

SNFI 2021



2021 CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION
LÍNEA DIRECTA ASEGURADORA, S.A.



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LÍNEA DIRECTA GROUP

LETTER FROM THE CHAIRMAN

For Línea Directa, the listing offers the possibility of an adequate capital structure and a dividend policy in line with demand, two advantages that will undoubtedly bring great benefits to the Company and its shareholders in the future.

The year 2021 has laid the foundation for the beginning of the economic recovery. Despite serious structural problems such as rising energy and fuel prices, in 2021 Spain has seen an increase in its **Gross Domestic Product** of +5%, according to advanced data from the INE, and the creation of 840,700 jobs. However, these figures, even if positive, barely compensate for the enormous economic collapse resulting from the **COVID-19 pandemic**, as Spain's GDP fell by 10.8% in 2020 compared to 2019, a figure unprecedented in our country's recent history. Nevertheless, the economic recovery has brought a sense of optimism to society, even though the necessary reforms need to be implemented for this positive trend to continue and last in the long term.

In this environment of moderate economic recovery, the **insurance sector** has again performed well, consolidating its position as one of the most stable, respected and profitable sectors of the Spanish economy as a whole. In fact, the **Non-Life line** has managed to grow by 3.3% despite the decline experienced by the Motor line (-0.9%), which in 2021 registered an increase in passenger car registrations of just 0.9%, a clearly insufficient figure considering account the great collapse in sales experienced during 2020 (-32.3%). This complex situation has further exacerbated the severe supply crisis in the automotive industry and indirectly impacted sales in the insurance business,

as the used car market typically has more basic and lower premiums.

Home insurance, in turn, accelerated its growth in 2021 with very solid figures, achieving an increase in premium volumes of 4.9%. **Health insurance** also consolidated its strong growth rate seen in recent years, recording an increase in turnover of more than 4.9%. It thus consolidated its position as one of the driving forces of non-life insurance and as an asset that brings high profitability to the sector.

Línea Directa, a sure value

Against this backdrop, **Línea Directa Aseguradora** has successfully completed the path to **listing on the stock exchange**, a project that had been put on hold due to the measures taken by the European Central Bank in the wake of the health crisis.

For Línea Directa, the listing offers the possibility of an adequate capital structure and a dividend policy in line with demand, two advantages that will undoubtedly bring great benefits to the Company and its shareholders in the future.

In terms of financial results, **Línea Directa Aseguradora** closed 2021 with very positive figures. The **volume of premiums written** was over **€907 million** (+1%), with a significantly higher growth rate than that of the sector, except in the case of **Motor line** (-0.9%), whose fall, caused by a set of exogenous factors, is comparable to that of the industry. In the **Home** business, Línea Directa Aseguradora experienced an increase in the volume of premiums written of +8.8%, compared to 4.9% for the sector, consolidating this line of business as a real growth driver. Of particular note is **Vivaz**, the

Group's health insurance brand, which continues to perform extremely well thanks to its flexible, innovative and digital approach. By the end of 2021, this line of business had comfortably passed the **100,000 customer mark** in just over 4 years, enabling an increase in **portfolio volume to 3.34 million policyholders**, 4% higher than the previous year.

In terms of profitability, Línea Directa Aseguradora achieved a **profit before tax (PBT) of €145.2 million in 2021**, an increase of 1.6% compared to 2019 and a decrease of -19.2% compared to 2020, a predictable result due to the decrease in claims incurred experienced in that year caused by the lockdown and mobility restrictions. Following the return to normality, the Group's **net claims incurred ratio** increased by 6.2 points against 2020 to **67.7%**, a very positive figure compared with 2019 (-0.3 points). The **Combinado Ratio** experienced an increase of +4.9 points compared to 2020 (88.3%) and a slight worsening compared to 2019 (-0.38 pp), an indicator that, in the case of the Motor Line, is significantly lower than our competitors. These results consolidate Línea Directa as one of the most profitable Spanish insurance companies, with a **ROE of 30.4%**, in 2021, one of the highest in the industry.

For Línea Directa Aseguradora, sharing its good results and profitability with all its shareholders is a strategic priority. In fact, since becoming a listed company, the company has distributed **a dividend of 77.66 million euros charged to the first three quarters of the 2021 financial year, implying a payout of 90%** and an annualised return of 5.45% in June and 5.53% in September; figures that undoubtedly make Línea Directa one of the most attractive and interesting stocks on the Spanish stock market.

Corporate governance, diversity and transparency

Last year, the Board of Directors of Línea Directa Aseguradora was due for renewal in order to comply with the **recommendations for good corporate governance** for listed companies published by the National Securities Market Commission (CNMV).

The new Board of Directors, composed of 7 members (compared to 10 in the previous period), is one of the most efficient, inclusive, independent and diverse of all listed companies, as it has **43% female members** and **57% independent members**, who also chair the Board's advisory committees. The renewal of the company's highest governing body, alongside a commitment to equality, transparency and inclusion, is a key tool for addressing the new challenges posed by Línea Directa's immediate future, which will continue to transform and revitalise the insurance industry in Spain.

The value of sustainability

Línea Directa Group's IV Sustainability Plan, in force until 2022, is guided by ESG criteria and seeks to respond to the three major challenges facing the company today in these areas of action: environmental, by incorporating into its corporate governance objectives to promote environmental protection and the fight against climate change; social, by focusing on caring for groups at risk of exclusion and promoting equality and diversity, but also promoting health, road safety and security at home; and good governance, which affects the ethical management and correct performance of the company in an increasingly digital world and with emerging risks.

Línea Directa Aseguradora's IV Sustainability Plan, whose implementation is on schedule, underlines the company's commitment to the **United Nations' Global Development Strategy, reflected in the SDGs and the 2030 Agenda**, to which the Línea Directa Group has committed with 8 specific goals. To this end, up to 15 action areas have been identified and more than 70 actions have been planned in the environmental (18%), social (41%) and good governance (41%) areas, maintaining a balance between the three ESG dimensions.

Linea Directa is now **a good example of diversity, inclusion and equality**. At the end of 2021, the Group employed 2,576 people from 28 different countries, almost 57,4% of whom were women, who also occupy 50% of the management positions. Particularly noteworthy is the absence of a pay gap in the organisation, as the pay gap between men and women at the Linea Directa Group is only 2.6%, a percentage that is significantly better than the average for the Spanish labour market.

The company has its own policies on **corporate governance** (director selection and remuneration, dividends, corporate risks, taxation and related-party transactions) and **sustainability** (human rights, diversity and inclusion, gender equality and social contribution). These policies are formulated by the company's **Sustainability and Reputation Committee** and approved by the Board of Directors through the Appointments, Remuneration and Corporate Governance Committee, thus complying with the recommendations of the **Good Governance Code of the Spanish Securities and Exchange Commission (CNMV)**. The primary goal is to generate value for the company, its shareholders, customers, employees, and suppliers, as well as society as a whole.

The **Sustainability Plan** will enable the Group to consolidate its position as a true benchmark in an area in which it has extensive experience and in which it is included year after year in the country's main reputation monitors, such as **MERCO Empresas, MERCO RSC and Corporate Governance, MERCO Talento** and Top Employer, to name but a few. An achievement to which the **Línea Directa Foundation**, one of the most prestigious organisations in our country in the field of road safety, has also made a decisive contribution, thanks to the great research, awareness and training work it has been carrying out for years, which last year earned it the **Silver Cross of the Order of Merit of the Guardia Civil**, an accolade which fills us with satisfaction.

Línea Directa Aseguradora is optimistic about the future and firmly believes that in the coming years it will consolidate its position as **one of the most profitable** and respected names in the market. This is thanks to its great commercial capacity, potential and financial strength, which, together with its firm commitment to sustainability, have made it one of the largest companies in our country.

Alfonso Botín-Sanz de Sautuola

Chairman of Línea Directa Aseguradora

INTERVIEW WITH THE CHIEF EXECUTIVE OFFICER

Miguel Ángel Merino, CEO of Línea Directa Aseguradora, gives an overview of the main milestones reached by the company in 2021, a year marked by the company's IPO. He also addresses such important topics as the business goals for 2022, sustainability, transparency and corporate governance.

The year 2021 is one of the most important milestones in the history of Línea Directa Aseguradora, as it was the year it became a listed company. How do you assess the company's IPO and what are the prospects for the future of the group?

Línea Directa's IPO is undoubtedly one of the biggest milestones in the company's history since it was founded in 1995. Since we entered the Spanish market, we have made a different, technological, flexible and high-quality offer that has dramatically changed the insurance sector. We were the first to operate without a branch network or agents; the first to democratise car and home insurance through very competitive prices and the first to reward health insurance customers for a healthy lifestyle. All this has made Línea Directa a different and innovative company, one that has revitalised the market, which has managed to transform outmoded services and products on the insurance market, the role technology plays in insurance or the customer experience, to name just a few areas.

Our IPO is another step in the Group's development and growth, as it gives it more autonomy and flexibility and highlights our true potential in the market. The transformation of Línea Directa into a listed company has been a real success, especially in the first months of our activity, **as we have been very well received by**

investors, which has allowed us to significantly increase our capitalisation and the value of our shares. But we still have a long way to go. We are not satisfied with just being an attractive value, but aspire to become a benchmark for profitability and versatility in the Spanish economy - so we cannot set ourselves any limits.

RESULTS AND OUTLOOK

On the business front, Línea Directa posted very positive results in 2021. How do you rate them?

Overall, the results were excellent: the best ever in terms of revenue and portfolio and the second best in terms of profitability, which is very commendable given the complex environment in which we live. There is no doubt that the Spanish economy is still suffering the consequences of the pandemic, which was not only a great tragedy for many Spanish families, but also almost completely brought the Spanish economy, which is essentially based on services, to a standstill.

The decline in consumption has particularly affected the automotive industry, which continues to record very negative sales figures. In fact, new car sales data increased by only 0.9% compared to 2020, a clearly insufficient figure given the huge slump in the previous year, which reached -32.2%. This circumstance has weighed heavily on the motor line, as new vehicles are the main revenue drivers in the insurance sector, as they tend to have the most comprehensive products.

Despite this, Línea Directa achieved a revenue of over €907 million in 2021, with a growth rate of 1%, a profit before tax (PBT) of €145.2 million and a ROE of 30.4% at the end of last year, one of the

highest in the market. The company has also maintained a high level of robustness, **with a solvency margin of 196%** at the end of the year and a surplus of accounting provisions over the Best Estimate of 18%, which is undoubtedly a **sign of strength**. This prudence also extends to the financial income policy, an area in which Línea Directa has a portfolio of more than €875 million euros based on very stable securities, mainly fixed income.

What would you say are the keys to Línea Directa's success?

Historically, Línea Directa's high profitability has been based on three fundamental pillars: dynamism and commercial daring, great adaptability to the environment thanks to its business model, which is much more efficient than the broker model, and finally, extraordinary prudence in risk underwriting.

Our underwriting model is able to analyse a wide range of circumstances and behaviours of each driver, which allows us not only to control claims costs and the combined ratio, but also to act as a real demand generator, being able to offer the best possible price to each customer.

The company ended 2021 with solid technical margins and recorded a Claims incurred ratio of 67.7%, despite the increased mobility and higher frequency of weather claims in Home, which weighed on the overall indicator by 0.5 percentage points. The expense ratio rose 1.3 percentage point better than in 2020 to 20.5%, despite the extraordinary costs from the IPO.

The Combined Ratio continues to consolidate itself as one of the lowest and most stable in the sector, reaching 88.3%, 4.9 percentage points more than in 2020. This increase is clearly

cyclical in nature, as it is due to the end of lockdown and restrictions. This is shown by the comparison with 2019, where it improves by 0.4 points.

Finally, it is also worth highlighting the significant increase in the portfolio in 2021, which allowed us to pass the 3.34 million customer mark last year. A very positive figure achieved entirely organically and in just three lines.

How did each of the business lines perform during 2021?

The performance of Línea Directa's business units is positive and satisfactory. It is true that turnover in the Motor line fell by -0.9%, a decline identical to that of the sector (-0.9%). A result that can be considered acceptable in the current context, as the crisis in the supply of new vehicles is significantly affecting the sector's revenue.

The Home insurance line continues to grow at an unstoppable rate, with Línea Directa's growth outpacing that of its competitors as a whole, at 8.8% versus 4.9% across the sector. This result means that this line of business now contributes more than 13% to the Group's total profit, despite natural events such as DANAS or Filomena extreme weather events, which have significantly increased the cost of claims.

In the health insurance line, where Línea Directa Aseguradora has been operating under the Vivaz brand since 2017, the company experienced a remarkable upswing in 2021, exceeding 100,000 customers in just 4 financial years, a truly remarkable result. Premium growth was 21.2% and claims incurred fell below 100% for the first time, to 86.4%, which bodes well for the medium term.

Moreover, Vivaz's digital nature, flexibility and innovative way of understanding the customer journey will not only make it a key growth driver for the Group, but also an excellent testing ground for the launch of new customer-focused products. Thus, in 2021, Vivaz Safe&Go was launched, the first insurance to cover mobility and individuality and Línea Directa's answer to the new demands and challenges of the new mobility with electric scooters, Segways and electric bikes; more flexible, sustainable and dynamic.

What are the biggest challenges for the company in the future?

From the beginning, we have been ambitious about our growth and profitability targets. That is why we want to continue to focus on growth in the motor line, which is very profitable thanks to our excellent risk underwriting, although it is very sensitive to the macroeconomic context, which has suffered recently.

Home must continue to grow steadily and maintain the momentum that has propelled it into the top 10 in the industry since its inception in 2008, with no mergers or acquisitions. Home is already a consolidated and highly profitable business, providing diversification and solidity. Health needs to continue to mature and move towards breakeven, as it is a business that has huge profitability potential thanks to its digital and flexible nature, which will enable us to achieve our goal of being one of the 10 largest non-life companies in the medium term.

On the stock market, we will continue to focus on good financial results and our policy of high shareholder remuneration.

SUSTAINABILITY AND TRANSPARENCY

Línea Directa has always put sustainability, honesty, and ethical management at the heart of its corporate culture. How is sustainability structured in the group?

Perhaps because of our direct contact with customers and society, Línea Directa has developed important sustainability initiatives since its inception. While these initiatives initially focused on the more social side of corporate responsibility, over time, as Línea Directa became a large project with several business units and different concerns, it became necessary to organise and systematise the sustainability plans within the group by defining the objectives, the elements of measurement and the allocation of responsibilities.

To this end, the Group has a strategic plan for the three-year period 2020-2022, overseen by a dedicated committee and guided by the three main ESG axes (environmental, social and good governance), which apply to three different areas of action: the company, the organisation and society. In order to develop and implement the plan, we also have specific strategies in the area of sustainability, approved by the Board of Directors itself, whose orientation corresponds to the company's commitment to the Sustainable Development Goals and the 2030 Agenda, where Línea Directa has committed to eight of these goals.

What are the main measures taken by Línea Directa in 2021 with regard to transparency and good governance?

In order to adapt Línea Directa's governing bodies to the needs of a listed company, the company decided to set up a new Board of Directors to be guided by best practises in corporate governance. The Board of Directors was reduced from 10 to 7 members, making it one of the most efficient and inclusive governing bodies in the continuous market, with 43% women and 57% independent members. In addition, the advisory committees are chaired by independent directors, which strengthens the Board's autonomy and independence.

Another notable milestone of the year is the fact that for the first time in our history we have produced a non-financial information (NFI) report, an initiative that aims not only to comply with applicable regulations, but also to increase the transparency of the company and provide society and our stakeholders with the most truthful and objective information possible about our ESG performance.

Special mention should be made of the Línea Directa Foundation, one of the Group's pillars in the area of sustainability.

The Línea Directa Foundation brings together and channels the Group's extensive experience in the fight against road accidents. Founded in 2014 under the slogan "Here and Now", the organisation has four lines of action: Dissemination, Research, Social Action and Training, always with the aim of putting an end to the tragedy of road accidents.

To this end, it carries out and disseminates important studies on Road Safety that attract a lot of attention and coverage in the media. It also organises the Road Safety Journalism Award, which promotes the dissemination of news that raises awareness of responsible driving and has become one of the most important competitions in Spanish journalism, and the Entrepreneurship and Road Safety Award, which aims to promote entrepreneurship in the field. The organisation's work is complemented by a wide range of training activities and collaboration with other organisations and foundations, which has earned it great recognition and prestige. This year, the Línea Directa Foundation was honoured to be awarded the Silver Cross of Merit of the Order of the Guardia Civil for its commitment to road safety, a recognition that is an incentive to continue working for the benefit of society as a whole.

ABOUT THIS REPORT

With this document, Línea Directa Aseguradora reports on environmental, corporate governance, human resources, social and human rights issues relevant to the company in the context of its business activities.

Introduction

The Statement of Non-Financial Information has been prepared in accordance with the requirements established in **Law 11/2018 of 28 December 2018 on Non-Financial Information and Diversity** approved by the Chamber of Deputies on 13 December 2018, which amends the Commercial Code, the revised text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on Auditing of Accounts, in relation to non-financial information and diversity (which dates back to Royal Legislative Decree 18/2017, of 24 November).

The 2021 Consolidated Non-Financial Information Statement has been prepared in accordance with the contents set out in the applicable commercial regulations and in compliance with the “Essential” option of the **GRI (Global Reporting Initiative) standards**. The scope of each indicator is given in the indicator tables annexed to this report.

With this document, Línea Directa Aseguradora reports on environmental, corporate governance, human resources, social and human rights issues relevant to the company in the context of its business activities.

Materiality and relevant aspects

The selection of content included in this report is based, among other things, on the materiality analysis carried out in 2019 by evaluating external sources of information (sustainability standards and international indices, industry peers, industry reports and studies, academic and financial consultations, customers, users and civil society) and internal sources (Group employees and managers).

This report, prepared in accordance with the Non-Financial Reporting and Diversity Act, has taken into account the GRI Standards in its materiality, in addition to other sources, and is reported under the Core option. Thus, it has been drawn up based on different quality principles, including the principles of balance, comparability, precision, periodicity, clarity and reliability. Further, by preparing, publishing and distributing this report on an annual basis, Línea Directa makes it possible to compare it with previous years, so that the different Stakeholders can objectively assess the changes in the main performance indicators. For more information on the materiality and relevance of this Report, see the GRI tables on page 298.

As a result of this process, it was also determined that the contents of Law 11/2018 relating to noise and light pollution, circular economy, food waste, biodiversity and impact on protected areas were not considered material, given the specificities of the sector and the Group's activities.

The appearance of COVID-19 in the last two years has significantly changed the relevance of some aspects whose materiality has increased. The most material issues in 2021 are those

fundamentally related to the integration of sustainability into management, highlighting specific aspects related to employment and innovation.

