

REPORT OF THE APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE ON THE PROPOSED DIRECTORS' REMUNERATION POLICY, WHICH IS SUBMITTED FOR APPROVAL BY THE 2025 ORDINARY GENERAL SHAREHOLDERS' MEETING

1. PURPOSE

This report is prepared by the Appointments, Remuneration and Corporate Governance Committee (hereinafter, "**CNRGC**") in compliance with the provisions of article 529 novodecies of Royal Legislative Decree 1/2010, of 2 July, which approves the revised text of the Capital Companies Act ("**Capital Companies Act**" or "**LSC**") which establishes, as an obligation of the General Shareholders' Meeting, the approval of the directors' remuneration policy, which must include both that relating to non-executive directors and the remuneration regime for directors who perform executive functions.

The aforementioned article 529 novodecies provides that the proposal for the remuneration policy of directors shall be reasoned and must be accompanied by a specific report from the appointments and remuneration committee and both documents must be published on the corporate website from the time the General Meeting is called.

Pursuant to the foregoing, the CNRGC of the Board of Directors at Línea Directa Aseguradora, S.A. Compañía de Seguros y Reaseguros ("**Línea Directa**" or the "**Company**") has prepared, for approval by the Board at its plenary session and subsequent submission to the 2025 Ordinary General Shareholders' Meeting, this reasoned legal report (the "**Report**") justifying the proposed Directors Remuneration Policy (the "**Remuneration Policy**"), which will take effect, if approved at the General Shareholders' Meeting, from the date of its approval and applicable to the determination of the annual remuneration for 2025 and the following three financial years, 2026, 2027 and 2028. It shall annul and replace the Remuneration Policy approved by the Línea Directa General Shareholders' Meeting on 24 March 2022 in its entirety, notwithstanding the effects produced and consolidated while it is in effect.

2. MAIN RULES APPLICABLE TO THE REMUNERATION OF DIRECTORS

The main rules applicable to the remuneration of Línea Directa directors are as follows:

i. **Capital Companies Act**

The LSC establishes the necessarily remunerated nature of the position of director of a listed company, unless the bylaws establish otherwise. Línea Directa's Articles of Association confirm that the position is remunerated, while establishing the remuneration system applying to directors in their capacity as such and governing the remuneration for directors who hold executive functions. The remuneration of directors, whether in their capacity as such or for the performance of executive functions, must be in accordance with the provisions of the Remuneration Policy, with the Board of Directors being responsible for setting or determining the remuneration of each director individually, either in his or her capacity as such or for the performance of executive functions.

The director remuneration in their capacity as such, for the mere performance of their duties as members of the Board of Directors, responds to the structure established in Article 31 of Línea Directa's By-laws. The Remuneration Policy must determine their remuneration within the system provided for in the bylaws and must necessarily include the maximum amount of annual remuneration to be paid to all of them for their mere

status as directors and the criteria for its distribution in accordance with the functions and responsibilities attributed to each of them.

The maximum limit of the annual remuneration of directors in their capacity as such will be that approved by the General Shareholders' Meeting at any given time.

Directors who perform executive functions (currently, this section of the Policy only refers to the current Chief Executive Officer), in accordance with the By-Laws will be entitled to receive the agreed remuneration for performing these functions, including taking part in incentive schemes which, where appropriate, are established across the board for the Company's senior management and in the appropriate pension and insurance schemes. Likewise, if these duties are terminated, these directors may be entitled, under the terms and conditions approved by the board of directors, to appropriate financial compensation.

Any remuneration received by directors for the exercise or termination of their position and for the performance of executive functions must be in accordance with the Remuneration Policy in force at any given time, except for remunerations expressly approved by the General Shareholders' Meeting.

ii. Línea Directa's bylaws and internal regulations

The regulation of the remuneration of Línea Directa directors is contained in Article 31 of the Bylaws and is developed in the Regulations of the Board of Directors of Línea Directa. In turn, these texts govern the composition, functioning and functions of the CNRGC, all in accordance with the precepts of the LSC.

3. REASONS AND JUSTIFICATION FOR THE NEW FEATURES INTRODUCED WITH RESPECT TO THE PREVIOUS REMUNERATION POLICY

In accordance with Article 34 of the Board of Directors Regulations, among its other roles, the CNRGC is responsible for proposing the remuneration policy for directors to the Board of Directors.

The CNRGC, as part of the decision-making process, has carried out a review of this remuneration policy with a global and rigorous approach.

The proposed new Remuneration Policy, which will replace, where appropriate, the policy approved on 24 March 2022 by the Annual General Meeting, is justified by the following reasons:

- (i) The Remuneration Policy approved in 2022 ends in 2025.
- (ii) Update of the amounts foreseen as annual directors' remuneration, by a percentage of 3% in line with the information recorded as the increase in the CPI for 2024, after 4 years without any update being made to said index.
- (iii) Updating of the amount foreseen as annual fixed remuneration for executive functions of the Executive Director, based on the peer report prepared by the external advisor WTW, which placed her current remuneration at a percentile of 25% of the peer group considered.
- (iv) Adjustment of other remuneration conditions of the Chief Executive Officer, such as the reference to the modulating indicator for annual variable



remuneration, the updated data referring to the remuneration package and the review of the maximum number of shares to be received by the CEO as annual variable remuneration, during the validity period of the new Policy.

