

To comply with the reporting requirements of the new CSRD Directive and as the foundation of its Sustainability Report, Línea Directa carried out its first Double Materiality assessment in 2024 and updated it in 2025. This process enabled the company not only to identify the most relevant topics for its stakeholders but also to address their needs and seize opportunities arising from the environment in which it operates.

This dual analysis identified the most significant aspects from a twofold perspective: considering both **impact materiality** (actual or potential positive or negative impacts in the short, medium, and long term, linked to both the company's operations and its entire value chain) and **financial materiality (risks or opportunities)** that may positively or negatively affect the Group). The results of this assessment determined the material Impacts, Risks, and Opportunities (IROs) to be managed through the implementation of action plans.

Double Materiality Analysis: Methodology

Línea Directa Group applied the methodology defined by the European Financial Reporting Advisory Group (EFRAG) to conduct its double materiality assessment.

- **Context Analysis:** The Group defined its value chain and conducted an analysis of both internal and external contexts, providing an initial overview of potentially material topics from a cross-cutting sustainability perspective.
- **Identification of Topics and Subtopics:** Based on the initial list of topics and subtopics defined by the CSRD Directive in ESRS 2 AR 16, a tailored list of topics was developed to determine the most relevant aspects for the Group. The division into systems added greater granularity to the analysis, allowing for more specific grouping of IROs and linking them to the different phases of the previously defined value chain. A total of 15 topics were identified.
- **Identification of IROs:** A stakeholder survey, along with information gathered in previous phases, enabled the identification of Impacts, Risks, and Opportunities (IROs). Impacts reflect the impact materiality perspective, while risks and opportunities represent the financial materiality perspective. A total of 117 IROs were identified.
- **IRO Assessment:** Impacts were evaluated based on parameters such as likelihood of occurrence, scale, scope, remediability, and complementary qualitative information.

Risks were assessed considering economic probability ranges and financial valuation. Opportunities were similarly evaluated based on the likelihood of realization and economic valuation.

2025 update results: List of Material Topics and Materiality Matrix

In 2025, the Sustainability Working Group, acting as the executive body for sustainability, reviewed the double materiality exercise by assessing the continued relevance of the identified IROs (impacts, risks, and opportunities) and the resulting material topics. The outcome was submitted to the Sustainability Committee for endorsement and to the Board of Directors for approval. Following this review, Línea Directa Group has maintained the list of 15 material environmental, social, and governance (ESG) topics. The results are as follows:

ESG	Topic	Materiality
E	Climate change mitigation and adaptation through the business	Material
	Management of the company's own environmental impacts	Non material
S	Responsible marketing and customer satisfaction	Material
	Community engagement and social impact	Non material
	Worker safety, health, and well-being	Material
	Diversity, equity, and inclusion	Material
	Talent management and professional development	Material
G	Ethics, good governance, and responsible culture	Material
	Risk management	Material
	Promotion of sustainability in the value chain	Non material
ES	Digitalization and innovation	Material
	Transparency and stakeholder dialogue	Non material
	ESG product design	Material
	ESG-aligned investment	Material
	Cybersecurity and data protection	Material

Integration of Material ESG Topics into the ESG Risk Map

The material topics identified by the company in 2024 and updated in 2025 through a dual analysis of dialogue and engagement with its stakeholders, as well as through the identification of the most relevant aspects for the business from an internal perspective, show a correlation with the risks identified in its ESG risk map.

Thus, **the company's material ESG topics are aligned with the ESG risk map.** The Risk Department identifies the main topics together with the Sustainability Department, which incorporates the materiality of its Sustainability Plan into the assessment of ESG risks that are ultimately approved.