In addition, the Group was also significantly impacted by the IPO it carried out this year as a company listed on the Spanish continuous market, making corporate governance an important issue of the first order.

In this context, and on the occasion of the company's IPO, the Línea Directa Group is preparing this report individually for the first time, as it ceased to be part of the Bankinter Group in April this year.

Scope of the report

The report therefore includes information on all the companies that comprise it: Línea Directa Aseguradora, S.A., Línea Directa Asistencia, S.L.U., Centro Avanzado de Reparaciones (CAR), S.L.U., Club Más Moto S.L.U., Ámbar Medline, S.L.U., LDActivos, S.L.U., LDA Reparaciones, S.L.U.

Verification of the report

The quantitative and qualitative information has been externally audited by PwC, including information provided by the subsidiaries.

Anyone wishing to view or complete the report may contact the External Communications and Sustainability Department at the following email address: comunicación_externa@lineadirecta.es.

LÍNEA DIRECTA GROUP

MILESTONES AND AWARDS

JANUARY

Línea Directa Group is one of **the most responsible companies with the best corporate governance according to the Merco ranking**, the most important reputation monitor in Spain, ranking 64th.

Línea Directa Aseguradora is listed as a **2021 Top Employer company** in Spain, an independent international certification that recognises the best companies for their human resources management model, with a score of 89%.

Aseguranza, a specialised website which covers the insurance and financial sector, awarded **Miguel Ángel Merino, CEO of the group, “Cum Laude 2020”**, recognising his outstanding work over the past year, both for the company's good results and for its upcoming IPO, digital transformation and the good work of the Línea Directa Foundation.

FEBRUARY

To work together against the adversities still being caused by the pandemic, Línea Directa Aseguradora announces new measures to support the customers who need it most. Thus, on the one hand, the company will cover part of the outstanding insurance premium for self-employed people who close their business, and on the other hand, it will compensate those customers who use

their vehicles less due to the exceptional situation that the country experienced.

As part of the Group's alliance strategy, Línea Directa Aseguradora has entered into an agreement to provide sustainable offerings to its customers, including the contracting of photovoltaic systems.

MARCH

Línea Directa Aseguradora announces the **refund of the cost of MOT for new customers**. The promotion, which aims to promote this very important element for road safety, applies to private vehicles that are insured with the company during the campaign, are at least four years old and must pass the compulsory inspection in the first year of the insurance policy.

Línea Directa Aseguradora joins the **Digital Pact for the Protection of Individuals of the Spanish Data Protection Agency (AEPD)**. With this initiative, the company contributes to promoting transparency and good practises in data processing.

Bankinter is authorised by the European Central Bank to distribute the entire issue premium, amounting to 1,184 million euros, by means of the delivery of shares in Línea Directa, as a prior step to the listing of the insurer on the Stock Exchange.

Línea Directa holds its first Capital Markets Day with a large number of national and international investors and analysts.

APRIL

-The Group appoints a **new Board of Directors** with a majority of independent directors, who represent 57%, and women representing 43%, exceeding the recommendations of the CNMV's Code of Good Corporate Governance.

The CNMV approves and registers the IPO prospectus of Línea Directa Aseguradora. The company's shares admitted to trading have a reference price of 1.3175 euros per share, giving the company a value of €1,434 million. This means **on 29 April, Línea Directa is the first company to go public in Spain in 2021, and the third insurance company to be listed on the Spanish market.** Línea Directa's stock market debut is the best in the last eight years, according to the financial press, with a 23% increase on the same day.

On the occasion of the IPO, the company unveils a **revamped corporate website**, with a different design and content aligned with the new reality, including corporate governance, regulatory compliance, and shareholders and investors.

The company launches the **second edition of the “Llámalo X” (“Call it X”) campaign**, the first fully comprehensive insurance policy with an included car, which, as a clear commitment to sustainability, includes the Toyota C- HR Advance, a hybrid vehicle that is in great demand in the market for its design, efficiency and features.

Línea Directa Aseguradora celebrates the **fourth edition of its Digital Think Tank**, an ideas lab that brings together company executives and renowned external experts in digital, technology

and the internet to inspire, stimulate and inform on the latest trends in technology and digitalisation.

Línea Directa presents the study '**Zombie vehicles: Uninsured cars in Spain. Problem and accident rate (2010-2019)**', which analyses the phenomenon of uninsured vehicles in the last decade. The report points out that 7.7% of the Spanish vehicle fleet is uninsured, a percentage that has increased by 16% in the last year and can have serious consequences.

Línea Directa Aseguradora wins several prizes in the **17th Insurance Fraud Detection Competition**. The competition is organised by ICEA (the Spanish Service for Statistics and Studies in the Insurance Sector) and rewards the participation of companies in the fight against fraud. The Company wins the following awards: first place in the world ranking for motor vehicle fraud detection, second place in the world ranking for housing fraud detection, second prize for the best motor vehicle fraud detection case and the Professional Merit Award for the best fraud processor.

MAY

The start-up Evix wins the 8th edition of the **Línea Directa Foundation Prize for Entrepreneurs and Road Safety**. The prize aims to promote and recognise the best initiatives in the Spanish entrepreneurial ecosystem to reduce road accidents and fatalities and improve care for victims.

The **11th edition of the Línea Directa Group Collaborators Award** was held, to thank and recognise its partners, employees and suppliers for their commitment, dedication and hard work. CMC Group, OpenMags, Lukkap, PwC, Madintegra, Javier Gonzalez

Espadas, TASACIONES DIRECT SERVICE SL and Berriproces Agility are this year's winners.

More than 80% of customers interact with the company digitally.

The first target of the digital transformation plan was that at least half of the customers interact with the company digitally by the end of 2020. Línea Directa has comfortably reached this target. In addition, in 2020, 47% of motor vehicle parts and 33% of household parts were opened via the app and the website, and 50% of customers requested a tow truck via the app and the website. In other words, half of the insured parties can use their devices to find out how long the tow truck will take and to track its location is at all times, thanks to the service's geolocation feature.

The Línea Directa Foundation presents the study called “COVID and road safety.

Influence of the pandemic on mobility and accidents in the future” with the aim of contextualising the claims incurred figures for 2020, which are considered to be the best in history, in a very specific environment: the lockdown and mobility restrictions this year. Taking into account the journeys made this year, 128 fewer people would have died in road accidents in 2020. In addition, two other points of concern were uncovered: During the lockdown, 39% more people were speeding than before and 36% of traffic fatalities were not wearing seat belts.

-The company launches the **Línea Directa Digital Talks** series, a set of interviews in which the management team explains first-hand the progress made in innovation and digital transformation within the group, which allows customers to streamline their procedures.

JUNE

The **18th edition of the Línea Directa Foundation's Road Safety Journalism Award is held.** The competition awards the best reports and articles in the categories written press and online media, radio and television with a net prize of 10,000 euros each.

Línea Directa launches **ConductTOP**, an app which rewards customers for driving well. The app takes into account the smoothness of cornering and braking as well as acceleration, appropriate speed on any road and concentration. Depending on how they drive, customers accumulate rebates that can be exchanged for five-euro vouchers or car wash vouchers at Cepsa petrol stations and stores, Cepsa being one of the company's partners.

Vivaz publishes the “Vivaz Healthy Eating Manifesto” to raise society's awareness of the importance of good eating habits as the cornerstone of a healthy life. Vivaz, the health insurance brand of Línea Directa Aseguradora, is thus committed to promoting the principles of healthy eating and implementing them among all its stakeholders, especially its employees, customers and society in general. For this project, the company is working with Juan Revenga as Vivaz's nutritionist. Revenga is a nutritionist and biologist and a member of the Spanish Academy of Nutrition and Dietetics.

The Group is renewing the fleet of company cars for its customers in partner repair shops, opting for hybrid vehicles such as the new Renault Captur, an LPG hybrid. The Volkswagen Polo and the Audi A1 were also added.

Thanks to artificial intelligence (AI), the company is the **first insurer to assess and compensate in real time** for small claims, which account for 70% of all claims. The customer benefits most from having an option in addition to the traditional repair by choosing compensation that takes place in a few seconds. He can do this management quickly and easily through digital channels such as the web, the company's app and WhatsApp, in real time and at any time of the day. This innovation is another step in the evolution of its digital transformation plan, which aims to make procedures more agile and simple with its digital customers, who already represent more than 80% of the portfolio.

JULY

As part of its commitment to the environment, **the company provides its employees with several charging stations for plug-in and electric vehicles** in all buildings at its headquarters.

The 4th edition of the “Big Ideas” Hackathon was held, a meeting to discover young talent in which this year 38 students from different specialities once again demonstrated their skills in solving different challenges related to the insurance sector. With this initiative, Línea Directa Aseguradora continues this year its commitment to bring university and master's students closer to the world of business, in order to improve their employability.

The company organises the **10th edition of its “Our Values. People who leave their mark”**, an award for those employees who have been selected by their peers for embodying the Group's values: **respect for people, will to self-improvement, enthusiasm, being results-driven and clarity**.

The Línea Directa Foundation presents the study ‘Drugs and driving: a deadly cocktail. Consumption of drugs by Spanish drivers (2010-2019)’, which provides important data, such as the fact that 11% of drivers admit to using more dangerous drugs to drive than before and that **in the last three years** the number of **drivers who have died** and who tested positive for these substances **has increased by 40%**.

Línea Directa Aseguradora presents its **results for the second quarter of the year, its first as a listed company**. The accounts show steady growth in business volumes and sustained and recurring results, with a portfolio of 3.3 million customers (+4.5%), a premium volume of €456.5 million (+1%) and a net profit of €58.2 million (-1.2% compared to 2020, which was an atypical year, and +8% compared to the first half of 2019).

The Company distributes €0.024 gross per share in cash to its shareholders as a **first interim dividend on the 2021 results**, for a total amount of €26.6 million. This dividend implies the distribution of 90% of the Group's results in the first quarter of the year.

AUGUST

The new website of Línea Directa Asistencia, the group's subsidiary dedicated to travel assistance, goes online. It is much more intuitive and user-friendly than the previous version and reflects the spirit of service quality and innovation.

SEPTEMBER

The Línea Directa Group is positioned in 54th place in the **Merco Empresas ranking**, an indicator that evaluates the companies with the best reputation in Spain.

Vivaz launches "Safe &Go", the first pay-as-you-go insurance for users of private mobility: electric scooters, electric bicycles, sedgways and hoverboards, among others. In addition, three round tables were organised in Madrid, Valencia and Barcelona, with the participation of regional and municipal public bodies to discuss mobility.

The Company appears in the ranking of the 100 best companies to work for in Actualidad Económica (El Mundo), specifically in 71st place. The ranking highlights that 87% of employees say they are proud to work for the company.

OCTOBER

Five months after its listing and having increased its capitalisation and kept it stable, **Línea Directa is included in the Ibex Medium Cap**, an index that provides greater visibility and a response to the capitalisation needs of large companies not included in IBEX-35. It is a benchmark for small and medium-sized listed companies that aims to provide transparency in management and financing.

The company presents its results for the third quarter of the year, with a notable increase in policyholders in all lines of business and above-average sales in the home and health lines.

Línea Directa Aseguradora participates in the **Autonomous Ready** connected car project, a pioneering initiative led by DGT and Barcelona City Council to lay the foundations for the future self-driving car in Spain. Línea Directa is participating as the official insurer and is analysing the big data that the more than 800 cars operating in Barcelona will produce from the point of view of accident rates and road safety.

The Línea Directa Foundation publishes the study **"The Great Change. Young drivers: anatomy of a new generation behind the wheel"** which analyses road accidents among Spanish drivers aged 18 to 29 between 2010 and 2019. Despite being the group with the worst image among Spanish drivers (58%), **young Spaniards aged 18 to 29 are the age group with the lowest fatality rate among drivers (0.5%)**, an indicator that has fallen by 41% in the last decade.

NOVEMBER

Vivaz, the health insurance brand of the Línea Directa Group, has reached **100,000 customers in just over 4 years**, in a completely organic way, without resorting to acquisitions or mergers. In terms of revenue, this places the company among the top 25 health insurers in Spain.

Vivaz publishes the study **"Chronological age vs. real age: how old do Spaniards think they are?"** The aim of the Vivaz study is to measure the health and perceived age of Spaniards, compare it with their chronological age, evaluate the impact of lifestyle habits and the perception of well-being at different ages. One of the conclusions is that 6 out of 10 Spaniards feel younger than their chronological age.

The Integra España Foundation gives the Commitment Award to Línea Directa Aseguradora for its volunteer programme that helps socially disadvantaged and disabled people gain a foothold in the labour market.

The company launches the **7 Razones Línea Directa digital series**, in which different employees say why Línea Directa Aseguradora is a good place to work. The campaign will be featured on the company's website and social media (LinkedIn, Facebook, Twitter, Instagram and YouTube) through testimonials and creative posts.

Línea Directa Aseguradora will pay its **second interim dividend on the results of the second quarter of 2021**, paying €0.023 gross per share in cash, for a total distribution of €25.7 million and a payout ratio of 90%.

DECEMBER

The Group resolves to distribute €0.023 gross per share in cash as the **third interim dividend for 2021**. The total amount distributed to Línea Directa Aseguradora shareholders is 25.3 million euros, representing 90% of third quarter profits.

The company joins the WEP (Women's Empowerment Principles) and the **United Nations Global Compact**, the world's largest corporate sustainability initiative, which more than 13,000 companies have joined to date. By doing so, Línea Directa Group commits to incorporating the 10 universal principles on human rights, labour standards, the environment and anti-corruption into its strategy and contributing to the Sustainable Development Goals (SDGs) and the 2030 Agenda.

The Ministry of the Interior awards the Línea Directa Foundation the **Silver Cross of the Order of Merit of the Guardia Civil** in recognition of its important work for road safety.

Under the title **“How to present your start-up to an investor”**, the Línea Directa Foundation, together with the Finance Director of Línea Directa Aseguradora, offers a masterclass in which entrepreneurs learn the aspects they need to consider in order to turn their ideas into reality.

The Home division of Línea Directa Aseguradora publishes the report **“Impact of atmospheric phenomena on home insurance from a social point of view”**. One of the main conclusions is that 27% of Spanish households have been affected by a weather event in the last 10 years, which corresponds to almost seven million households.

Línea Directa Aseguradora is the **first insurer to use drones to assess home damage**. Their main task will be to speed up the assessment in exceptional situations such as storms or strong atmospheric phenomena, and to gain access to more difficult places without endangering professionals.

The Línea Directa Foundation is publishing a solidarity calendar in favour of the **Spanish Federation for People with Brain Injuries (FEDACE)**, a project in which **12 Olympic and Paralympic medallists from Tokyo 2020 and 12 volunteers** with brain injuries are selflessly collaborating. All proceeds from the sale, as well as a direct donation of 3,000 euros, will go to FEDACE for the fight against brain injury.

KEY FIGURES

ECONOMIC FIGURES IN MILLIONS

Total revenues and by line of business

Premium written €907.1 Mn

Motor Revenue **€748.1 Mn**

Home Revenue **€131.2 Mn**

Assistance Revenue **€1.4 Mn**

Health Revenue **€26.4 Mn**

PBT (Profit before tax) **€145.2 Mn**

Net profit **€110.1 Mn**

Customers **3.3 Mn**

Technical result **€138.3 Mn**

GOOD GOVERNANCE

% Women on the board: **43%**

% independent directors: **57%**

No. of directors: **7**

STAFF DATA

Average age **42**

Seniority **9 years**

Workforce has received training **97%**

STAFF DATA

Total employees **2,576**

Men **(43%)**

Women **(57%)**

VALUE CREATED

SHAREHOLDERS

Market capitalisation at 31/12 **€1,750.7 Mn**

Share price performance **+22.09%**
(since listing on 31/12)

Dividends paid **€77.7 Mn**

Dividend yield **5.91%**

EMPLOYEES

Permanent contracts **95.25%**

Women in senior management positions **33%**

Women in positions of responsibility **50%**

Employees in corporate volunteering **154**

CUSTOMERS

NPS (Net Promoter Score) **37.94%**

NSS (Net Satisfaction Score) **42.87%**

Digital clients **84.6%**

Electric vehicles **9,178**
insured in the company

Steps taken by customers **35,000 Mn**
in the Vivaz Activity App

Number of enquiries for **39,747**
telemedicine service and online medical chat

Calls answered **10,441**
from our customers

95% Local suppliers

ENVIRONMENT

Tons of CO2 **9,378**
avoided through electrical vehicle insurance
(Including Póliza Respira)

Renewable electric power **86%**
(Línea Directa)

CHANGE IN CONSUMPTION COMPARED TO 2019

Power Consumption **-5.5%**
(Línea Directa)

Reducing paper consumption **-62%**
(Línea Directa)

Reduction of water consumption **-39%**
(Group)

Reduction of emissions **-58%**
(Group) (scope 1 and 2)

SOCIETY

Direct and indirect taxes **€225 Mn**
borne and passed on

LÍNEA DIRECTA FOUNDATION

Start-up projects received **52**
In the Entrepreneurs Award

Projects presented **1,600**
to the Journalism Prize

Three studies with more than **700**
media Information Impacts

IPO OF LÍNEA DIRECTA ASEGURADORA

As of April 2021, Línea Directa Aseguradora is the third listed Spanish insurance company.

As of April 2021, Línea Directa Aseguradora is the third listed Spanish insurance company. At the end of 2019, the Board of Directors of Bankinter, at the time the company's sole shareholder as it held 100% of the shares, approved the insurer's IPO, dividing 82.6% of the share capital among the financial institution's shareholders and maintaining a minority stake of 17.4%. On 19 March 2020, the bank's general meeting approved the transaction, which valued the company at €1,434 million.

The IPO was carried out under the listing procedure, so the shares of Línea Directa Aseguradora were placed on the market with the owners instead of a public offering. The owners were the shareholders of Bankinter, who at the same time became shareholders of an independent and autonomous insurance company. Each Bankinter shareholder received the same number of shares in Línea Directa Aseguradora as the bank itself.

The operation received all regulatory approvals and was prepared for months in close and continuous collaboration with the General Directorate of Insurance and Pension Funds (DGSFP) and the National Securities Market Commission (CNMV). On 22 March 2021, Bankinter received approval from the European Central Bank (ECB) to carry out this demerger of its banking and insurance business, and on 26 March the DGSFP expressed no objections. Línea Directa Aseguradora registered its listing prospectus with the CNMV on 15 April and its stock market debut took place on 29 April at a reference price of €1.3175 per share.

Prior to the start of trading on 5 April 2021, the Group appointed a new Board of Directors with a structure and composition in line with corporate governance best practises. The company's new Board of Directors is now composed of a total of seven members, compared to the previous nine, strengthening the company's efficiency; **the number of female directors represents 43% of the total number of members, and the number of independent directors, 57%**, creating a very balanced board. The Board of Directors has two advisory committees — the Audit and Compliance Committee and the Appointments, Remuneration and Corporate Governance Committee — the majority of which are chaired and composed by independent directors.

