance with the legal reform.

The procedure for approving related party transactions is set out in Article 23 of the Regulations. The new text approved, in order to bring its wording into line with the current rules, is as follows:

"Article 23- Related party transactions

1. *The Board of Directors formally reserves the right to approve any transaction that the Company or companies of its group enter into with directors, with shareholders holding 10% or more of the voting rights, with shareholders represented on the Board of Directors of the Company or of other companies of the Group, or with persons related to them, including any other persons who are to be considered related parties under International Accounting Standards ("related party transactions").*

2. *Approval must necessarily be granted by the General Shareholders' Meeting when it concerns a related party transaction whose amount or value is equal to or exceeds ten per cent (10%) of the corporate assets according to the Company's most recent annual balance sheet.*



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3. *The approval of a related party transaction by the General Shareholders' Meeting or the Board of Directors must be the subject of a prior report by the Audit and Compliance Committee. In its report, the Committee shall (i) assess whether the transaction is fair and reasonable from the point of view of the Company and, if applicable, of the shareholders other than the related party, and (ii) give an account of the premises on which the assessment is based and the methods used.*

4. *In the case of transactions within the ordinary course of business and which are regular or recurring, then it shall be sufficient to obtain the generic and prior authorisation of the line of transactions and the conditions for their execution by the Board of Directors, following a report by the Audit and Compliance Committee.*

5. *The authorisation of the Board of Directors shall not, however, be deemed necessary, as it may delegate its approval to delegated bodies or members of senior management, in relation to transactions between companies that form part of the same group which are carried out within the scope of ordinary management, and under market conditions or in transactions which simultaneously fulfil the following three conditions: (i) they are carried out under contracts with standard terms and are applied en masse to a large number of customers; (ii) they are made at prices or tariffs generally established by the party acting as supplier of the good or service; and (iii) the amount involved does not exceed 0.5% of the Company's net turnover, in accordance with the most recent consolidated financial statements approved by the General Shareholders' Meeting.*

6. *The provisions of this article may be further developed through the corresponding internal rules that may be approved by the governing bodies of the Company."*

2.3. Inclusion of an Article 12 bis in the Regulations

Recommendation 29 of the Code of Good Governance of listed companies includes the recommendation that the company establish suitable channels for directors to obtain the advice they need to perform their duties, including, if circumstances so require, external advice payable by the company.

Although Article 13.8 of the Company's Regulations already regulates the possibility of having external advisors, it has been considered appropriate to include a new article 12 bis that regulates the figure of the advisor to the board, including the possibility that the services of this advisor may be requested, in addition to those of the Chairman and the external directors, by the CEO.



In this line, a new article 12 bis has been included, which reads:

Article 12 bis. - Advisors to the Board.

"At the proposal of the Chairman, the Vice-Chairman, the Chief Executive Officer or the Non-Executive Directors, the Board of Directors may appoint Advisors to the Board who may attend meetings of the Board of Directors or its Committees, as well as meetings of other bodies of the Company at the request of the Board of Directors, its Chairman or the Chairman of the corresponding Committee, with the right to speak but not to vote."

3. REPORTING TO THE CNMV AND REGISTRATION

The previous amendments to the Board's Regulations have been reported to the CNMV. The Regulations are registered in the Mercantile Registry, although, as of the date of this report, only the last detailed amendment (the inclusion of article 12 bis), which has been communicated to the CNMV, is in the process of being registered. The text of the Regulations of the Board of Directors is available on the company's website: www.lineadirectaaseguradora.com

Madrid, 17 February 2022