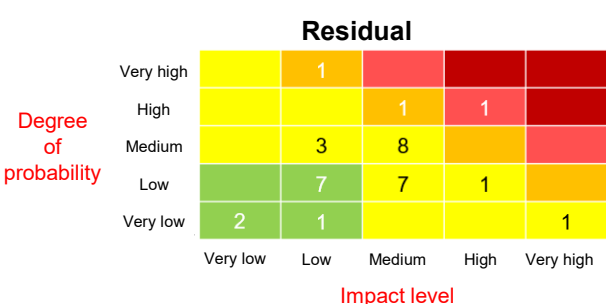
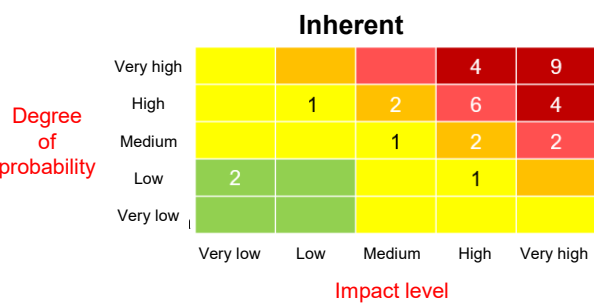
Category	Factor	Nº	Causes/Risk events
Environment	Environment and climate change	1	Non-compliance or non-adaptation to the requirements of environmental regulations
		2	Lack of product adaptation to the effects of climate change
		3	Lack of consideration of climate change risks in financial assessment
		4	Lack of methodology for calculating and integrating regulations into the strategy
Social	Employees	5	Non-compliance with diversity/equality regulations and requirements
		6	Failure to comply with or inadequate management of work development.
		7	Failure to comply with occupational hazards
	Clients	8	Failure to comply with labor and human rights
		9	Inadequate customer advice. Failure to adapt product design and advertising or claims to consumer needs.
Governance	Relationships with third parties	10	Lack of contribution or inadequate contribution to the needs of the social environment
		11	Supply chain
		12	Not carrying out responsible investment
	Governance, ethics and transparency	13	Non-compliance with good sectoral practices
		14	Inadequate corporate governance structure and practices
		15	Cases of corruption and non-compliance with tax regulations
		16	Cybersecurity and lack of confidential information management
			Deficiencies in communication and relationships with third parties

The ESG risk map of Grupo Línea Directa is divided into **three pillars** that include **five essential blocks**, which are further classified into **16 levels** representing the different events included in each category. All of them are linked to the **Sustainable Development Goals** (SDGs) and other reporting frameworks, such as the European Sustainability Reporting Standards and the current Spanish Non-Financial Information Law 11/2018.

Although Grupo Línea Directa does not operate in a sector considered critical in terms of climate change, the company is particularly committed to this issue and therefore promotes and encourages the responsible management of resources and the environment. To this end, it has specific policies and measures for environmental management.

In the social sphere, Grupo Línea Directa has specific protocols and measures to promote the potential and development of its employees, supporting diversity and inclusion, offering the best solutions to maintain employability, and fostering a safe working environment and employee health, as described in the Social and Employee Responsibility section.

In the Governance area, the company highlights its supplier approval mechanisms, its corporate governance structure aligned with all regulatory requirements and best practices, its zero tolerance for bribery and other illegal acts as reflected in the code of ethics and other internal policies, and of course, all the measures the organization has implemented to protect information and data.



The Corporate Risk Department, together with the company's various departments, periodically analyzes the risks that, if materialized, could affect the business, including ESG factors. Based on this analysis, a comprehensive assessment of the risks that could affect the business is conducted. This analysis is used to evaluate the company's main threats, and the corresponding prevention and mitigation measures are identified to obtain the residual risk assessment.

Consequently, and given the alignment of the material issues with the main ESG risks identified, these are integrated into their risk assessment.

Below, we provide more information on the three most important material issues identified in the dual materiality analysis, including a description of the material issue, its impact on the business and stakeholders, and the company's strategy in this area.