The transformation of Línea Directa Aseguradora into a listed company was, on the one hand, in response to the need of its former sole shareholder to separate its insurance business from its banking business, which has allowed both companies to be more independent in their respective strategies and to operate with a capital structure and dividend policy that meet their needs. On the other hand, this was a natural step given the type and profitability that Línea Directa Aseguradora has achieved in its 26 years of operation. During this time, the company has become the fifth largest motor insurer in the country, with more than 3.3 million customers, an annual revenue of around €900 million and a profitability (ROE) of more than 30%.

The operation will allow the company to explore new avenues of growth and strengthen its ability to attract talent as it achieves greater visibility, while providing a professional challenge for the group's more than 2,500 employees.

BUSINESS MODEL

BUSINESS ENVIRONMENT

In a very complex macroeconomic environment, where the economy is still far from pre-pandemic growth rates, the insurance sector has earned a reputation as a guarantor of stability and solvency.

In 2021, the **non-life line** recorded an increase in premiums volume of 3.3% to **€38,277 million**, a result that is particularly relevant given the unfavourable evolution of the motor line, one of its main pillars.

In 2021, motor insurance recorded a premium volume **of almost €10,990 million**, a decrease of **-0.9%** compared to 2020, although according to FIVA (Fichero Informatizado de Vehículos Asegurados) data, the insurance volume exceeded **32.6 million vehicles**. However, the slump in new car sales has had a decisive impact on the sector, whose revenues have fallen back to the level of a decade ago. This situation, which threatens to continue until 2022, is due, among other things, to the microchip crisis in the automotive industry, which has been partially offset by the dynamism of the used car market.

The decline in new car sales has also meant that the insurance market is mainly fed by **cars that are 10 years old or more**, which exacerbates the problem of the ageing of the Spanish car fleet, which is now **13.2 years old on average**. This has two key consequences for the insurance industry and for society: a decrease in average **premiums** and **less protection against road accidents**, as older vehicles do not have the same safety systems

as newer vehicles, which further aggravates the consequences of accidents.

The recovery of mobility after the end of the lockdown and restrictions has led to **an increase in the number of most serious accidents** compared to 2020 (+15%), which has led to an overall increase in the claims incurred ratio and consequently in the sector's Combined Ratio (92.1%, at the end of September 2021, the last available data), a key indicator in the insurance business as it measures the relationship between premium income and the sum of the cost of claims and expenses, thus representing the real profitability of insurance companies. In this context, Línea Directa Aseguradora recorded a 0.9% decrease in premium volume in 2021, a fall which was roughly that experienced by the sector as a whole. In the ranking of the motor sector, the company is in 5th place, with a turnover of more than €748 million at the end of the year.

Home insurance continues to consolidate as a dynamic and solid value offering stability, diversification and profitability to the non-life line. At the end of 2021, the total revenue of the business increased by 4.9% compared to the previous year. For its part, Línea Directa Aseguradora continues its steady and sustainable growth. At the end of 2021, the company's premium volume increased 8.8%, 3.9 percentage points more than the market. Particularly noteworthy is the trend in new production and customer retention, two key indicators of growth.

Thanks to this strong performance, Línea Directa Aseguradora consolidated its position in 12th place in the Home ranking by turnover, according to ICEA data. This is a commendable milestone, considering the company's firm commitment to

organic growth, which has always been based on high profitability and exceptional risk calibration. In fact, during 2021, the company's claims incurred ratio was only 55.4%, giving it one of the best Combined Ratios in the industry (88.9%), 8.2 percentage points lower than the market average at the end of the third quarter of 2021, the latest available data.

Results in health insurance continue to be very positive, making it one of the best performing and most promising lines of business in the market. In 2021, the growth in the total premiums earned volume of the line was 4.9%, which enabled it to exceed €9,849 million and significantly increase the number of policyholders (+4.8%) to reach 13.4 million risks at the end of September 2021, the latest available data. This result was even more remarkable in the Healthcare segment, where revenue increased by 5.2%.

Línea Directa Aseguradora, which has been operating in the line since 2017 with its Vivaz brand, has performed very positively and has been able to exceed the 100,000 customer mark entirely through organic growth. In addition, the company achieved a turnover of €26.4 million in 2021, 21.2% more than the previous year, a growth rate four times higher than the sector and which puts Línea Directa Aseguradora in 21st place in the ranking of healthcare companies, according to ICEA data, at the end of the third quarter.

BUSINESS LINES

Línea Directa Aseguradora began as a company specialising in car insurance and, over its 26 years in business, has gradually developed into a multi-line and multi-brand company with a differentiated and highly competitive range of Motor, Home and

Health products. At the close of 2021, the group ranks 13th in the non-life line with a turnover of €907.1 million and 3.34 million policyholders in its portfolio, according to the Insurance Sector Statistics and Studies Service in Spain, ICEA.

Motor insurance

The motor area comprises Línea Directa Aseguradora's main business, which includes car and motorbike insurance for various clients: Individuals, businesses, self-employed and those living abroad or operating internationally, and is the core of the company. At the end of 2021, this segment accounted for 82.5% of the company's premium income, with revenues of €748.1 million, and 75.5% of the insurance portfolio, with over 2.5 million policies underwritten. These figures make Línea Directa the **fifth largest car insurance company in Spain**.

Under the Línea Directa brand, the group has a tailor-made offer for **private** and **corporate vehicles**, large corporations, SMEs and the self-employed, regardless of their sector of activity, with insurance cover and service specifically designed for these customers. These policyholders have at their disposal a fleet manager, a professional whose main task is to adapt the policy to the characteristics of each company.

The Motor segment also includes the **Penélope Seguros**, brand, created in 2012, which offers insurance cover specifically for women with a unique service in the market. The other brand in this segment is **Aprecio**, which is aimed at motorcyclists.

In a scenario characterised by constant competitive pressure, Línea Directa Aseguradora has managed to **stand out from the market average** thanks to a completely disintermediated business model, a rigorous risk policy and efficient claims management. All this allows the company to achieve efficiency gains, which it passes on to its customers in the form of policies at highly competitive prices.

In this context, and after offering the greatest help in its history to policyholders in 2020 on the occasion of the Covid 19 pandemic with the "Real guarantee that you pay less" campaign, Línea Directa Aseguradora will resume in 2021 its famous **campaign for drivers who keep all the points on their licence**, the only one of its kind in the Spanish insurance market, which it first launched in 2013. In this way, Línea Directa will once again reward with discounts drivers who keep 15 points on their licence and have not caused any accidents over the last five years.

The Company's commercial offering is constantly adapted to policyholders' needs - essential in a scenario like the current one in which a **revolution is taking place in the mobility paradigm** based on **greater environmental awareness and new habits of ownership and use of vehicles**.

In April 2021, the Group launched the second edition of "**Llámalo X**", the first all-risk insurance with car included for a fixed price per month, including maintenance and taxes linked to it, which represents a departure from the traditional model whereby cars are marketed with insurance included. Since its launch in 2020, Línea Directa Aseguradora has sold more than **800 "Llámalo X" ("Call it X") policies**, a product that responds to consumer concerns about respect for the environment.

Along the same lines and as part of the Group's commitment to sustainability, Línea Directa Aseguradora has continued to promote the insurance of electric vehicles through its **Respira Policy**. At the end of the year, 9,178 electric vehicles were insured by the Company, more than two thousand with the Respira policy.

In addition to the growing phenomenon of shared vehicles, there is a boom in personal mobility vehicles (PMVs), such as electric scooters and electric bicycles - vehicles whose use and circulation were regulated by the authorities in 2021. In this context, Línea Directa Aseguradora has developed and launched Vivaz Safe&GO in September this year, the first PMV insurance that covers personal mobility, is 100% managed through a mobile application and works on the on/off or pay-as-you-go model.

Línea Directa Aseguradora has also been working for years on the future of the self-driving car using tools that allow remote and real-time monitoring of driving and user behaviour. In 2019, the Group became the official underwriter of **Autonomous Ready**, a cutting-edge mobility and road safety project of the Directorate General of Transport (DGT) and Barcelona City Council to promote the connected car and the future self-driving car. Each car is equipped with a device that collects all the information about driving behaviour, the environment and the characteristics of the road and identifies the main risk points in the city, especially those that affect the most vulnerable road users (pedestrians, cyclists and motorcyclists). The goal is to reach 5,000 connected cars.

Línea Directa Aseguradora is the company responsible for analysing these millions of data. The conclusions are used to configure predictive models for mobility and road traffic prevention based on these driving assistance systems, known as ADAS. As part of the pilot project, Línea Directa installed 50 devices in some of the replacement vehicles offered to its customers by its CAR Barcelona workshop, always with the aim of learning directly from the possibilities offered by this technology.

In July 2021, the company launched the **ConducTOP** mobile application, an innovative programme for its customers that automatically analyses each driver's journey, taking into account the smoothness of turns and braking, appropriate acceleration and speed, and concentration at the wheel. For each trip with a good score, the driver collects rewards that customers can exchange for wash cheques at Cepsa petrol stations or cheques worth five euros that they can cash at Cepsa petrol stations or in shops. This initiative allows the Group to continue its innovations in the field of motor insurance and to offer discounts to its customers, with the aim of rewarding and rewarding good and safe driving behaviour. In just six months, this app has been downloaded almost **18,000 times** in the Google Play and iOS stores.

Thanks to its simple and efficient processes and digital services, the Cars division is able to offer a differentiated customer experience based on technology, flexibility and immediacy.

In recent years, the use of **WhatsApp** as a communication channel with the customer has increased to cover processes as diverse as managing appointments, requesting a replacement car, sending photos for damage assessment, requesting pick-up and delivery services or even checking the status of repairs.

Technology has also been a great ally in automating processes in motor claims management. One example of this is digitalisation of the assignment processes for loss adjusters, as well as the online claims adjustment processes. This has made it possible to avoid information gaps and carry out damage assessments in real time. Also the automation of invoicing, which has made it possible to streamline the invoicing process with the Advanced Repair Centre (CAR) via an online platform.

The Group's digital transformation over the last few years has reached such a point that, for example, el 49,8% of the company's policyholders' motor claims are handled through digital channels and more than half of towing services (el 59,7%) are requested through Línea Directa's app or website.

Through the use of artificial intelligence (AI), Línea Directa Aseguradora launched a pilot **project in 2021 to assess and compensate damages caused by minor accidents in real time and without human intervention**. These simple mishaps, such as scratches on the body of the car that do not affect the safety of the vehicle, account for 70% of all claims. With this new option, the customer can manage the claim quickly and easily by sending photos of the damage to the vehicle in real time and at any time of day via digital channels such as the website, the app and WhatsApp. They will then immediately receive the assessment and compensation for the damage. The company expects that by 2022, 30% of these claims will be handled without human intervention.

Home insurance

Línea Directa Aseguradora began diversifying its business in 2008 when it entered the home insurance sector, selling for the first time in the Spanish insurance market a multi-risk policy through the direct channel that is flexible and allows customers to pay only for what they really need.

With a turnover of over 131 million euros and **712,000 policies taken out**, representing 14.5% of premiums issued and 21.3% of the insured portfolio, the home insurance line has become one of the Group's main growth drivers.

In a market characterised by strong competition from banks due to the traditional link between mortgage loans and home insurance, Línea Directa Aseguradora has outperformed the market in terms of premium income and, at the end of the third quarter, is ranked **12th in Home insurance** by sales volume according to the ICEA.

The distribution of home insurance by Línea Directa is based, as in the case of motor policies, on a 100% disintermediated model, sold via telephone and internet. In parallel with this strategy of organic growth, the company is exploring various distribution alliances with other financial institutions and companies from other sectors, which it has concluded in 2021.

With the aim of attracting new clients and generating new forms of engagement, **Línea Directa Aseguradora and Naturgy** entered into a **commercial alliance** in the first half of the year that complements the products and services of both companies with attractive offers and strong discounts for both companies' clients.

Following the success of the agreement, four months later they consolidated their partnership with sustainable proposals. Línea Directa Aseguradora customers who sign this agreement will receive a fixed discount of 300 euros if they choose a photovoltaic system from Naturgy.

Línea Directa Aseguradora has also entered into a **distribution agreement for its home insurance with Evo Banco**, a 100% digital financial institution with more than 700,000 customers, whose distribution model via internet and mobile phone is fully in line with the Group's disintermediated model.

Since its launch in 2008, Hogar has continued to develop processes and tools with a strong digital component to enable customers to resolve their incidents more quickly, including in the self-assessment of claims, so that currently 32,5% of home insurance claims are opened through digital channels. In 2021, Línea Directa Aseguradora's Home division further expanded its commitment to digital channels. The omnichannel approach optimises the delivery of services to customers in their homes.

The company uses video operations technology as an innovative and agile assessment process. An example of this is the video assessment of damage to glass ceramic hobs, where, thanks to this technology, the proposal for financial compensation is transmitted immediately, which, if accepted by the customer, is automatically transferred to their bank account.

Línea Directa Aseguradora uses the latest technologies to speed up and facilitate the assessment of claims, offering policyholders a faster solution and the best service at the moment of truth, when customers really need their insurance company. With this in mind,

and given the increasing frequency of claims caused by adverse weather phenomena such as Storm Filomena, the company's Home division began using drones to assess damage to homes in 2021. Not only does this speed up the process, but it also allows the company to access more difficult locations without putting professionals at risk.

Vivaz, the health insurance brand of Línea Directa Aseguradora

Línea Directa Aseguradora continued its strategy of diversifying its business in 2017 by starting operations in the health insurance business under the Vivaz brand. In just over four years, Vivaz has established itself as one of the Group's main growth drivers.

Vivaz, Línea Directa Aseguradora's health insurance brand, has passed the 100,000 customer mark and €26 million in premiums in 2021, **making it one of the 25 largest health insurers** by revenue, according to third quarter data. This growth is remarkable, especially considering that the health insurance sector is heavily concentrated in four large companies. In this scenario, Vivaz has consistently delivered double-digit organic growth in revenue and policyholders year on year, well above the market average.

Vivaz's commercial offer for health insurance is completely different from that of its competitors, as it is a 100% digital product, managed entirely through the mobile app and website, without the need for a health card, and with a simple and flexible offer that allows policyholders to choose the coverage they really need. In this way, Vivaz can create a new market and appeal to customers who have never taken out private health insurance before.

Vivaz has a **medical team**, in alliance with DKV, made up of **30,000 professionals and 1,000 health centres**, with which it provides a high quality health service and responds to all the demands of its policyholders. Through the **Vivaz Médico Online** app, the Company provides health care via mobile phone by means of a chat service and **medical appointment by video conference** with a large pool of specialists in the fields of general medicine, paediatrics, psychology, gynaecology, dermatology, allergology, sexology, nutrition and dietetics and personal training.

Through this telemedicine service, 39,747 consultations were attended via chat and videoconference in 2021, more than double in 2020. Almost 45% of these consultations were for general medicine, followed by video consultations with paediatricians, nutritionists and gynaecologists.

In addition to providing excellent medical care, one of Vivaz's strategic priorities is to **promote healthy lifestyle habits** among its insured members and society at large, driven by our philosophy that prevention is the best way to ensure health. Vivaz is the first health insurance brand to offer its customers the opportunity to have **preventive diagnostic tests**, even if they have no symptoms. The company also encourages its policyholders to follow healthy habits, such as walking at least 10,000 steps a day and sleeping at least 7 hours a day, monitored with the help of a fitband or smartphone, and rewards them for following these habits with discounts of up to 200 euros when renewing the policy.

At the end of 2021, Vivaz Activity, the app that tracks adherence to these healthy habits, had 21,120 active users. Since the launch of this initiative, users of the app have **accumulated 75,149 million**

steps, with an average of 198,750 steps per month per active user in 2021, and around **almost 21 million hours of sleep**, which means that each user slept more than 7 hours on an average of 88 days in 2021. Thanks to this activity and sleep challenge, these policyholders were able to **renew their policies with an average discount of €49.33**.

In June 2021, mindful of the importance of eating well to prevent disease, Vivaz launched the Vivaz Manifesto. This document, authored by Juan Revenga, dietician-nutritionist and biologist, and member of the Spanish Academy of Nutrition and Dietetics, includes basic tips for good nutrition and proactive commitments by the health insurance brand of Línea Directa Aseguradora to help society achieve this goal. Such tips include promoting healthy lifestyles, truthful and rigorous disclosure and a critical approach to false claims about nutrition, etc.

Vivaz also accepts the principles set out in the Manifesto and puts them into practise in everything the company does in this area **towards all its stakeholders, especially employees, customers and society in general**. Vivaz has announced these principles through all its content on nutrition and healthy habits on its social media channels, website and apps, as well as in its interventions and collaborations in the media since its creation.

Among other things, Vivaz policyholders can take part in training programmes run by nutritionist Juan Revenga, and the group's more than 2,500 employees have the opportunity to take part in webinars on healthy habits with various experts.

Vivaz combines two strategic goals with all this: for its customers to enjoy better overall health and benefit from this in their insurance pricing.

Vivaz Safe&Go, the first pay-as-you-go insurance for users of private mobility vehicles

One of the phenomena that is part of the new mobility scenario that society is going through is the emergence and rise of personal mobility vehicles (PMVs), such as electric scooters and electric bicycles, which do not require licencing or any other kind of official registration. The exponential increase in the use of these vehicles and the associated increase in accidents has become a major cause of concern for the Directorate General of Transport (DGT), the Public Prosecutor's Office for Road Safety and municipalities. This has led the authorities to regulate the use of these vehicles in 2021 by, among other things, making helmets compulsory, banning their use on pavements, limiting their speed to 25 km/h and establishing penalties for driving MPVs under the influence of alcohol and drugs.

Under current national laws, PMV users are not obliged to take out liability insurance covering at least the damage caused to third parties in the event of an accident involving an electric scooter or a bicycle. Therefore, PMV users who are involved in an accident with their PMV are currently liable with their own assets for both the damage they suffer and the damage they cause to others. The authorities are aware of this loophole and the danger to other road users such as pedestrians and have therefore opened the debate on the need for compulsory insurance for electric scooters and electric bicycles.

In this context, **in September 2021, Línea Directa Aseguradora launched Vivaz Safe&Go, the first 100% digital insurance aimed at users of PMVs: scooters, bicycles, skates, segways, unicycles and hoverboards.** To do this, users can activate and deactivate their insurance through the Safe&Go app and only pay for the actual time of use for each ride.

This innovation by Línea Directa Aseguradora also helps to remove an obstacle to the expansion of compulsory insurance among VMP users, because since it is the person and not the vehicle that is insured, it is not necessary to create a register for these vehicles or to register them.