- (v) Inclusion of references applicable to insurance and reinsurance companies, based on the EIOPA Guide in this area.
- (vi) Elimination of references to completed plans (Extraordinary Remuneration Plan in shares 2021-2023 linked to the IPO).

Taking into account the above, the essential elements of the proposed new Remuneration Policy, which is a continuation of the remuneration policy for directors 2023-2025, are described below:

- a) As regards the fixed annual remuneration and per diems payable to directors, the new updated amounts have been included. Specifically, the items of remuneration awarded to directors in their capacity as such for their participation on the Board of Directors are as follows:

Position	Fixed annual allowance	Allowances for attending board of directors sessions (for each meeting)
President	€123,600	€3,090
Executive Director	€92,700	€2,317.50
Board member	€61,800	€1,545

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

Position	Subsistence allowance for attendance at each Committee (per meeting)
Chair of a Committee	€2,060
Member of a Commission	€1,030

- b) As regards the adjustment to the gross annual fixed remuneration of the Executive Director, this will amount to €396,864, payable in twelve (12) monthly instalments. This amount is 20% higher than that planned for the previous year, with a view to bringing this remuneration in line with our peers in the market following a study performed by a reputable external third party.
- c) As regards the adjustment of other remuneration conditions of the Executive Director, (i) the reference to the modulating indicator of annual variable remuneration has been expressly included, which was not included in the previous Policy when it was approved by the General Shareholders' Meeting; (ii) mention is made of the possibility that the Company may offer certain guarantees, up to certain limits, in the event that the Executive Director requests financing from a third party for the purchase of Línea Directa shares, (iii) the information on

the Executive Director's remuneration package has been updated based on the new amounts indicated and (iv) the maximum number of shares to be received by the Executive Director for the annual variable remuneration has been updated, in such a way that as regards the annual variable remuneration for 2026 - 2028, the maximum number of shares that the CEO may receive will be 600,000 shares, i.e. 200,000 shares per year.

- d) In relation to the 40% deferral of the variable remuneration of the Executive Director, it has been foreseen that it will in any case be subject to the criteria and limits recommended by EIOPA in its Opinion on remuneration principles in the insurance sector.
- e) References to the previous Extraordinary Remuneration Plan in shares for 2021-2023 linked to the Company's IPO, which has now come to an end, have been removed.
- f) The format of the Policy has been updated to make it more accessible and understandable by the Company's stakeholders.

4. VALIDITY

The Directors' Remuneration Policy shall remain in force, if approved by the General Shareholders' Meeting, from the date of its approval and shall apply to the determination of the annual remuneration for 2025 and the following three financial years (2026, 2027 and 2028), notwithstanding any adaptations or updates that, where appropriate, may be carried out by the Board of Directors pursuant to the provisions of the Policy and the amendments that the Línea Directa General Shareholders' Meeting may approve at any time.

And for the appropriate legal purposes, it should be noted that the CNRGC formulated this Report about the proposed "Remuneration Policy for Línea Directa Aseguradora, S.A. Director" at its meeting on 25 February 2025.

ANNEX

PROPOSED RESOLUTION

The following resolution is proposed to the Board of Directors and will be submitted to the Ordinary General Shareholders' Meeting for approval:

Item Seven of the Agenda.- "Approval of the Remuneration Policy of the Directors of Línea Directa Aseguradora, S.A."

Pursuant to the provisions of Article 529 novodecies of the Capital Enterprises Law, to approve the Línea Directa Directors Remuneration Policy, which will be valid, if approved



at the General Shareholders' Meeting, from the date of its approval and will apply to the determination of the annual remuneration for 2025, and the following three financial years, 2026, 2027 and 2028. The full text of this Policy has been available to shareholders, along with the other documentation relating to this General Shareholders' Meeting, since the date on which it was called, in addition to the corresponding Report by the Appointments, Remuneration and Corporate Governance Committee (the "New Remuneration Policy")

As a result, it has been agreed that the New Remuneration Policy will replace, for all purposes, the remuneration policy agreed by the General Shareholders Meeting on 24 March 2022 (initially due to remain in force until 31 December 2025), notwithstanding the effects produced and consolidated while it was in effect.

It is hereby expressly stated that the New Remuneration Policy includes the maximum amount of annual remuneration to be paid to all Board Members in their capacity as such, for the purposes of the provisions of Articles 217.3 and 529 septdecies of the Capital Enterprises Law, as well as the information required by Article 219 of the Capital Enterprises Law on remuneration linked to the Company's shares.