Material Topic: Mitigation and Adaptation to Climate Change Through Business

Following the 2025 update to its double materiality assessment, Línea Directa has identified eight climate-related operational risks that directly impact financial performance. These include physical risks—such as the increased severity, frequency, and duration of extreme weather events—and transition risks. The latter encompass the emergence of new sustainability regulations affecting insurance portfolios; failure to meet emerging regulatory requirements regarding climate change; a lack of internal data on environmental risks for underwriting purposes; increased internal capital requirements due to climate-related risks; a failure to insure clients committed to economic decarbonization; declining sales of fossil-fuel vehicles; and bans on internal combustion engine vehicles in urban areas.

Línea Directa will consider these and other risks and opportunities in its roadmap for the upcoming 2026–2028 Sustainability Plan.

Actions to Mitigate Risk and its Consequences.

To mitigate the impact of claims resulting from adverse weather events, the company has specific management procedures in place, as well as a reinsurance program to cover events exceeding a certain threshold that are not covered by the Insurance Compensation Consortium (*Consortio de Compensación de Seguros*). Under this type of reinsurance, the cost of the loss exceeding the retention level established in the contract is ceded. In the event of environmental catastrophes, the company provides clients with agents and resources to guide them through the process of filing and managing claims for damage to their vehicles and homes, alongside other quality-focused measures designed to cushion the severe impact experienced. The 2026–2028 Sustainability Plan will incorporate progressive data analysis regarding the portfolio's exposure to areas particularly affected by climate change, enabling the establishment of preventive measures against potential impacts of this nature.

Furthermore, in 2025, Línea Directa updated its report on climate change-related risks and opportunities—aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) framework—updating climate-related metrics and targets and identifying opportunities to position new products and services within the insurance market. Additionally, Línea Directa has enhanced the comprehensiveness of its greenhouse gas emissions inventory calculations and approved a decarbonization plan for 2030.

Decarbonization actions: 2030 decarbonization plan and variable remuneration.

Línea Directa has reaffirmed its commitment to achieving carbon neutrality by 2050 within its 6th Sustainability Plan (2026–2028), approved in 2025. Accordingly, and in compliance with Royal Decree 214/2025, Línea Directa has published its Decarbonization Plan, which, based on the SBTi projection model, will enable it to meet the goals of the Paris Agreement. Through the procurement of renewable electricity, the company commits to reducing its Scope 1 and 2 emissions by 42% by 2030, relative to 2022 levels.

Furthermore, for 2025, the Board of Directors approved a variable annual remuneration structure for the CEO that includes a 10% component linked to long-term and sustainability objectives, such as the implementation of the Sustainability Plan. The plan's initiatives and objectives included metrics tied to climate change management and decarbonization.

A Material Topic for External Stakeholders

This is an important material issue for External Stakeholders. In this regard, climate change and decarbonization impact the company's operations, the products and services it offers its customers, and its entire value chain. Suppliers indicated that combating climate change and waste management were priorities in the environmental dimension. In the case of Línea Directa's suppliers, like the rest of European companies, they are forced to conduct a more in-depth analysis of climate change and decarbonization, which has already become a material aspect for them. Furthermore, 60% of the customers surveyed consider environmental protection and combating climate change among the six most relevant aspects among 15 alternatives related to the three ESG dimensions.

The increase in natural disasters due to climate change and the increasing frequency and severity of catastrophic losses caused by adverse and unpredictable weather events are resulting in spikes in claims that make timely management difficult and can impact service to policyholders. This situation is alarming to stakeholders.

Social impact

Society and the environment are affected by climate change, both through its direct effects resulting from extreme weather events and through the impacts of new regulatory requirements related to it. The impact identified in this material topic is considered both positive and negative. To evaluate it, the social return on investment has been determined by associating it with a generated cost.

Línea Directa has economically quantified the social cost of carbon, which enables better decision-making to mitigate its climate impact. In 2025, it reduced its impact by \$246,374 compared to 2024.