With the Vivaz Safe&Go mobile app, you can check routes 24 hours a day and manage the policy digitally without making calls, including by signing a contract, reporting an accident or viewing your payments. Once accepted, the compensation is immediately transferred to the customer's current account, so there is no waiting time.

Vivaz Safe & Go offers insurance cover that is **unique in its category**, as it not only covers damage caused to third parties, but also physical damage suffered by the user himself, and even legal defence. In addition, in the event of an accident, the insurance app pinpoints the location, which can shorten the response times of the emergency services and get you help quickly.

Vivaz Safe & Go is characterised by its **simplicity and clarity** and offers two contract options: pay-per-use and annual. Pay-per-use has a flat rate of 2 cents per minute. All prices include Insurance Compensation Consortium (CCS) taxes and surcharges. There are three different packages in the annual package, depending on

the scope of coverage, ranging from €16.35 for the most basic product to €33.2 for the most comprehensive product. This means that every VMP user can take out an annual insurance policy for only four cents per day.

Línea Directa Asistencia

Línea Directa Asistencia is the Group's subsidiary specialising in verification, vehicle inspection and travel assistance services. It has a network of thousands of employees throughout Spain, which enables it to provide assistance to vehicles and people 24 hours a day, 365 days a year. It relies on technology, digital media and innovation to set standards in the field of mobility and the services it offers:

- **Digital Towing**, which allows customers to request a tow truck from their mobile phone in less than 30 seconds, also solving the problems of locating the vehicle at the time help is requested, thanks to **GPS geolocation**.

Once help is requested, the tow truck's, and estimated time of arrival can be tracked in real time.

- **Facetruck**: for reinforced customer safety, customers can receive a photo and details of the truck driver on their mobile phone, with whom they can interact via messages before the driver arrives at the scene.
- **Instant replacement vehicle**: at the time of assistance, our towing staff will bring a replacement vehicle to the scene to allow the customer to continue their journey while removing the customer's damaged vehicle.

- **Photo inspection**, to assess the vehicle remotely without the customer having to travel to the repair shop.
- **Mechanical Assistance**, a pioneering service that provides policyholders with professional advice on mechanical matters, including a trip to MOT, technical advice, on-site repairs, support or a comprehensive maintenance service to keep maintenance up to date.

Roadside assistance

Linea Directa Asistencia provides more than 700,000 roadside assistance services per year. Thanks to the agreements with the European partners of Astrum Alliance, the world's leading association of travel assistance companies, it can offer this service to both Spanish and foreign customers, inside and outside Spain, 24 hours a day, every day of the year, in Spanish, English, German and Portuguese, for both the vehicle and its occupants in the event of a breakdown, accident or theft.

The service is based on three pillars: a management team with a passion for service; a wide, experienced and dedicated network of employees; and the most innovative technology, with location-based solutions such as a dedicated app, a mobile website and, soon, the possibility of requesting the towing service via WhatsApp. In fact, technology has enabled the implementation of a **predictive model** to know how complex a case will be before the call reaches an agent, and thus be able to direct it to the most appropriate group of professionals for each case, depending on each type of case.

Linea Directa Asistencia has a team of **mechanics who specialise** in diagnosing breakdowns over the phone at the time of assistance, so they can decide what is the best option for the customer at a given time, send information to the employee for an on-site repair, find out if a tow truck is necessary or tell the insured that they can continue to drive their vehicle to the repair shop. These systems and teams of staff are able to identify all of the customer's needs at the time of assistance, manage the case comprehensively and improve the resolution on the first call.

Thanks to the breadth and excellence of the company's staff network, **the average arrival time of the tow truck is 30 minutes and the rate of on-site repairs is 45% of cases.** These figures confirm the satisfaction of customers, with **eight out of ten respondents rating Línea Directa Asistencia's service as "excellent"**. Another reason for these results is the on-site battery testing and replacement service, thanks to which customers can continue using their vehicles in a matter of minutes.

Since 2014, **Línea Directa Asistencia** has also acted as an **emergency call centre in the** various autonomous communities. When the **E-Call device** located in the vehicle involved in the accident is activated, the company's specialists contact the customer to resolve the emergency. If communication is not possible, Línea Directa Asistencia contacts the emergency services and informs them of the accident and the location, reducing the time to medical attention.

Mobility solutions

Línea Directa Asistencia's mobility service is 100% digital and has a complete network of qualified vehicles and drivers to offer its clients the best services in the sector. Among other things, it offers a solution for repair shops that want to offer their customers the possibility of using a replacement vehicle while their own vehicle is being repaired.

Línea Directa Asistencia also offers the company's customers or external customers a network of professional drivers who collect their vehicles or take them to the repair shops, always with the aim of providing a safe, fast and reliable service that includes, among many other options, **the transfer of cars to MOT with all the related procedures** - as part of the assistance with vehicle maintenance at home - or the **personalised delivery of new or used cars and other external services**.

Risk verification

Linea Directa Asistencia offers a pre-contract verification service. An average of **170,000 checks** are carried out annually, both in person — through the national network of verifiers — and digitally, by sending photos of the vehicle and documentation via the Línea Directa Aseguradora app.

Advanced Repair Centre (CAR)

Equally important are the innovative efforts in the management of claims and repairs, one of the fundamental aspects of the insurance business, the relationship between the companies and their policyholders, and thus the quality of the service provided.

Linea Directa Aseguradora has a network of more than 1.500 collaborating repair shops and two **Advanced Repair Centres (CAR)**, one in **Madrid** and the other in **Barcelona**, its own state-of-the-art repair shops that offer customers a comprehensive service, from the opening of the claim to the repair of the vehicle, always in accordance with the Group's high standards of quality, commitment and excellence.

In addition, the company has a **fleet of almost 1,200 replacement vehicles** available to customers when they need to take their vehicle to a partner repair shop for repair after an accident. This year, the entire fleet was renewed without the quality of service suffering. Proof of this is that the company has beaten records in the percentage of customers who choose to have their car repaired at a Linea Directa repair shop, and the *NSS (Net Satisfaction Score, or satisfaction index when buying products or services)* of these repair shops. In 2021, 71% of customers chose a partner repairer and their NSS was 54%.

The first centre was opened in Madrid in 2008 and 10 years later the CAR centre was inaugurated in Barcelona, which has also provided the company with very valuable information on repairs and which, together with the Madrid centre, serves as a test bed for the introduction and improvement of technological applications and processes in the repair processes. In recent years, the use of WhatsApp as a communication channel with the customer has become widespread, covering processes as diverse as managing appointments, requesting a replacement car, requesting pick-up and delivery services or even checking the status of repairs.

Both CAR Madrid and CAR Barcelona are highly rated by their users. The NSS (*Net Satisfaction Score* or satisfaction index for purchasing products or services) of CAR Barcelona and CAR Madrid was 45.99%, at the end of the year, while the score for non-cooperating repair shops was 34.09%.

In addition, CAR Madrid's repair volume this year was more than 8,000 vehicles, a record in absolute terms, with a 26% increase compared to 2020, while CAR Barcelona repaired almost 7,000 vehicles, 31% more than last year. In total, more than 18,000 claims have been repaired in these Advanced Repair Centers in fiscal year 2021.

LDA Reparaciones

Since 2017, LDA Reparaciones has been the Línea Directa Group's own repair network in the home insurance sector. The company was conceived with the characteristics and attributes of an official service and was created with the aim of transferring the high quality standards of Línea Directa Aseguradora to the multi-risk line, increasing knowledge of the home repair process, shortening the average life of files and increasing policyholder referral rates.

LDA Reparaciones is made up of **eight professionals** from the plumbing, masonry and painting trades who work in the **Madrid region**. For this purpose, the company divides the region into five different areas, which it assigns to each professional according to their geographical proximity.

In 2021, the Company carried out a total of **13,000 repairs, 18.8%** higher than the previous year and 56% more than in 2019; a

volume in which the average per professional is around seven repairs per day.

LDA Reparaciones offers a unique repair process based on excellence, flexibility and technology. To this end, the professionals manage their services through a **dedicated App** that gives them a comprehensive overview of the process and allows them to provide photos of the repair at any stage of the process, report the presence or absence of affected third parties, quantify and assess the damage and open the action report for the next step in the process. In addition, the company's specialists use high-quality materials in their repairs, resulting in the final satisfaction of the customer, and have a homogeneous brand image, including vans and uniforms with their own logo.

Companies that make up the Línea Directa Group

Línea Directa Aseguradora, S.A.

Owner of 100% of the capital of its subsidiaries.

Línea Directa Asistencia, S.L.U.

Roadside assistance and vehicle inspection company.

Centro Avanzado de Reparaciones (CAR), S.L.U.

Repair shops in Madrid and Barcelona.

Club Más Moto, S.L.U.

Exclusive club for Línea Directa motorcycle customers.

Ámbar Medline, S.L.U.

Insurance auxiliary activities company.

LDActivos, S.L.U.

Asset management company.

LDA Reparaciones, S.L.U.

Repair company of Línea Directa Aseguradora.

The Línea Directa brand

Línea Directa Aseguradora was founded in 1995 as a joint venture between Bankinter and the Royal Bank of Scotland and began operations with a different brand and business model imported from the UK.

Línea Directa was the first insurance company in Spain to sell motor policies exclusively by telephone. This marked a turning point in the Spanish insurance market, which until then had been very traditional, rigid and highly dependent on broker and branch networks.

The company's business model, which operates directly without intermediaries, has been exceptionally well received by consumers, as it allows for efficient administration that translates into savings on the final price of policies without compromising insurance coverage and quality of service. In just four years of

operation, Línea Directa Aseguradora broke even and passed the one million policyholder mark in 2004.

The success of the Línea Directa brand is based on a form of marketing that was previously unknown in the Spanish insurance sector: Mass media advertising with simple, direct and friendly communication. This revolutionary and successful marketing strategy has made Línea Directa's red phone an iconic brand and the phonotype a recognisable music for the general public.

In 1999, only five years after its foundation, the company accomplished a second revolution by becoming the first insurer to sell policies via the Internet. Since then, Línea Directa's commitment to the digital channel has grown steadily, enabling the company to be at the forefront of responding to the needs of society. Today, Línea Directa is present in all digital media and invests significantly in advertising. All this has made Línea Directa a leading brand on the internet, as evidenced by the fact that it is the most searched insurance brand on Google and has the highest awareness in digital media.

The ability to provide the flexibility and simplicity demanded by customers, including constant innovation in digitalisation, has meant that around 85% of these offers are now digital and that more than 51,5% of the offers requested this year were made via the internet.

In 2012, the group chose Matías Prats, one of the most well-known personalities with the best reputation among consumers, as the star of its campaigns. Matías is currently one of the most popular national thought leaders, conveying values that are an important

part of the Línea Directa brand, such as trust, professionalism and intimacy, in a light-hearted way.

Línea Directa Aseguradora is currently one of the 10 largest advertisers in the country according to the latest Infoadex report and the Spanish insurance brand with the highest advertising recall according to the IOPE Advertising Awareness study by Kantar TNS.

The excellent results achieved in motor insurance alone (cars and motorbikes), which have made Línea Directa the fifth largest motor insurer in the country, led the group in 2008 to extend the brand and its activities to home insurance, which has followed the same path of growth and profitability. Thus, in 2017, Línea Directa Aseguradora launched Vivaz, its health insurance brand, which has already surpassed the 100,000 insured mark in 2021. This was done under the criterion of operating in mass-market branches, where distribution is adapted to the direct business model.

Línea Directa Aseguradora became a wholly owned subsidiary of Bankinter in 2009, when this financial institution acquired Boyal Bank of Scotland's 50% stake in the group. Ten years later, Bankinter announced its intention to transform the company into a listed company, retaining a 17.4% stake and dividing the remaining 82.6% among the bank's shareholders. This decision was approved by Bankinter's General Meeting of Shareholders on 19 March 2020 and, following the approval of the supervisory and regulatory authorities and the registration and approval of the listing prospectus, Línea Directa Aseguradora's shares began trading on the Spanish stock exchanges on 29 April 2021 at a reference price of 1.3175 euros, valuing Línea Directa Aseguradora as a whole at 1,434 million euros.

In its 26 years of activity, Línea Directa Aseguradora has gained the trust of more than 3.34 million customers and has established itself as one of the brands with the best reputation in the national insurance sector. It is also one of the most dynamic companies in the market, a benchmark for innovation and digitalisation in the sector, an example of sustainability and employability, and a strong source of value creation for the country.

Since it began operating, Línea Directa Aseguradora has charged almost €14.0 billion euros in premiums, paid out more than €8.0 billion in benefits, invested more than €20.5 billion in government bonds, fixed-income corporate bonds, stocks, investment funds, real estate and deposits, and paid more than €2.8 billion euros in taxes since 1995. In terms of job creation, Línea Directa Aseguradora has hired more than 5,200 new employees and paid more than €1.2 billion in salaries and personnel costs during these 26 years.

In addition to its visibility through advertising, the company has achieved significant coverage thanks to a powerful corporate communication plan based mainly on its stock market activity, its financial results, its great commercial dynamism, its innovative solutions and its policy of sustainability, especially in the area of road safety, a commitment developed through the Línea Directa Foundation.

In 2021, Línea Directa published a total of 43 press releases, which generated 8,340 reactions, an increase of 84.9% over the previous year.

In total, 79.8% of all this news was published on the Internet, 16.3% in printed press, 2.4% was heard on the radio and 1.4% was seen on TV.

As a result of these efforts, the company is ranked 54th in the Merco Empresas (Corporate Reputation Business Monitor) as one of the 100 companies with the best reputation in Spain. It is also listed in the Merco Talento Monitor as one of the 100 best companies in Spain (49th place).

PUBLIC LEADERSHIP	2019	2020	2021
Number of news items	3,417	4,510	8,340
Audiences reached (millions)	1,156	1,902	3,208
Press releases made	22	36	43
Merco Empresas	46	49	54
Merco Talento	54	54	49
Merco Responsibility and Corporate Governance	68	64	64
Recognition	6	9	8
Followers on social media	454,958	421,312*	434,395

*Fell due to the closure of the Nuez brand

Social media

Línea Directa Aseguradora entered social media in March 2011 with a strategy based on creating a loyal community around the brand to interact with and grow organically, using the channel to promote another facet of the company beyond just advertising.

The company has a total of 434,395 followers on its Facebook, Twitter, Instagram and LinkedIn profiles, making it one of the insurers with the largest social mass and activity on social media.

Strategy

Línea Directa Aseguradora's strategy is based on several pillars that define the company and set it apart from others: its direct model, its commitment to organic growth, constant innovation, intensive investment in useful technologies and excellent risk underwriting. All this has made Línea Directa a profitable, efficient and sustainable company that adds value to its main stakeholders - shareholders, customers, suppliers, employees and society in general.

Since its foundation in 1995, Línea Directa has developed a business model based on disintermediation, organic growth, technology, innovation and commercial audacity. Based on this strategy, which has made the company a unique success story in the insurance industry, it has defined its mission, vision and corporate purpose, which are in line with the motto "Innovate, protect and bring closer together".

Direct model and organic growth

Two of the cornerstones of Línea Directa Aseguradora's business strategy are its direct sales model and its commitment to organic growth. In the direct selling model, the absence of office networks, agents and intermediaries results in greater efficiency, profitability and alignment of the organisation and allows some of these operational savings to be passed on to the final price of the product. Direct selling allows the company to be more efficient than the model with intermediaries and therefore to apply more competitive prices to its products, which directly benefits customers.

Another important pillar is the commitment to organic growth. Since its founding in 1995 with the motor line of business and its entry into home insurance in 2008 and health insurance in 2017, the company's growth has been policy-by-policy, without resorting to acquisitions, mergers or takeovers. This strategy has provided Línea Directa with harmonious growth that has enabled it to adapt its resources to the needs at hand in a sustainable, gradual and progressive manner.

This model has enabled the company to achieve sustained growth in its 26-year history, among the highest in the industry, with written premiums volume of €748.1 million in motor, €131.2 million in home and €26.4 million in health. This turnover puts it in 5th place in the ranking of car insurance companies by premium volume, in 12th place in the ranking of home insurance companies and in 21st place in the ranking of health insurance companies, with a total of more than 3.34 million customers.

Suma en Línea

To achieve this model and sustainable growth, the company has set itself the goal of strengthening the loyalty of its policyholders. As such, the highly competitive policies and quality of service that the company offers its customers have resulted in the group recording one of the highest retention rates among policyholders. **According to the consultancy firm Gain Dynamics, Línea Directa has the second highest retention rate in the motor industry, at 91.3%.** In addition, Línea Directa has a loyalty programme, **SUMA en Línea**, which offers a wide range of discounts and commercial benefits to the company's customers and which over 481,885 customers had joined by year-end. By using **the free SUMA en Línea points card** in the cooperating establishments, the

company's policyholders accumulate points that they can later exchange for discounts on policy renewals, fuel and products at Cepsa. On the other hand, customers who use the **Línea Directa Aseguradora Card** accumulate between 0.2% and 2% of each purchase they make with it towards insurance renewal.

Excellent underwriting

Thanks to the high technological level of the Direct model, we are able to offer each customer a price that suits their needs and adapt the rates to the circumstances of each insured party. The ability to individualise and identify the actual risk of each insured allows the company to better control incurred claims.

As a result, the company's underwriting profits are well above the sector average, with a difference that, in the case of the combined ratio, which measures the profitability of insurance activity, has ranged between 5 and 10 percentage points in recent years. This excellent underwriting policy, combined with an efficient business model, good cost control and great prudence in financial investments, have led the company to consolidate its position as one of the most profitable Spanish companies, with ROE reaching 30.4% in 2021.

In motor insurance, the combined ratio of Línea Directa Aseguradora reached 87.0%, compared to 80.5% at the end of 2020. This increase is explained by the increase in claims incurred following the measures to limit mobility derived from COVID-19. Nevertheless, this indicator is 5.1 percentage points better than that of the sector in September 2021, the latest data available. For household insurance, the combined ratio improved from 94% in 2020 to 88.9% at the end of 2021, 8.2 percentage points below the

sector average (98.6% at the end of September 2021, the latest available ICEA data). Vivaz, the health insurance brand of Línea Directa Aseguradora, continues its business plan very successfully, achieving a combined ratio of 148.1%, 17.5 percentage points lower than in percentage points than in 2020. In addition, the net claims incurred ratio of the health line is now below 100% (86.4%).

Committed to innovation

Since its inception, Línea Directa Aseguradora has transformed its business model not only into a major competitive advantage in terms of profitability, but also into exceptional support for fostering a culture of innovation within the company. The alignment of the sales model and direct contact with customers at all stages of the business is a constant channel of conversation that provides very valuable information for improving service, quality and customer experience.

As the first company to sell insurance by phone and internet, Línea Directa Aseguradora has been able to develop and implement unique solutions that have given the company a special value: the All Risks insurance excess, photo inspection, the first self-configurable home insurance policy in 2007, the collection and delivery service and, more recently, Llámalo X, the first insurance policy to include a car, or Safe&Go, the first policy for the mobility of VMP users. All these are products born from a real vocation to do things differently and from direct contact with the market, the sector and the customers.??