Social cost of Carbon

Assuming a price of \$75 according to the International Carbon Price Floor (ICPF) estimated by the IMF, the Línea Directa Group's Scope 1 +2 carbon footprint in 2025 would generate a social cost of \$62,587 (0.35% less than 2024), and the Scope 3 Category 1 footprint would generate a social cost of \$3.6 million (6.4% less than 2024)

Material Topic: **ESG-Based Investment**

Through the Double Materiality analysis conducted in 2024 and updated in 2025, Línea Directa Aseguradora has identified, within the specific material topic of ESG-based investment, **one positive impact and three material opportunities** for the Group. These are closely related and aligned with its strategy and business model. They include: contributing to emissions reduction through investment in key companies, which also represents an opportunity by including real estate assets with strong energy certifications, green or blue bonds, or strategies that are clearly environmentally and socially responsible.

Among the strategic lines of Línea Directa's **6th Sustainability Plan 2026–2028** is Responsible Investment. This line sets the priorities for ESG-related action and is translated into specific actions defined in the Plan.

The material opportunities and impacts are linked to meeting the needs of both customers and the Group in transitioning toward a sustainable economy by directing investment toward more responsible activities that meet certain sustainability criteria. To support this, the company has policies such as the Responsible Investment Policy, which establishes the Group's investment criteria and guides investments toward more responsible activities that comply with the standards set out in the policy. Additionally, the Group has made progress in aligning both its activities and investments with the **European Taxonomy** and has made commitments through its adherence to the **United Nations Principles for Responsible Investment**.

Roadmap Toward Sustainable Investment

In line with the decarbonization goals of the economy established in the Paris Agreement and the recommendations of the Intergovernmental Panel on Climate Change (IPCC), Grupo Línea Directa, in its support for the transition to a net-zero emissions economy by 2050, **will limit to 15% the proportion of its portfolio exposed to activities related to electricity generation, exploration, production, processing, transportation, and extraction of hydrocarbons.**

As of the end of 2025, 5.64% of Línea Directa's investment portfolio was allocated to these activities.

Material Topic for External Stakeholders

Although stakeholders do not participate directly in investment decisions, the company is attentive to the sensitivity of social and environmental issues, indirectly incorporating the interests of shareholders and investors and aligning its objectives with these criteria.

The identified positive material impact directly affects shareholders and investors, corresponding to the upstream value chain. This impact, global in scope and with a short- to medium-term time horizon, is linked to emissions reduction, whose effects extend internationally. For the analysis of this impact, management tools such as the Sustainability Policy, the Environmental and Climate Change Management Policy, the Sustainable Investment Policy, and the 2023–2025 Sustainability Plan have been considered.

The three identified material opportunities affect both the company's own operations and the upstream and downstream value chain, particularly in relation to shareholders and investors.

Minimizing the social impact of investments.

As an institutional investor, Grupo Línea Directa has the responsibility to minimize the negative impact its investments may have on society and the environment, as well as to contribute to the transformation of economic activity toward more sustainable practices.

The establishment of various sustainability-related factors allows for the management of risks—including non-financial ones—while also creating value opportunities for the Group's stakeholders, especially investors, and for society as a whole

Línea Directa holds social responsibility not only through its business activities but also through its investments.

The Sustainable Investment Policy defines the criteria for investment decision-making:

- Respect for human rights in the conduct of business activities.
- Absence of serious labor conflicts or other complaints related to working conditions or employee relations, which could even lead to a complete halt in business operations.
- Exposure to controversial sectors, such as adult entertainment, gambling and betting, tobacco, and alcoholic beverages.

Material Topic: **Ethics, Good Governance, and Responsible Culture**

This material topic is divided into three aspects that have been included to maintain alignment with stakeholder feedback, focusing on the company's Good Governance and the promotion of a responsible culture. The following description centers on the first aspect, which is a fundamental topic in corporate governance: corporate ethics.