At Línea Directa, innovation is not centralised in one department, but is driven by internal talent throughout the company, is part of the company's DNA and has been part of the corporate culture

since its inception. The management encourages all departments and teams of the company to innovate. Thus, products like the ones just mentioned (Llámalo X or Safe&Go) have emerged from various cross-divisional working groups of the company.

Because the direct model offers its services centrally from a single geographical location, it requires a **strong commitment to technology that provides flexibility and immediacy for business and support processes**. In this sense, Línea Directa Aseguradora was born with a significant competitive advantage, as it was equipped from the beginning with cutting-edge technologies (telephony, information systems, digitalisation, etc.) that have enabled it to become a benchmark for quality and innovation over the years.

Línea Directa Aseguradora's digital transformation plan

In 2021, the company is making progress with the digital transformation plan it launched two years ago called "More digital, more useful". This process has two core features: omnichannelling, which allows customers to interact with the company through any channel, and usability, which makes customers' lives easier and more agile thanks to technology and digitalisation.

One of the objectives of the plan, that at least half of the portfolio should interact digitally with the company, has been more than met, with about 85% of customers interacting digitally with the company. As a direct company in constant communication with its customers, Línea Directa is constantly analysing how it can improve its digital and telephone services to better and better adapt to the changing needs of its policyholders, from the conclusion of the contract to the renewal of the insurance, as well

as to all the procedures and services that our policyholders require. In 2021, for example, around 49,8% of motor claims and 32,5% of home claims were initiated via the app and the internet.

Another innovation introduced since the launch of the digital transformation plan is the management of assistance services via the policyholder's mobile phone, using the geolocation and tracking capabilities of these devices. Specifically, **59.7% of towing requests were made via the app and the internet in 2021.** This means that more than half of the policyholders can find out via their devices, how long the tow truck is going to take, who the tow truck driver is, his contact details and where he is at the moment thanks to the geolocation tool.

In its quest to adapt to the habits and requirements of its customers at all times, Línea Directa Aseguradora has become the first Spanish insurer to start offering solutions to its policyholders' claims via **WhatsApp**. The group is the first Spanish insurer to offer this service. The Group's clients can now handle breakdowns with their vehicle through this instant messaging service, without having to call, in order to speed up the process and receive accurate information in real time about the state of repair of their car or motorbike. Via WhatsApp, the insured can report the damage, make an appointment with their garage, request the collection of the damaged vehicle and a replacement car, track the progress of the repair and find out when the vehicle will be repaired and ready for collection. In 2021, more than **75,000 motor claims were processed via WhatsApp**.

The group is also using **artificial intelligence** (AI) to make its processes more efficient and improve service to policyholders. Using this disruptive technology, Línea Directa is already using

chatbots and virtual assistants to help customers. By interacting with them, the company's policyholders can request and receive their insurance documents by email, submit insurance applications for motor and home insurance, and locate medical professionals and medical centres on the Vivaz health insurance list. In addition, Línea Directa Aseguradora is already using artificial intelligence in internal processes such as the analysis and classification of customer files and emails to improve internal efficiency and continue to offer increasingly competitive prices to its policyholders.

CORPORATE GOVERNANCE

One of the prerequisites for Línea Directa Aseguradora's IPO was the desire to take into account, from the outset, the recommendations for good corporate governance in terms of the composition and functioning of corporate bodies, and to lay the necessary foundations for the design of a complete and effective system of corporate governance that continuously and progressively incorporates the best practises identified in the market. Línea Directa Aseguradora has a Corporate Governance Policy, approved by the Board of Directors, which sets out the corporate and governance structure of the Línea Directa Group, its underlying principles, the bodies that compose it and the essential rules of its internal functioning. The Corporate Governance Policy can be accessed on the Company's corporate website.

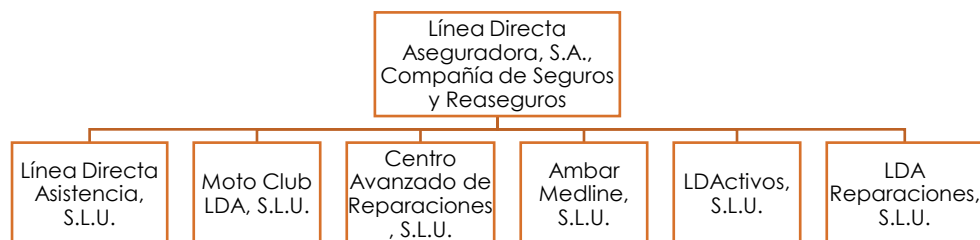
Based on the structure defined in this Policy, the following is a detail of the information related to the Company's good governance.

CORPORATE INFORMATION

COMPOSITION OF THE GROUP

The Línea Directa Aseguradora Group is made up of:

- The parent company, Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros, with tax number A-80871031 and registered address in Tres Cantos (Madrid), Calle Isaac Newton, 7 (the "Company" or "Línea Directa Aseguradora").
- Subsidiaries, wholly owned by the parent company, according to the following organisation chart:



COMPOSITION OF SHARE CAPITAL

Share capital	43,536,673.60 €
No. of shares	1,088,416,840 ordinary shares
Nominal value	€0.04 /share
No. of voting rights	1,088,416,840 votes (1 share = 1 vote)

Línea Directa Aseguradora's shares have been listed on the Spanish stock market (Madrid, Barcelona, Bilbao and Valencia Stock Exchanges) since 29 April 2021.

The Company has been part of the Ibex Medium Cap since 20 September 2021.

SHAREHOLDER STRUCTURE

At 31 December 2021, the shareholding structure of Línea Directa Aseguradora has the following composition:

SIGNIFICANT SHAREHOLDERS	ownership in share capital (direct and indirect)
Cartival, S.A.	19.15%
Bankinter, S.A.	17.41%
Fernando Masaveu	4.68%
Lazard Asset Management	3.19%
Fidelity International Limited	2.04%

OTHER SHAREHOLDERS	ownership in share capital (direct and indirect)
Treasury shares	0.073%
Members of the Board with non-significant holding	0.017%
Free Float	53.45%

CORPORATE BODIES

The corporate bodies of Línea Directa Aseguradora are as follows:

General Shareholders' Meeting

The General Meeting is the sovereign body of the Company. The duly convened shareholders meet there to deliberate and decide, by the majorities required in each case, on the matters in which they have a say.

When the company went public, the **Regulations of the General Shareholders' Meeting were approved** with the content typical of listed companies, including the latest provisions of the law on remote meetings.

The first General Meeting of Línea Directa Aseguradora as a listed company will take place in 2022.

Board of directors

Functions

The Board of Directors is the body responsible for the administration, governance and representation of the Company in accordance with the duties assigned to it by law, the Bylaws and the Board Regulations.

In 2021, since the Company's IPO, 13 Board meetings were held, with an attendance rate of 98%. The main actions carried out by the Board of Directors include the following:

- The adoption of the corresponding corporate resolutions related to the Company's IPO.
- Approval of the appropriate internal regulations for the Company as a listed company.
- Ratification and follow-up of the strategic plan.
- Review and approval of financial and non-financial information to be disclosed to regulators and the market.
- Oversight of the committees.
- Interaction with the management level.

Size and structure

As set forth in the Bylaws, the Board of Directors shall have a minimum of 5 and a maximum of 15 directors. As of the date of this report, the Board of Directors of the Company is composed of seven Directors, in particular:

BOARD MEMBERS	LEGAL CATEGORY	POSITION
Alfonso Botín-Sanz de Sautuola y Naveda	Proprietary (represented shareholder: CARTIVAL, S.A.)	Chairman
Fernando Masaveu Herrero	Proprietary	Member
Ms. Ana María Plaza Arregui	Independent	Member *Chairwoman of the Audit and Compliance Committee
Ms Elena Otero-Novas Miranda	Independent	Member
Ms Rita Estevez Luaña	Independent	Member
John de Zulueta Greenebaum	Independent	Member *Chairman of the Appointments, Remuneration and Corporate Governance Committee
Miguel Ángel Merino González	Executive	Member

Pablo González-Schwitters is the non-director Secretary of the Board of Directors.

Selection: Independence and diversity

The Board of Directors approved the current Director Selection Policy applicable to the Company on 18 March 2021. One of the main objectives of this Policy is to promote diversity of gender, experience and knowledge on the Board of Directors, avoiding any implicit bias that could imply discrimination and, in particular, hinder the selection of female directors, and to encourage the Company to have a significant number of female directors.

In line with this policy, the Company's Board of Directors also aims to have a Board whose composition ensures a healthy diversity of opinions, perspectives, skills, experience and professional backgrounds, in accordance with the latest recommendations on good corporate governance for listed companies. A summary of the of all Board members' professional profiles and track records can be found on the company's website. The Board of Directors consists mainly of profiles specialised in the insurance sector with extensive experience in the motor vehicle and healthcare industries. There is also a high presence of profiles from the finance and banking sectors, as well as training and experience in auditing, financial and non-financial risk management, law and regulation. Digitalisation and cybersecurity skills are also very present.

Similarly, it is a fundamental principle of the Company that the number of independent directors constitutes a sufficient majority of the Board and that the number of executive directors is kept to the minimum necessary.

The term of office of the members of the Board of Directors is four years and they may be re-elected for the same term.

At the time of writing, we have the following data on independence and diversity on the Board of Directors, which exceeds the ratios recommended by the Code of Good Corporate Governance:

Percentage of independent Directors	57%
Percentage of women	43%
Skills matrix	Board members have expertise in insurance, banking and finance, as well as relevant backgrounds and skills in areas such as auditing, compliance, risk management and sustainability. They also have skills in the areas of digitalisation and cyber security.
Nationalities	Two
Average age	57 years (from 49 to 74 years of age)

Evaluation

As required by the Board Regulations, in December 2021 and January 2022 the Board conducted the annual evaluation of its functioning and that of its members and committees for the financial year 2021. The main conclusions on the results of the evaluation are included in the Annual Corporate Governance

Report, which has been published on the corporate website and on that of the CNMV.

Remuneration

Directors' remuneration in 2021 has been determined in accordance with the provisions of applicable law, the Company's Bylaws and the Directors' Remuneration Policy.

Average annual compensation	2020			2021		
	Men	Women	Total	Men	Women	Total
Non-executive director	27,500.0		27,500.0	61,782.7	68,333.7	63,966.3
Executive director	446,902.5		446,902.5	428,190.5		428,190.5
Average	195,261.0		195,261.0	204,512.8	68,333.7	159,119.8

Average remuneration by type of executive director / non-executive director.

Average annual compensation	2020			2021		
	Men	Women	Total	Men	Women	Total
Senior Management	343,445.0	432,953.7	370,986.0	319,971.7	228,244.5	289,396.0

Línea Directa Aseguradora's Directors' Remuneration Policy, the text of which is permanently available on the Company's website, is valid for a period of 3 years (2020-2023) and takes into account the latest developments introduced by the recent amendment to the Corporate Enterprises Act.

The Policy is inspired and underpinned by the following **principles**:

- It designs remuneration based on **prudent and effective risk management**, with a medium and long-term vision, taking into account deferral periods, caps, performance periods (in the case of equity-based remuneration) and clauses for withholding, reduction or repayment of amounts.
- In the case of the Executive Director, an **appropriate ratio** between fixed and variable components is applied.
- It rewards the level of responsibility borne by the directors without compromising their **independence**.
- It **guarantees equality** and avoids any kind of discrimination.
- It **provides flexibility**, including mechanisms to deal with exceptional situations as provided for under prevailing laws.
- It **ensures transparency**, by simplifying the description, calculation methods and conditions of the remuneration components and making them known and public.
- It is **consistent with the principles** on which the general remuneration policy for all Línea Directa Aseguradora employees is based.

The remuneration system is generally composed of the following components:

- For their **status as Directors** (in relation to their supervisory and collegial decision-making functions), Directors receive a fixed annual amount and a per diem allowance for

attending meetings of the Board of Directors and the Committees to which they belong.

The maximum annual remuneration of all directors in their capacity as such shall not exceed €1,500,000.

By virtue of their status as	Annual ceiling in aggregate (€)	
Directors		
Fixed annual compensation	Attendance fees	1.5 Mn

- As an executive director, the Chief Executive Officer also receives an annual remuneration consisting of a fixed part and a variable part depending on the achievement of pre-determined objectives. The Executive Directors are also entitled to participate in the long-term variable remuneration plans that the Company decides to implement. Finally, the Executive Directors benefit from a long-term defined benefit savings plan and an allocation to a pension plan.

By virtue of executive functions (CEO)

Fixed annual compensation	Variable annual compensation	Long-term variable compensation	Long-term savings systems

The details of these remunerations and the conditions applicable to their collection are broken down in the Annual Report on Directors' Remuneration published on the corporate website and in the CNMV website.

Committees

The Board of Directors has two advisory committees:

- The **The Audit and Compliance Committee**, made up of the following members:

MEMBER	POSITION	LEGAL CATEGORY
Ms Ana María Plaza Arregui	Chairwoman	Independent
Ms Elena Otero-Novas Miranda	Member	Independent
Alfonso Botín-Sanz de Sautuola y Naveda	Member	Proprietary
Pablo González-Schwitters	Non-Board Secretary	

Audit and Compliance Committee

Percentage of independent directors	67%
Percentage of women	67%
No. of meetings 2021 (since IPO)	10
Percentage of attendance	99%

The members of the Audit and Compliance Committee as a whole, and in particular its Chairman, have been appointed on the basis of their knowledge and experience in accounting,

auditing and risk management, both financial and non-financial. Full information on the members of the Committee can be found on the corporate website.

The main responsibilities of the Audit and Compliance Committee include the following:

- To report to the Annual General Meeting through its Chairman on the state of control of the Company and the activities of the Committee during the financial year.
- To propose to the Board for submission to the Annual General Meeting the appointment, re-appointment or replacement of the external auditors and their terms of engagement. To ensure the independence of the external auditor and monitor compliance with the audit contract.
- Awareness, monitoring and evaluation of the preparation process and integrity of financial and non-financial information, control and management systems for financial and non-financial risks related to the Company and, where applicable, the Group (including operational, technological, legal, social, environmental, political, reputational and corruption risks).
- Pre-reporting to the Board of Directors on all matters required by law, e.g. related party transactions to be approved by the Board of Directors.
- Supervise the application of the general policy on the communication of economic-financial, non-financial and corporate information, as well as communication with

shareholders and investors, proxy advisors and other stakeholders.

- Monitor and promote compliance with the Company's internal rules of conduct for the securities market, the Code of Ethics and, in general, the Company's internal rules of conduct, as well as monitor and promote the confidential whistleblowing procedure by stakeholders.

On the occasion of the convening of the AGM, the annual report on the activities of the Committee was made available to shareholders **on the Company's website**, which includes the activities carried out by the Committee during the 2021 financial year since the Company's listing.

2. The **Appointments, Remuneration and Corporate Governance Committee**, made up of the following members:

MEMBER	POSITION	LEGAL CATEGORY
John de Zulueta Greenebaum	Chairman	Independent
Ms Rita Estevez Luaña	Member	Independent
Alfonso Bofín-Sanz de Sautuola y Naveda	Member	Proprietary
Pablo González-Schwitters	Non-Board Secretary	

Appointments, Remuneration and Corporate Governance Committee

Percentage of independent directors	67%
Percentage of women	33%
No. of meetings 2021 (since IPO)	5
Percentage of attendance	100%

The main responsibilities of the Audit and Compliance Committee include the following:

- Propose the appointment, confirmation, re-election and removal of independent directors and report on the remaining directors.
- Assess the balance of skills, capacity, knowledge, diversity and experience required on the Board.
- Report to the Annual General Meeting, through its Chairman, on the activities of the Committee during the year, as appropriate.
- Propose to the Board the remuneration policy for the Directors and their individual remuneration, the individual remuneration of the executive Directors and, where appropriate, the outside Directors for the performance of duties other than that of a Director, and other terms of their contracts.
- Propose the remuneration policy for senior management, including the General Managers or those who perform senior management duties under the direct supervision of

the Board. Likewise, to determine the remuneration of members who, although not part of the top management, carry out professional activities that may have a relevant influence on the company's risk-taking.

- Oversee and review the Company's compliance system.
- Oversee the corporate governance of the company.
- Monitor the company's sustainability strategy and practises by assessing their level of compliance and reviewing the company's sustainability policies and ensuring that they are aligned with value creation.
- Monitor the degree of implementation of remuneration policy in general during the financial year, and ensure its enforcement.

On the occasion of the convening of the AGM, the annual report on the activities of the Committee was made available to shareholders on the Company's website, which includes the activities carried out by the Committee during the 2021 financial year since the Company's listing.

Management Committee

At the executive level, Línea Directa Aseguradora has a Management Committee, made up of members of the management team.

It is responsible, among other things, for the organisation and supervision of the general management policies and the strategic planning of the businesses managed by the subsidiaries in accordance with the Group's business model. Likewise, it is tasked with communicating the guidelines established by the Board of Directors to the rest of the organisation, involving as many areas and resources as necessary and making the necessary internal communication for the correct knowledge and execution of these guidelines.

Internal committees

The internal committees are dedicated to analysing specific topics relating to regulatory matters or issues of particular relevance to the company (**risks, investments, products, digital transformation**, etc.) and report to the Board of Directors and its committees. Without prejudice to the committees mentioned in the Corporate Governance Policy, a pivotal role is played by **the Sustainability and Reputation Committee**.

The Sustainability and Reputation Committee is composed of the members of the Management Committee and meets regularly to monitor the Sustainability Plan, assess the progressive achievement of the set targets and indicators and report its conclusions to the Appointments, Remuneration and Corporate Governance Committee.

Delegation of authority procedure

The Board of Directors has delegated to the Chief Executive Officer the powers that cannot be delegated by law or by the

Bylaws. In addition, the Group has a structure of authorised officers and employees in accordance with the **Internal proxy policy**.

According to this policy, the powers of attorney are limited by type of transaction (signing of contracts, banking transactions, investments, etc.) and by amount. As a rule, proxies must act jointly, with certain exceptions (e.g. Chief Executive Officer proxies or general litigation proxies).

In accordance with the internal guidelines, all authorised representatives are obliged to use the powers of attorney responsibly and exclusively for the fulfilment of the tasks arising from their position at Línea Directa.

NAME	POSITION(s)
Miguel Ángel Merino	Chief Executive Officer
Patricia Ayuela	Head of Motor and Digital Transformation
Olga Moreno	Head of Home Insurance
David Pérez Renovales	General Director for Health
Mar Garre	Head of People, Communications and Sustainability
Ana Sánchez	Head of Technology
Carlos Rodríguez	Chief Financial Officer
Pablo González-Schwitters	General Secretary
José María Maté	Head of the Technical Area
Antonio Valor	Head of Marketing
José Antonio Egido	Head of Services and Benefits
Julio Agulló	Head of Línea Directa Asistencia

ETHICS AND COMPLIANCE

Mission, Vision and Values

The company's mission is to put its expertise directly at the service of its customers, employees, shareholders, suppliers and thus society as a whole, in order to create prosperity, security and an environment in which people live more responsibly and sustainably. In addition, the company aims to be the insurance company known for its respect for the groups it relates to, especially customers, employees and suppliers.

Línea Directa's **vision** is to be at the forefront of innovation in the insurance sector, promoting values related to road safety, home safety, health, the environment and sustainability.

All the Group's subsidiaries share the same **values**, which they apply on a daily basis and in all aspects of their operations:

- **Respect for people:** Listen to your colleagues and customers, this promotes teamwork and helps everyone to do their best by appreciating the efforts and achievements of others.
- **Spirit of self-improvement:** Be creative and innovative, always making proposals and doing things better. Give, accept and encourage constructive criticism. All opinions are important.
- **Enthusiasm:** Always keep a positive attitude, work hard and have fun at the same time. Think of the customer as the recipient of your actions.

- **Results-driven:** Follow through on your commitments and be an example to those around you. Put good ideas into practice and make sure they are not just words.
- **Clarity:** Be simple. Be clear and sincere in your communication with others, simplify everything in your power. Share whenever you can.

The Purpose of Línea Directa

Complementing the mission, vision and values that govern the activity of the Línea Directa Group, in 2020, the Company unveiled its corporate purpose: **“Innovate, protect and bring closer”**. This purpose was born with the vocation **to inspire and guide the long-term sustainability strategy**, and is a key differentiating factor, on which the Company's way of doing things and consistent decision making is based, not only in relation to the business, but also in relation to its main stakeholders: employees, customers, suppliers and investors.

This purpose, formulated by the company's Sustainability and Reputation Committee, which is made up of the management team and the CEO, reflects the disruptive nature of the Group since its inception; it relates to the essence of the insurance business and its commitment to provide coverage in risk situations and to build trusting and safe relationships with the community and the environment; and finally, it reflects the direct, open, close and accessible relationship with stakeholders and society in general.

Innovation is part of Línea Directa Aseguradora's DNA. The company's entry into the market as a start-up in 1995 marked a

turning point in the way insurance was purchased in Spain, as it was the first insurance company in the country to sell policies directly to the customer, without intermediaries or offices, first by telephone and then via the internet. It also revolutionised the way insurance is taken out in the Spanish industry, providing consumers with products that are commonplace today but pioneered at the time, such as the all-risk insurance with excess, or the most recent ones, such as the Respira policy, specifically for electric vehicles, or other more innovative ones such as “Llámalo X”, the first insurance policy with an included vehicle.

The concept of protection refers to insurance activity. Línea Directa Aseguradora takes care of what is really important to its clients, like their health, their house or their car. But it also cares about its value chain, its employees and its investors and shareholders. This concept of protection also relates to the company's commitment to environmental and social responsibility.

On the other hand, the company's direct business model, without intermediaries, allows it to offer customers the best and most innovative insurance policies and cover at the best price, as well as providing a personal, close and friendly service. This also includes the concept of making insurance popular by offering it simply and at a competitive price. And, of course, it has to do with **being close to the customer** at any time thanks to technology and digitisation.

Code of Ethics

Professional ethics, together with good corporate governance and the corporate values of Línea Directa Aseguradora, are an

essential part of our culture, guiding all employees in their professional performance, and being the basis of our code of conduct.

Línea Directa Group is committed to conducting its business in accordance with high ethical principles that ensure compliance with laws and regulations and the trust of customers, shareholders, employees and suppliers.

The **Code of Ethics** is the main axis for the development of the corporate values that the company seeks to instil in its members and explicitly sets out the models and guidelines for conduct to be followed by all members. The Code was adopted by the Board of Directors on 27 January 2011 and updated in October 2018. It responds to the concern of the Board of Directors and the Management of Línea Directa Aseguradora to clarify and disseminate the company's values among all employees and stakeholders. In 2021, the content of the Code was reviewed to make the necessary changes due to its new status as a listed company.

Línea Directa Aseguradora's Code of Ethics contains, among other things, the commitments made regarding environmental and social issues, respect for human rights and the fight against corruption and bribery, equal treatment and equal opportunities or non-discrimination.

This Code is not intended to cover all possible situations that may arise in the professional environment, but to establish minimum guidelines for conduct for all members of Línea Directa Aseguradora on how to act when discharging their duties.

The scope extends to all subsidiaries of Línea Directa Aseguradora and their employees and managers in the performance of their duties and responsibilities and in all professional areas in which they represent the company. The Línea Directa Foundation adopted its own Code of Ethics on 21 November 2019, which essentially follows the same general principles.

Línea Directa Aseguradora also has a Supplier Code of Conduct to which all employees must adhere.

In order to promote the application of the Code of Ethics, Línea Directa Group's procedure for handling requests and complaints through the Ethics Channel provides for guarantees of confidentiality and non-retaliation. In addition, if the user deems it appropriate, he/she may establish communication while maintaining anonymity.

Access to the **Ethical Channel** is available through the corporate website and allows not only employees, but also any interested third party, to confidentially or anonymously report irregularities related to violations of the Code of Ethics or possible breaches of regulations or unlawful conduct.

During the 2021 financial year, five communications were received and analysed, only one of which concerned a breach of the Code of Ethics. The Ethics Manager proceeded with the processing of the file, which found that the Code of Ethics had effectively been breached and the adoption of the relevant measures. The remainder were communications from customers in relation to the processing of their claims.

All Group employees receive training on the Code of Ethics when they join the Group. In addition, in-depth or informational training is provided at regular intervals. In 2021, training was directed at the employees of the Centro Avanzado de Reparaciones CAR (Madrid and Barcelona) and the employees of LDA Reparaciones. A reminder video was introduced through the Ethics Channel, encouraging all employees to use it via the intranet and plasma screens distributed in the buildings, both in the Línea Directa Aseguradora and in the Línea Directa Asistencia.

In 2021, staff were surveyed about the level of awareness and acceptance of the Code of Ethics and the Ethical Channel and received very positive results. 94% say that they take the company's ethical principles into account when making decisions that affect their work.

Group Policies

The Code of Ethics is the highest and most senior guide to conduct and behaviour within the Group. It sets out the commitment, vision and business values of the organisation and serves as a guide to the actions of the professionals that make up the whole Group, setting out the desired standards of conduct. The content of the guidelines is derived from the Code of Ethics, elaborating on the main concepts contained therein. At the same time, it establishes frameworks for action and defines the general minimum criteria for managing the Group's main areas and risks.

Línea Directa applies the following **Regulatory Compliance policies**:

Criminal Compliance Policy: In 2020, the Board of Directors of the Línea Directa Group adopted a Criminal Compliance Policy, the objective of which is to define the rules, procedures and tools implemented in the Group to prevent non-compliance with the criminal legislation applicable to the company and its employees and to adapt it to the regulatory environment. This system, based on the principle of zero tolerance of criminal offences approved by the Board of Directors, is managed by the Regulatory Compliance Department, which ensures that the main risks are properly identified, managed and disclosed.

Regulatory Compliance System: the Línea Directa Aseguradora Group has implemented a Compliance Management System to meet the commitment the company has made to comply with the various legal obligations that affect it, together with the internal regulations established. In this way, it can identify legal risks and create a corresponding map of risks and controls managed by the Regulatory Compliance department, putting in place mechanisms for prevention, detection and response.

Anti-corruption policy: In 2021, the Línea Directa Group developed the principles of zero tolerance to any form of corruption through this policy, creating a framework for action that helps prevent and detect corrupt practises in the company's activities.

Policies related to ESG aspects (sustainability policy, corporate governance policy, human rights policy, etc.) are developed in other sections of this report.

As for the dissemination of the policies, since they are global in nature and affect all staff, communication to inform them

consisted of publishing information on the intranet and plasma screens distributed in the offices. This communication provided information on the new and updated policies, as well as the place where they are published for consultation.

Tax practices

The Línea Directa Group has a Tax Strategy, **disclosed on its corporate website** approved by the Board of Directors in 2019, which sets out the objectives, principles, good tax practises and monitoring and control of tax risks. The purpose of this strategy is to ensure responsible tax compliance in the interests of society and to support the Group's business strategies.

The Línea Directa Group recognises the social role of the tax system and therefore intends that the development of the tax function in the Group also serves the social interest, that of its stakeholders and the confidence of the community in which it operates.

The guiding principles of the tax strategy include the company's commitment to comply with applicable tax laws, rules and regulations and the taxes applicable to the company. In addition, the Group promotes a climate of goodwill, transparency, cooperation and reciprocity in its relations with tax authorities.

The Group has also established a corporate tax policy, which was approved by the Board in 2020 and delegated to it as a non-delegable power. It is implemented through the Office of the Secretary General and the Tax Advisory Department, which reports to it. The main objective of this policy is to establish the principles and the system of rules of action and tax conduct that

govern the activity of the Group's companies, as well as to determine the control elements that make it possible to prevent the commission of tax offences. This policy is part of the tax risk management and control system, which in turn is part of the company's overall risk management system. It enables these risks to be assessed in a responsible manner and under defined parameters in order to prevent and minimise them, and provides an appropriate framework for defining, reviewing, achieving and reporting on tax risk management and control objectives. The Audit and Compliance Committee, in accordance with the provisions of its regulation, monitors the effectiveness of the tax risk control and management system.

TAX INFORMATION

Distribution of taxes on profits paid (in thousands of euros) Data at 31 December 2021	2020	2021*
Total income taxes paid by the Línea Directa Group	30,576.70	25,035.83

*It does not include the amount requested to be refunded for 2020 corporate income tax, filed in 2021, and which as of 31 December 2021 has not been refunded.

In this regard, the Línea Directa Group integrates the tax approach into the organisation through a dedicated section on the intranet, which contains the most important documents for the tax function, as well as a Frequently Asked Questions section, which answers the most frequently asked questions by employees. In addition, there is specific training in the area of taxation geared towards the different business areas.

The Group is also committed to following the best tax practises described in the strategy in its operations in order to mitigate significant tax risks and prevent behaviour that could lead to such risks. These best practises include the Group's full availability to the tax authorities in relation to requests for information or cooperation in the detection, search and resolution of tax fraud.

In July 2021, the Línea Directa Group signed the Code of Good Tax Practises promoted by the Spanish Tax Administration, which contains recommendations voluntarily accepted by the administration and affiliated companies aimed at improving the application of the tax system with legal certainty, mutual cooperation based on good faith and legitimate expectations, and the application of responsible tax policies with the knowledge of the Board of Directors.

The Línea Directa Group is also represented in the UNESPA Tax Commission, where it actively participates, as well as in other tax forums of interest to the sector.

The Línea Directa Group did not receive any public subsidies or aid in 2021.

Data protection

Línea Directa Group, as part of its commitment to data protection and respect for the right to privacy of customers, shareholders, employees and collaborators, hereinafter referred to as "data subjects", **complies with the provisions of the General Data Protection Regulation 2016/679 (GDPR) and Organic Law 3/2018 on the protection of personal data and the guarantees of digital rights.** It also has a privacy and data protection framework that

ensures this right to privacy with the help of a specialised team and a data protection officer. It also has a data protection policy whose main lines of action are the adequate protection of the personal and confidential data of data subjects.

Línea Directa Aseguradora, as data controller, adheres to the **principle of transparency** and informs data subjects about the processing of personal data it carries out, the legitimate bases of the various processing operations, where and how they can exercise their rights of access, rectification, cancellation, opposition, portability and restriction of the recipients of their data and how they can contact the Data Protection Officer. The Group ensures at all times that **personal data and transaction data are transmitted through appropriate, reliable and secure channels, maintaining their integrity and confidentiality.**

The company has implemented a procedure for the awarding of contracts and the engagement of suppliers, amending the clauses and progressively regulating the contracts in force. In addition, all suppliers undergo security audits of their infrastructures to ensure the minimum security standards required to process Línea Directa Group information. Likewise, all employees must complete a mandatory course on privacy and data protection. In addition, all contracts include a clause with basic information about the processing of their data and they are informed about where they can obtain more detailed information about all processing by the Línea Directa Group.

During 2021, the DPO **held privacy and data protection awareness sessions** geared towards key middle managers from all business units of the company and its subsidiaries. The content of the sessions focused on communicating to employees the

importance of complying with key privacy principles and Línea Directa Group's internal policies and procedures. Particular emphasis has been placed on the concept of privacy by design and by default, which means that the data protection of data subjects is taken into account before data processing is carried out and that the necessary technical and organisational measures are taken to ensure the privacy of data subjects from the outset.

In March 2021, Línea Directa Aseguradora joined the **Digital Pact for the Protection of Individuals of the Spanish Data Protection Agency (AEPD)**, promoting transparency and good practises in the processing of personal data. In this context, various internal publications have been published on the intranet to raise awareness among employees, as well as other external publications to inform stakeholders on social media, thus conveying and reinforcing the message of caution in the use of the internet in society.

Cybersecurity

Cybersecurity is a very important part of the strategy and general activity of Línea Directa Aseguradora, which, as it does not have a network of branches and agents, needs a powerful, reliable and flexible system to prevent and respond to cyber threats. It is no accident that the **Strategic Digitalisation Plan** of Línea Directa Aseguradora attaches increasing importance to online processes, and that is why the Company has an **Information Management System** which is based on three key principles: **availability, integrity and confidentiality.**

Línea Directa Aseguradora formulates its cybersecurity strategy around **four strategic lines** aimed at ensuring the resilience of all the company's processes and operations:

Protection against cyber risks

- Evaluate and improve mechanisms to prevent, detect and respond to cyber attacks, including those that may occur in cloud computing environments.
- Continuous evolution of protection mechanisms for information systems and communications networks.
- Evaluation and improvement of disaster recovery mechanisms.
- Third-party risk management.

Cybersecurity and privacy culture

- Comprehensive awareness-raising actions.
- Training and education activities for all employees.
- Encouraging employees to obtain recognised safety certifications.

Cybersecurity from the beginning

- Integrate cybersecurity into the lifecycle of new initiatives to ensure their protection from the outset and implement controls and measures accordingly.

- Assess cybersecurity when procuring technological solutions and contracting technological services.

Cybersecurity assessment and audit and adaptation to the changing situation

- Creation of a specialised team (internal/external) for the permanent review of cyber threats.
- Establishment of controls from the beginning.
- Integration of cyber risks in the Company's risk map.
- Performance of internal and external controls and self-tests.
- Regular reporting to the Company's governing bodies.

Lines of action

Línea Directa Aseguradora's lines of action in cybersecurity aim to **protect information in its different phases: collection, storage and transmission**. Their key objective is to promote a diligent approach to the implementation of preventive measures, as well as to the detection and response to cyber-attacks or business interruptions.

To this end, its action lines include mechanisms aimed at identifying, monitoring and responding to external factors that may alter the protection needs of businesses, which are essentially three factors:

- **Cyber threats**, such as the emergence of systemic or "zero-day" vulnerabilities and advanced attacks. In 2020 and 2021, the environment of teleworking in Spanish businesses worked as a catalyst for cyber threats, heightening their intensity.
- **Regulatory changes or changes in rules**, such as new laws on security, privacy or data protection, are largely due to the growing demand from customers for better protection of information and personal data.
- **Business initiatives** linked to the need for agility and the use of new technological trends being driven by companies. In this context, Línea Directa Aseguradora has taken out a specific insurance policy in the event of a cyber risk occurring, in order to reduce the potential economic impact.

In order to respond to the identified needs and achieve the **set goals**, the company has put in place defences to increase its digital resilience. These capabilities have emerged thanks to extensive investment in cybersecurity, particularly in technological tools and specialised personnel to adapt to the scenario of insecurity imposed on numerous companies that have seen a cyberattack cripple their core business.

Ransomware

Ransomware, a virus that encrypts information, disables computer systems and spies on confidential corporate data, is one of the biggest threats in cybersecurity. Línea Directa Aseguradora is

aware of this and has an effective strategy based on five fundamental points:

- **Highly specialised personnel**, who identify, define, design and, where appropriate, implement and operate the different security controls, such as the technological tools to protect the company's digital assets and the incorporation of new requirements, controls and functionalities.
- **Specific technologies** to monitor, detect and protect against security incidents that are integrated into the organisation's technology platform.
- **Tools, methodologies and specialists** that continuously review and assess Línea Directa's level of cybersecurity by capturing all affected assets and actors and proactively identifying vulnerabilities and lack of controls.
- **-Security Operations Centre (SOC)**, which monitors and operates cyber security 24/7 and acts as the first line of defence on cyber security issues. This operations centre has an agile and dynamic structure to respond in a timely manner to any potential threat.
- **Plans to respond to incidents and crisis situations**, that are systematically updated and trained. In this context, work has been done to include various measures in the cyber security plans to prevent similar cyber attacks suffered by other Spanish companies, especially in the financial and insurance sectors.

At Línea Directa, the cyber security action model is integrated into the company's security model, which is based on risk management and comprehensive protection of tangible and intangible assets. This protection is channelled through various measures that encompass all elements involved in one way or another in the company's operations (people, information systems, facilities and processes).

Another key area to which the Group pays particular attention is the **supply chain**, as minimum cybersecurity requirements are already established when services are tendered, which are subsequently included in the contractual framework with the contracted supplier and are regularly reviewed to verify actual compliance.

The Group has **UNE-EN-ISO 22301 certification for business continuity** in two of its most critical processes: **Roadside assistance** and **and home claims handling**. This accreditation demands ongoing efforts, modifications, and development to ensure that the organisation remains resilient in the face of adversity.

Internal awareness

Some **90% of cyber attacks are caused by human error**. One of the most effective means of combating this phenomenon is therefore to train employees in cyber security, with a focus on raising awareness about the proper use of technology.

In 2021, **the company's entire workforce** participated in a cybersecurity **course** with a threefold objective: to raise awareness of behaviours that pose a risk, to recommend

cybersecurity protection measures and to create a culture of self-protection within the company.

Through this programme, which uses a methodology based on gamification, storytelling and webinars, Línea Directa Group teaches and explains various cybersecurity basics to its employees with the aim of changing their behaviour and making them the first security barrier against possible cyber attacks.

RISK MANAGEMENT MODEL

The Línea Directa Aseguradora Group may be exposed to various risks which are inherent to the activities and businesses it carries out, as well as those arising from external factors, which may prevent it from achieving its objectives and successfully executing its strategies.