Professional ethics, along with good governance and the values of Línea Directa Aseguradora, are essential to the company's culture and form the foundation of its Code of Ethics. Grupo Línea Directa is committed to fostering and promoting strong ethical principles that ensure compliance with laws and build trust among customers, shareholders, employees, and suppliers.

Ethical actions can enhance Grupo Línea Directa's reputation and strengthen its brand. Consumers prefer to engage with ethical and responsible companies, which can lead to increased customer loyalty and attract new consumers. This directly impacts revenue generation.

Code of Ethics and Ethics Channel: Detection of Potential Breaches

The Code of Ethics, updated in September 2025th, is the main pillar for developing corporate values and sets the behavioral standards that all Group employees must follow. Línea Directa Aseguradora's Code of Ethics includes, among other things, commitments related to environmental and social issues, respect for human rights, the fight against corruption and bribery, and support for equal treatment, equal opportunities, and non-discrimination.

Upon joining the Group, employees receive training on the Code of Ethics, which is regularly reinforced through various training and awareness activities. Línea Directa has developed the Ethics Channel, available on its corporate website, allowing employees and any interested third party to confidentially or anonymously report irregularities related to violations of the Code of Ethics or potential breaches of regulations or unlawful conduct. The Ethics Channel Policy outlines the general principles and procedures for managing the Ethics Channel. It can be accessed at the following link: <https://canaletico.lineadirecta.com/lineadirecta>

Línea Directa Aseguradora has an Internal Information System, **the Ethics Channel**, designed to allow anyone to report, with appropriate safeguards, any irregularities detected in compliance with the Code of Ethics or any other breach of current legal regulations, as well as to raise questions about its application.

Regarding this Ethics Channel, fifteen reports were received during the 2025 financial year; 13 were closed without investigation, and two were investigated for potential non-compliance with regulations (with no instances of non-compliance by Group employees or collaborators confirmed in either case). None of the reports received were found to constitute a human rights violation.

In 2025, no reports were received regarding other instances of non-compliance in areas such as corruption or bribery, discrimination or harassment, conflicts of interest, money laundering, or internal training. In the fourth quarter of 2025, an external audit of Línea Directa Aseguradora's internal reporting system (Ethics Channel) was conducted. The conclusions were satisfactory, with no findings or observations issued.

Awareness of the Code of Ethics

It is important to Línea Directa that all employees are familiar with the company's Code of Ethics. The 2023-2025 Sustainability Plan established a remuneration component for the CEO linked to the Plan's fulfillment; this Plan included—among other ESG initiatives—an action aimed at improving the visibility and transparency of the Ethics Channel.

The latest employee survey conducted in 2025, which included questions regarding the level of awareness and acceptance of the Code of Ethics and the Ethics Channel, yielded very positive results. 94.34% of respondents stated that they take the company's ethical principles into account when making work-related decisions.

By the end of the 2025 financial year, 196 newly hired employees across the Línea Directa Group had received training on the Code of Ethics.

Code of ethics in the value chain

Línea Directa conducts an ESG supplier assessment not only to select the suppliers with the best sustainability performance, but also to motivate them to improve their ESG performance, which in turn will improve their competitiveness.

The questionnaire sent to suppliers includes a question about the **availability of their code of ethics and its publicity**.

In 2024, the CEO's executive compensation remained tied to the achievement of the Sustainability Plan, which included actions of the assessments of the suppliers. The metrics set by the CNRGC and the Board of Directors for the 2024 annual variable remuneration of the Executive Director to serve the company's long-term interests and sustainability are: Sustainability Plan compliance: 10%. Among the initiatives and objectives of the current Sustainability Plan are metrics related to increase the number of suppliers assessed according to ESG criteria.

In accordance with the European CSRD Directive, the update of the double materiality assessment realized in 2025 (supervised by the Risk Department and the Sustainability Committee and previously reported to the Audit Committee) **was presented to the Appointments, Remuneration, and Corporate Governance Committee on October 21, 2025, and approved by the Board of Directors.**