This policy establishes the following risk management principles in order to ensure that the most relevant risks are properly identified, measured, managed and controlled:

- **Integration.** Risk management is part of the management responsibilities and an integral part of all the Organisation's processes. A risk management culture must be maintained in every decision made at all levels.
- **Independence.** Duties and coordination mechanisms between business units and risk monitoring and control units must be properly segregated at the operational level.

- **Integral management.** The Línea Directa Aseguradora Group entities must identify, measure, manage and control all their significant risks, establishing the appropriate policies, procedures, structure and means for each of them. The Risk Map is a tool that provides an overview of the most significant risks to which the organisation is exposed.
- **Transparency.** There must be adequate channels in place for the reporting of internal information, so that any threats can be detected as early as possible to prevent, or reduce the impact of, threats.
- **Review and constant improvement of risk management.** The adequacy, suitability and efficiency of risk management will be periodically reviewed and evaluated. The Group will analyse opportunities for improvement that may arise internally from learning from reported incidents, or externally, from the availability of new tools and knowledge that can improve risk management.
- **Compliance with internal regulations.** The values and standards of conduct reflected in the Code of Ethics, in particular the commitment to upholding the law, and the principle of "zero tolerance" towards the commission of illegal acts and fraud as set out in the Regulatory Compliance Policy must be observed at all times.

The organisational structure of risk management and control in Línea Directa Aseguradora is based upon the principles of independence and segregation of duties between business units and risk monitoring and control units.

The main roles and responsibilities of the governance bodies and parties involved in the risk management and control process are defined below:

- The Board of Directors of Línea Directa Aseguradora: is responsible for determining the General Risk Policy, which will be used as a framework for the specific policies for each risk to which the Company is subject.
- The Audit and Compliance Committee: will be responsible for overseeing the effectiveness of the company's internal control, internal audit, and risk management systems.

The heads of the Risk Function (Internal Audit, Risk Management and Internal Control Unit, Actuarial Function and Regulatory Compliance Function) report to this Committee upon the most significant risks included in the entity's Risk Map, as well as the status of the recommendations issued and the movements in the Key Risk Indicators (KRI).

- The Internal Audit Function: is responsible for executing the Internal Audit Plan, which includes overseeing the risk management system. The Risk Map should be used to align the work of Internal Audit with the organisation's strategy and to carry out the annual audit planning.
- The Risk Management Functions, i.e., the Risk Management and Internal Control Unit, the Actuarial Function and the Regulatory Compliance Function are responsible for:

- Ensuring the proper functioning of risk management and control systems and, in particular, seeing to it that all significant risks affecting the company are properly identified, managed and quantified.
- Playing an active role in the development of risk strategy and major risk management decisions.
- Ensuring that the risk control and management systems adequately mitigate risks within the framework of the policy defined by the Board of Directors.
- Periodically assessing the adequacy and effectiveness of controls (defined as measures to mitigate the impact of identified risks) and make recommendations to the officers responsible for the risks - recommendations that will be turned into action plans.
- Regularly reporting to the Management Committee - and, as often as deemed appropriate, to the Standing Risk Committee - on the status of the Company's risks, and on any possible risks that could emerge and the status of all recommendations arising from testing.

The risk management functions are equipped with adequate reporting systems and controls to ensure compliance with this policy and the way they function is described in the specific policies for each type of risk.

- The Standing Risk Committee: is responsible for facilitating and monitoring the implementation of effective risk management practices, monitoring and overseeing operational, legal, reputational and ESG risks.
- As to the specific Committees (Business, Investments, Reserves and Claims, Models, Reputation, CSR and Products): the way they are organised and their powers are described in the Governance System of Línea Directa Aseguradora S.A.
- Senior Management: is responsible for creating a culture and organisational structure that promotes effective risk management. The heads of the Business and Support Areas must be aware of the risks in their area of activity and manage them in a way that is consistent with their functions, powers and responsibilities, while also implementing the necessary measures for risk management.
- Business and Support Areas: are responsible for detecting and reporting risks that may become apparent in the course of their activities, and for managing them, working alongside the areas that make up the Risk Function.

Línea Directa Aseguradora has internal control processes and an effective risk management system that complies with applicable regulations and is in line with best practises in the sector. The company has identified different types of risks, mainly actuarial, market and operational.

To ensure effective risk management, the company has a set of **risk management** policies that define responsibilities and determine the framework for action for each type of risk and ensure uniform application across all Group divisions and subsidiaries.

The Board of Directors is ultimately responsible for establishing and defining the risk appetite and ensuring that identified risks are limited and properly monitored and managed. It is also responsible for updating the Company's risk appetite framework annually, monitoring the effective risk profile and ensuring consistency between the two.

The Board of Directors or the Audit and Compliance Committee sets the risk tolerance thresholds annually. They also approve changes to the KRIS (Key Risk Indicator) thresholds, which are reviewed annually.

Risk management is decentralised to various departments. The Risk Management and Internal Control Department, which reports to the Finance Department, is responsible for standardising and integrating the Group's risk information, as well as for applying the risk control guidelines and regularly reporting to Management on the most important risks.

The Risk Management and Internal Control Department integrates the information on the Línea Directa Group's risks into the **Corporate Risk Map**, monitors their evolution through the KRIS scorecard and reports on their status to the Audit and Compliance Committee. To ensure proper management and control of each risk, the Línea Directa Group has established different management or "levels of defence" to ensure that a risk

management system is in place for each of the types of risks identified:

- **A management unit** with direct responsibility for the day-to-day or ongoing management of such risks, as a first line of defence.
- **A structure of committees**, each of which is responsible for identifying, managing and reporting risks to the organisation's governing bodies, and in which the management units report and submit specific decisions. By virtue of their composition and functions, these committees have executive functions in that they make decisions in relation to the risks they manage.
- **Control functions** as the second line of defence; i.e. the Risk Management, Actuarial and Compliance functions.
- **An oversight function** as the third line of defence, i.e. the Internal Audit function.

This structure ensures:

1. That there is adequate control, management and reporting of all risks at the various levels of "defence".
2. That control and reporting is vertical and transversal, through both dependent entities and independent control functions.
3. That there is adequate scalability of reporting, control and decision-making.

4. That responsibility, knowledge and control of risks is carried out at different levels up to the highest level of governance.

Línea Directa Aseguradora has identified the most significant risks to be the following:

1. **Non-life underwriting risk**
2. **Health risk** (disease underwriting).
3. **Market and concentration risk.**
4. **Financial, credit and counterparty risks**, including contingent liabilities and other off-balance sheet risks.
5. **Operational risks**, including technological and cybersecurity risks.
6. **Legal risk** (regulatory and compliance).
7. **ESG** (Environmental, Social and Governance) risks.
8. **Reputational risk**

With the aim of improving the company's internal control environment, in 2021 the Risk Management and Internal Control Department strengthened the self-testing process, which consists of a monthly survey of middle management on the controls they implement and includes questions such as the objective or purpose of the control, its scope, the person responsible for its implementation, the tools used or the existence of a guide or operation.

During the year, a **specific training plan was also developed for those responsible for controls**, aimed at updating their knowledge of risk management and internal control processes, and raising awareness of the importance of their role in creating a map of risks and controls that corresponds to the reality of the company.

Work has also been done on creating the risk map and defining the ESG risk management processes, an area of particular importance for the company in general.

Following the IPO, the Línea Directa Group must ensure compliance with European Union regulations by adopting **International Financial Reporting Standards**. To this end, the Internal Control over Financial Reporting Department was created. Its goal is to identify and determine the relevant financial information that must be subject to internal control over financial reporting (ICFR), as well as the processes required for its preparation, under a defined materiality criterion and taking into account all reported and published financial information.

ICFR is a part of internal control and is configured as a set of processes carried out by the Board of Directors, the Audit Committee, the Senior Management and the personnel involved in the entity to provide reasonable assurance regarding the reliability of the financial information published on the markets.

In this regard, the Internal Control over Financial Reporting Department, which is responsible for the effective implementation of the ICFR and its proper monitoring, has identified and reviewed the relevant information processes included in the ICFR, designed and implemented controls related to said information and

prepared a periodic report to the Audit and Compliance Committee on the operating effectiveness of the designed and implemented controls with respect to the half-year financial statements for the financial year, as well as established a review process by the external auditor.

The main risks identified by the Línea Directa Group that may have an impact in the medium and long term are:

- **Cyber attacks:** Rapid digitisation and widespread post-pandemic teleworking make cyber risk one of the concerns for the company, which is focusing its efforts on strengthening response and recovery systems and protocols. In addition to various security measures to mitigate this risk, the company has a cyber risk policy that covers the possible consequences of this type of event.
- **Business continuity** and crisis response.
- **The increase in natural disasters** due to climate change. The increasing frequency and severity of catastrophic losses due to adverse and unpredictable climatic phenomena result in peaks of incurred claims that make it difficult to manage them in a timely manner and can worsen the service to policyholders and affect the company's results. To mitigate this risk, the company has specific procedures for managing these claims and an accumulation reinsurance programme to cover events exceeding a certain amount that are not covered by the Insurance Compensation Consortium. In this type of reinsurance, the claims costs of the event that exceeds the priority set in the contract are ceded, the claims costs being

understood as the sum of all individual claims affected by an event that meets the conditions set in the contract.

- **Uncertainty arising from the COVID-19 health crisis** and the consequences of the pandemic, which are impacting both the economy and the valuation of financial markets.
- **Market risks:** although the Company maintains a prudent portfolio from the point of view of financial instruments (government and corporate fixed income), there are always risks associated with the capital markets (such as, for example, interest rate and/or equity market movements).
- **Increasing regulatory change:** increasing regulation and standards that force the Company to pay close attention to the requirements and restrictions derived from new laws, as well as to adapt its processes and systems, strengthen legal teams, etc.
- **Provisioning risks:** the company's reported reserves for claims and related costs are calculated using estimates based on actuarial calculations and statistical models, in addition to the reserves that the Services and Benefits team establishes individually based on information available at a given point in time. The following controls are also applied: monitoring of the development of the reserves in the monthly claims incurred committee, annual review of the calculation of the technical provisions by the auditor, calculation of the technical provisions by an independent expert. However, there is a risk of underfunding caused by changes in the applicable legal provisions and the economic environment.

- **Digitalisation and emerging technologies:** the pandemic has accelerated the digitalisation of businesses and consumers. Change is happening very quickly, which can pose risks of not responding quickly and effectively to customer demand for new products and ways to engage with the business, as well as risks arising from the lack of scalability of our technology.

the areas responsible for the risks and the company's risk management. On the other hand, the risk mitigation or control measures identified in each area are monitored, analysing whether they are being carried out effectively based on the evidence that can be provided. If an improvement is identified, appropriate action plans are defined.

Managing environmental, social and governance (ESG) risks.

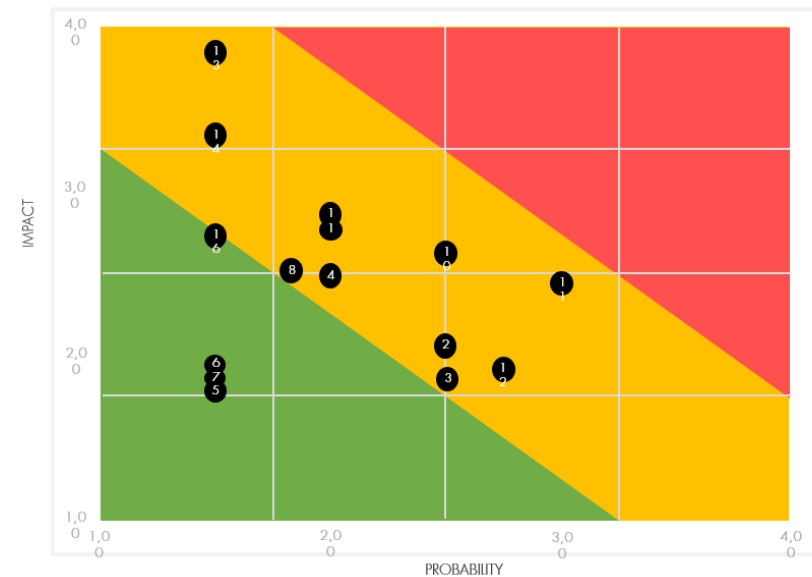
The governing bodies receive information at least quarterly on the key risks facing the company and the capital resources available to manage them, as well as on compliance with the limits set out in the risk appetite.

The Risk and Compliance team, together with the divisions of the company, periodically analyses the operational or regulatory risks that could impact the business if they were to occur, including environmental, social and governance (ESG) factors. Based on this analysis, an inherent assessment of the company's main risks is made and, in addition, the corresponding prevention and mitigation measures are identified in order to obtain an assessment of the residual risk. The heat map of the inherent risk obtained from this first assessment is shown below.

The company has defined the management model, processes, regulations concerned and methodology for ESG risk management. It is a combined methodology, i.e., on the one hand, a qualitative assessment with KPIs that help to identify risks that could be considered more immediate threats, and regular monitoring that favours the transmission of information between

CATEGORY		CAUSES/RISK EVENTS	
E	Environment and Climate Change	1	Non-compliance with sectoral environmental and/or climate regulatory requirements / best practices
		2	Lack of adaptation of products to the effects of climate change
		3	Failure to include climate change risks in the estimation of different financial and risk ratios
		4	Lack of or poor integration of an environmental operational efficiency strategy
S	Employees	5	Lack of promotion of diversity and equal opportunities
		6	Lack of attention to employee development and well-being
		7	Non-compliance with fundamental human and labour rights
	Customer	8	Customer experience
		9	Lack of or inadequate contribution to the needs of the social environment
G	Relationship with third parties	10	ESG risks in the supply chain
		11	ESG risks in the relationship with other third parties
		12	Failure to make a responsible investment
	Governance, ethics and transparency	13	Inadequate corporate governance structure and practices
		14	Cases of corruption, fraud, bribery and tax non-compliance
		15	Information protection and security
		16	Weaknesses in communication and relationship with supervisors

The ESG risk map of the Línea Directa Group contains the risks to which the company is exposed. It is divided into three axes comprising the 5 main ESG blocks, which are in turn divided 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 (GRI or Non-Financial Reporting Act 11/2018).



Although it is important to note that the Línea Directa Group does not operate in a critical sector in terms of climate change, one of the main categories of ESG risks, the company is aware of this issue and therefore promotes responsible environmental management. The company is aware of this issue and therefore promotes responsible environmental management. To this end,

the company has specific policies and measures, detailed in the Environmental Management section, which enable us to manage resource consumption efficiently in order to minimise our impact on the environment.

In the social arena, Línea Directa Group has specific protocols and measures to promote the potential and the development of its employees by supporting diversity and inclusion, offering the best solutions to maintain employability and promoting a safe working environment and employee health, as described in the Social and Employee section. Moreover, in this respect, product design tries to take into account new developments, such as electric, hybrid or other types of combustion cars.

The corporate governance aspect highlights, among other things, the approval mechanisms for suppliers, the company's corporate governance structure that meets all regulatory and best practise requirements, the company-wide zero tolerance for bribery and other illegal acts reflected in the code of ethics and other internal policies, and of course all the measures implemented in the organisation to protect information and data.

Internal audit

In 2021, the internal audit plan has had a degree of compliance of 143%. 95% of the Action Plans have been satisfactorily implemented by the affected areas.

In order to obtain the quality certification of the Institute of Internal Auditors of Spain, a preliminary analysis exercise has been carried out on any breaches in the internal audit function whose action plans are being implemented.

Finally, the audit management tool SAP Audit Management was introduced to automate procedures and improve the quality of the work performed by the function.

In 2022, the audit plan will be developed with the following objectives: to protect assets, the reputation and sustainability of the organisation, as well as safeguarding the interests of shareholders. This includes reviews of cyber security, compliance, roadside assistance business continuity, integrated risk map and KRIs, and internal control over financial reporting (ICFR).

SUSTAINABILITY MANAGEMENT

Línea Directa Aseguradora bases its sustainability strategy on 3 dimensions: Environmental, Social and Good Governance, which have been set out and developed in the company's IV Sustainability Plan. The plan is the company's roadmap in this area and develops its commitments in areas such as corporate governance, ESG risk management, social aspects, sustainable finance, environment and climate change, inter alia.

SUSTAINABILITY MANAGEMENT

The Línea Directa Aseguradora Group has a Sustainability Policy, approved by the Board of Directors in 2020, with the aim of contributing to the sustainable and inclusive development of the environment in line with its values. It includes the commitments and responsible practises that are used to develop Línea Directa Aseguradora's sustainability strategy.

The Board of Directors has the ultimate responsibility for it: to ensure compliance with the same, to ensure compliance with laws and regulations in its relations with stakeholders, to ensure compliance with obligations and contracts in good faith and to ensure that customs and good practises are observed in the performance of its duties.

The Appointments and Remuneration Committee shall annually review compliance with the Policy and report to the Board of Directors on the level of progress made in complying with the Policy and the Sustainability Strategy, which shall be included in the relevant Annual Corporate Governance Report.

The Board of Directors, through the Appointments and Remuneration Committee, will monitor compliance with this Policy and its indicators.

The Sustainability and Reputation Committee of the Línea Directa Group will report to the Appointments and Remuneration Committee on the actions derived from the Sustainability plan and compliance with ESG indicators, at least annually.

SUSTAINABILITY STRATEGY

Linea Directa Aseguradora's IV Sustainability Plan, which runs from 2020 to 2022, is the Group's sustainability roadmap and aims to develop and build a profitable, ethical and socially committed management offering.

The **Environmental Axis** incorporates environmental protection and the fight against climate change into business management; the **Social Axis** focuses on caring for groups at risk of exclusion, promoting equality, diversity, health, road safety and home security; and the **Good Governance Axis** spans the ethical management of the company in all its operations.

The IV Plan, whose implementation and compliance is on track, aligns the Group's sustainability policy with the **United Nations Global Development Strategy**, which is based on the **SDGs and the 2030 Agenda**. Línea Directa has targeted **8 specific goals**, for which up to **15 different areas of action** have been identified and **more than 70 actions** have been planned, belonging to the Environmental (18%), Social (41%) and Good Governance (41%) axes.

Specifically, Línea Directa Aseguradora has focused on 8 SDGs: **Health and well-being** (SDG 3), **Gender equality** (SDG 5), **Decent work and economic growth** (SDG 8); **Industry, innovation and infrastructure** (SDG 9), **Reducing inequalities** (SDG 10), **Climate action** (SDG 13), **Peace, justice and strong institutions** (SDG 16) y **Partnerships to achieve the goals** (SDG 17).

The IV Sustainability Plan focuses on three specific lines of work: **“Caring for Business”, “Caring for the Organisation” and “Caring for Society”**, in which we develop the three ESG (Environmental, Social and Good Governance) axes through various initiatives. With its **“Caring for Business”** commitment, it promotes a **responsible supply chain** that supports energy-efficient mobility and homes, the introduction of sustainable and socially committed products and responsible business.

Línea Directa promotes a culture of commitment and talent through its **“Caring for the Organisation”** work area and cares for the health of its employees and values such as diversity, social inclusion and equality through its Healthy Company Plan. In addition, in this action area, the company also sets internal goals in the **fight against climate change** by reducing the impact of emissions, laying the foundations for achieving carbon neutrality and monitoring its consumption and waste through an efficient environmental management system. In terms of the Good Governance axis, Línea Directa is committed to strengthening risk control, promoting its code of ethics and developing its corporate governance policy to meet the expectations and requirements of investors and regulators.

Finally, through **“Caring for Society”**, the company has a social action plan to collaborate with non-governmental organisations and social institutions, promotes actions to protect the environment and strengthen the energy transition, carries out important initiatives to promote road safety through the Línea Directa Foundation, supports education and training in domestic security and data protection and, finally, promotes alliances in the field of sustainability and advocates transparency.

MATRIX OF THE IV SUSTAINABILITY PLAN 2020-2022

	ENVIRONMENTAL AXIS	SOCIAL AXIS	GOOD GOVERNANCE AXIS
Business	<ul style="list-style-type: none"> Responsible supply chain. 	<ul style="list-style-type: none"> Products committed to society. 	<ul style="list-style-type: none"> Innovation and responsibility in the business.
Organisation	<ul style="list-style-type: none"> Climate change. 	<ul style="list-style-type: none"> Healthy company. Responsible company. Commitment. Talent and culture. 	<ul style="list-style-type: none"> Corporate Governance Occupational health and safety.
Society	<ul style="list-style-type: none"> Environmental impact. 	<ul style="list-style-type: none"> Road safety. Positive contribution to society. Volunteering 	<ul style="list-style-type: none"> Partnerships. Business transparency.

Compliance with the Plan

Since the activation of the IV sustainability plan, the company has achieved a high level of compliance. In 2020, 92% of the proposed indicators were achieved, and 91% in the last financial year. One year before closing, the IV plan is already 91.5% implemented.

	No. of shares	Number of indicators	Achieved	In progress	Not achieved	Degree of achievement
Environmental axis	11	22	20	0	2	91%
Social axis	30	70	62	5	2	89%
Good governance axis	26	50	47	3	0	94%
Total	67	142	129	8	4	91%

Sustainability Policies

Línea Directa Aseguradora's Sustainability Policies, whose ultimate goal is to create long-term value for the Company, shareholders, customers, employees, suppliers and society as a whole, are formulated by the company's **Sustainability and Reputation Committee** and **approved by Línea Directa Aseguradora's Board of Directors** after review and oversight by the **Appointments, Remuneration and Corporate Governance Committee**.

These policies are intended to build sustainable and inclusive development. In October 2020, the Board approved the **Human Rights Policy, the Diversity and Inclusion Policy, the Gender Equality Policy, the Sustainability Policy and, in 2021, the General**

Risk Policy and the Social Contributions Policy. In 2022, the Environmental and Energy Efficiency Policy will be addressed.

Línea Directa Aseguradora's sustainability policy is fully integrated into the corporate strategy and governance and takes into account **ESG** (environmental, social and good governance) criteria to promote sustainable, efficient and lasting growth. Línea Directa Aseguradora, as set out in its Code of Ethics, is committed to a proactive approach in this area, following the **United Nations Sustainable Development Goals (SDGs) and the recommendations of the CNMV**.

Línea Directa has a strong commitment to human rights and defends and promotes them in all its areas of activity and throughout its value chain.

Through the **Human Rights Policy**, the Board of Directors demonstrates this commitment to human rights, guided by the premises of the United Nations Guiding Principles on Business and Human Rights and in line with national (National Action Plan on Business and Human Rights) and European (Action Plan on Human Rights and Democracy 2020-2024) requirements.

In doing so, the Group is guided by the principles set out in the United Nations International Bill of Human Rights, the fundamental conventions of the International Labour Organisation, the OECD Guidelines for Multinational Enterprises and the European Convention on Human Rights.

Respect for diversity and inclusion is an essential reputational factor for Línea Directa Aseguradora, as well as a key factor for competitiveness that promotes innovation, ensures plurality and

creates value in the company. The company strives to create a working environment where there is diversity of skills, experience, knowledge, origin, nationalities, age, sexual orientation and gender, and where all people are treated and feel treated with respect and equality.

In terms of **Gender Equality** policies, the company promotes a culture of equal opportunities and flexibility that fosters a balance between employees' work, private and family lives. As a result, **57.4% of the workforce are women**, who also hold **50% of positions of responsibility**. The gender-weighted pay gap is 2.6 per cent in favour of men.

Linea Directa is now **a good example of diversity, inclusion and equality**. At the end of 2021, the Group employed 2,576 people from 28 different countries, almost 57,4% of whom were women, who also occupy 50% of the management positions. Particularly noteworthy is the absence of a pay gap in the organisation, as the pay gap between men and women at the Linea Directa Group is only 2.6% in men's favour, a percentage that is significantly better than the average for the Spanish labour market.

Through its **Social Contribution Policy**, Línea Directa Aseguradora expresses its commitment to society. It is aware that, through the application of responsible practises and commitments, it must be a driver for sustainable development that promotes progress in the communities in which it operates. To this end, the company seeks to improve people's quality of life and safety through a strategy of social contribution that promotes sustainable socio-economic development.

Finally, Línea Directa's **Environmental and Energy Efficiency Policy** is based on the company's commitment to the environment and proper energy management, focusing on strict compliance with legislation and continuous improvement of environmental performance. The aim of this policy is to promote better control of the natural resources used in order to create a more sustainable environment and achieve greater efficiency in the energy sources used.

Technology sponsorship

Línea Directa Aseguradora supports and finances various business projects that may represent great value to society due to their viability, importance, scientific relevance, innovative nature and alignment with the company's reputational interests. Responsible investment is a very important element within the Group's sustainability policy and encompasses a wide, diverse and varied range of topics that are of great interest, both scientifically and economically.

Línea Directa Aseguradora always seeks to support social, economic and business initiatives and, to this end, has approved Línea Directa Aseguradora's Sustainability Master Plan 2020-2022 IV, which, under the motto "We care about what matters", establishes as one of its main lines of action the care for society, promoting or participating in initiatives that enable, facilitate and influence a significant improvement in the social well-being of citizens. The Plan also includes the area of healthcare promoted through the Vivaz brand, which aims to improve and promote healthy lifestyle habits.

In 2021, Línea Directa Aseguradora provided financial support to projects in the areas of health, self-driving vehicles and technology. The former include investments in a dual diagnostic kit for Sars-Cov-2 and influenza using the technology LAMP, in new therapeutic alternatives for the treatment of Covid-19, in the development of an active carrier for the immobilisation of DNA/RNA, in the treatment of neuropathic pain and degenerative diseases and, finally, in research into new compounds that allow cell regeneration times to be reduced. In the automotive sector, support was provided to study the architecture and systems of autonomous vehicles in terms of lateral safety, while in engineering, projects were funded on photonics in automotive wireless communications, optical sensors for monitoring breathing gases in oxygen masks, and sustainable asphalt mixes.

All these projects funded by Línea Directa Aseguradora have contributed to the development of R&D throughout Spain, as the companies involved are located in Madrid, Aragon, the Basque Country and Galicia.

DIALOGUE WITH STAKEHOLDERS

Línea Directa Group's sustainability plan divides **the company's stakeholders** into **two different groups**, depending on whether or not it has a contractual/legal relationship with them. At the first level are the stakeholders with whom the company has such a relationship: **shareholders, customers, employees and suppliers**. The second level contains the rest: **the media, institutions, entrepreneurs, industry associations, opinion leaders, NGOs, non-clients and society in general**.



Línea Directa promotes **active listening** with all Stakeholders **by establishing different communication channels**.

STAKEHOLDERS	ENGAGEMENT CHANNELS	OFFICERS
Shareholders	General Shareholders' Meeting Shareholder's Office Confidential whistleblower channel	General Secretary
	Group Corporate Website Social Media (Facebook, Twitter, Youtube, Linkedin, Instagram) Insured Party Ombudsman Confidential whistleblower channel Spain's Directorate General of Insurance and Pension Funds Quality Surveys Commercial Multichannel Focus Group	Head of People, Communications and Sustainability General Secretary Head of Marketing

	Direct telephone channel	Business Directors
Regulatory agencies (DGSFP and CNMV)	Confidential whistleblower channel	Ethical Manager
Employees	Focus Group	Head of People, Communications and Sustainability
	Employee care	
	Climate and opinion surveys	
	Virtual Communities	
	Intranet	
	Internal events: breakfasts and conventions	Management Committee
	Confidential whistleblower channel	Ethical Manager
	Meetings and meeting points	Head of People, Communications and Sustainability
Collaborators	Focus Group	General Secretary
	Satisfaction questionnaires	
	Purchasing Portal	Chief Financial Officer
	Confidential whistleblower channel	Ethical Manager
	Collaborators Award	Management Committee
Partners (University and Business Schools)	Meetings	Head of People, Communications and Sustainability
	Forums	
	Seminars	
Third Sector	Meetings	Head of People, Communications and Sustainability
	Social media	
	Línea Directa Foundation website	

	Confidential whistleblower channel	Ethical Manager
Media	Press Conferences	Head of People, Communications and Sustainability
	Press Releases	
	Social media	
	Confidential whistleblower channel	Ethical Manager
Society	Group Corporate Website	Head of People, Communications and Sustainability
	Línea Directa Foundation website	
	Social Media (Facebook, Twitter, Youtube, Linkedin and Instagram)	
	Confidential whistleblower channel	Ethical Manager

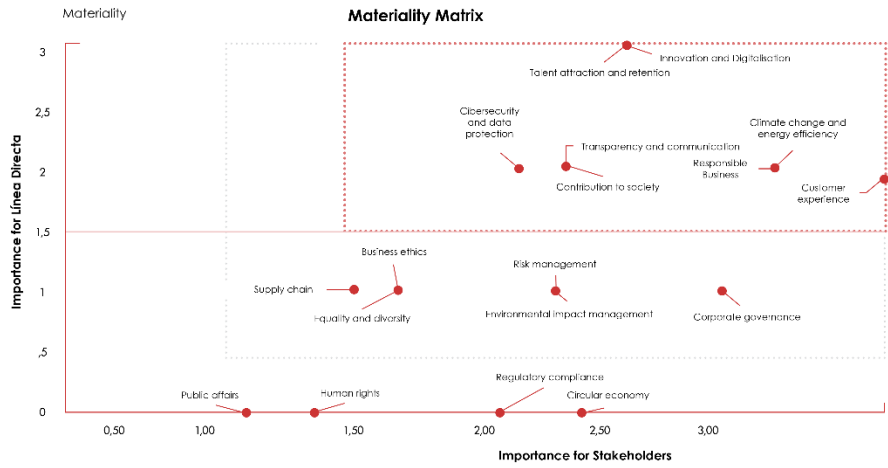
MATERIALITY ANALYSIS AND INDICATORS

Línea Directa reports its information transparently, taking into account the relevance to its various stakeholders, which it determines through different channels, following GRI standards.

Línea Directa Aseguradora's **IV Sustainability Plan**, which is valid and mandatory for **all Group companies**, reflects the results of the **materiality analysis** carried out to design, implement and develop the different lines of action.

It was prepared through in-depth analysis with consulting firms to identify **the most relevant issues for the company's different stakeholders**, an exhaustive and rigorous process that included, among other things, an industry benchmark and information from

studies on the insurance sector and sustainability standards, as well as meetings and interviews with the company's senior management.



ENVIRONMENTAL ISSUES

Línea Directa Aseguradora's environmental impact is lower due to its operations and direct business model, as it has no office networks and provides its services centrally, unlike the traditional model. Although the company does not operate in a climate-critical industry, it is committed to responsible environmental management, launching products for new, emerging and less polluting forms of mobility, and facing the new challenges required by the energy transition.

INTRODUCTION

Línea Directa Group is committed to responsible environmental management by operating in the most environmentally friendly way possible and taking the necessary measures to mitigate its direct and indirect environmental impact.

Climate change brings new risks and challenges that require a high level of commitment from all sectors, including the insurance sector. In this context, strategies need to be developed that combine adaptation to new regulatory requirements arising from national and EU regulations such as the **Climate Change Act or the Taxonomy Regulation**, with the management of stakeholders' expectations.

The IPO of Línea Directa Aseguradora coincides with the approval of economic incentives (known as the Next Generation Fund) to rebuild a greener, more digital and more resilient Europe after the severe impact of Covid-19. This is an opportunity to strengthen its position in the face of climate change, develop more sustainable

and innovative products and consolidate its position as a benchmark for digitalisation in the Spanish insurance sector.

To this end, the company relies on the precautionary principle, analysing and managing its main environmental risks not only in terms of direct risks arising from its properties, waste management and employee awareness, but also indirect risks. Four of the ESG (environmental, social and governance) risks identified in the company relate to the environment, including **adapting to new regulations** against climate change, considering **their impact on financial ratios, adapting products and services to climate change** and properly implementing **environmental efficiency measures**.

The company has developed a sustainability policy that takes into account the environmental approach and aims to enhance the positive impacts and minimise the negative impacts of its operations on the environment. In this way, it promotes its value chain by encouraging the responsible and rational use of resources, adopting an efficient approach and seeking to minimise waste generation.

Línea Directa's Board of Directors has ultimate responsibility for the company's sustainability and is the body responsible for approving, monitoring and reviewing the implementation of the environmental strategy. In addition, the company has an Environmental Policy, introduced in 2017 and extended until the 2022 financial year, which covers the entire Group and establishes the principles of action in this area.

In addition, the **Sustainability and Reputation Committee**, composed of the Senior Management and the CEO, ensures

compliance with these principles and guarantees the implementation of appropriate measures to protect the environment.

This environmental pillar also includes the climate change strategy, with short, medium and long-term targets, and **the carbon footprint management system**, which identifies, measures and controls the direct, indirect and induced environmental impacts of the company's operations.

With regard to environmental management, in the 2021 financial year the Group has not considered it necessary to create a provision for environmental risks and charges, as there are no unforeseen events related to the protection and improvement of the environment and it has not received any type of sanction related to the environmental management carried out by the Group.

The **environmental risks** that could arise from the Group's activities are considered to be minor and, in any case, adequately covered and no additional risks are expected to arise in connection with the Group's activities. The Group has not incurred any expenses or received any subsidies in connection with these risks.

Climate change strategy

Due to its type of economic activity, the insurance sector is not identified as a carbon-intensive industry. In the case of Línea Directa Aseguradora, which operates in the Non-Life branch, its impact is equally low from a direct point of view. However, the service it offers in Motor insurance may generate an indirect

impact that must be taken into account, either through the mobility of its own customers or through its suppliers, who must play a leading role in the transition to a low-emission economy (workshops, towing, repairs, etc.). For this reason, **the company's responsibility towards the environment is not limited to managing the direct impacts it causes (which it has been managing for more than a decade), but also includes special attention to indirect impacts.**

In relation to its different business areas, Línea Directa has developed various initiatives.

For example, in the Motor line, Línea Directa has promoted the development of electric and hybrid vehicles and in 2016 launched **Póliza Respira**, an insurance policy designed to boost demand for more sustainable and environmentally friendly mobility models. The product offers drivers of private vehicles with electric or hybrid motors an all-risk insurance policy with a fixed tariff at a very competitive price, in addition to cover specifically designed for this type of vehicle, such as breakdown cover without mileage limit or theft of the integrated charging cable, among others.

In this way, the company positions itself in the market with responsible products to promote more sustainable and environmentally-friendly habits in society. Another example of this is the inclusion of hybrid vehicles in its fleet of replacement vehicles or in its innovative product "Llámalo X", the first insurance with a built-in car that also offers hybrid vehicles. It also insures electric mobility fleets for car sharing and motor sharing, thereby supporting new initiatives for solving the constant problems of pollution and mobility in urban areas.

In home insurance, Línea Directa covers atmospheric phenomena established by insurance law, within the coverage and limits established in the insurance conditions. The risks of extreme atmospheric phenomena, such as DANAS or atypical cyclonic storms (ACS), whose frequency and intensity are due to climate change, are covered by the Consortium for Insurance Compensation (CCS), a public body of the Ministry of Economy and Digital Transformation. Thus, with this exceptional risk insurance model, the Spanish insurance sector has a useful tool for dealing with the damage caused by climate change.

Línea Directa Aseguradora also offers sustainable proposals for its customers in relation to the agreement it has developed with Naturgy to promote sustainable energies in the home.

During 2021, Línea Directa "Vivaz Safe & Go", first insurance to cover users of Personal Mobility Vehicles (PMV) such as electric scooters, bicycles or Segways, among others, without the need for a vehicle registration or number plate. With this insurance, which is 100% digitally managed, the company is positioning itself as an ally of the new forms of low-carbon urban mobility by offering an insurance solution that protects the driver and the other users of urban roads and enables a more sustainable and environmentally-friendly urban mobility.

In 2021, Línea Directa supported WWF's "Earth Hour" initiative to raise awareness of the impact of climate change and the importance of reducing CO2 emissions locally and globally. Línea Directa publicises this initiative in its social media community, where it already has more than 430,000 followers.

To raise awareness among employees about the importance of sustainability, the company has conducted training sessions explaining the environmental management system, the Línea Directa Group's commitment to sustainable development and reducing environmental impact, as well as providing advice and recommendations on how to individually combat climate change.

CARBON FOOTPRINT

Línea Directa has been calculating its carbon footprint in a comprehensive way for more than 10 years in its three emission scopes: Direct (fossil fuel consumption), Indirect (electricity consumption) and Induced (including travel, business trips, paper and water consumption).

In 2021, for the second time, Línea Directa Asistencia prepared an estimate of the greenhouse gas emissions generated by the services it provides by road. The subsidiary has calculated the kilometres travelled annually through its supply chain as part of the towing services. It has also calculated the kilometres travelled by rental vehicles, by taxis used by customers when their vehicle needs to be repaired in the workshop, by the expert verification service and by the collection and delivery services of replacement vehicles to customers. The result was emissions of **6,032 Tonnes of CO2, 12%** higher than in 2020. These emissions are correlated with the number of assistance files opened in order to be able to verify the number of emissions for each customer service. With this measurement, the subsidiary can more comprehensively manage, reduce and ultimately neutralise emissions from its operations. In fact, emissions per file for 2021

were down by 1.5% from the previous year, being more efficient per service during this period.

In 2021, mobility has returned to levels similar to those before the COVID-19 pandemic. However, the measures implemented at Línea Directa will allow us to continue to significantly reduce emissions and progress towards carbon neutrality by 2030, as set out in the Group's Sustainability Plan.

Línea Directa identifies the main energy sources and evaluates their performance in order to set targets, monitor them and thus complete a comprehensive environmental management system. This management aims to reduce the impact of the company's activities, protect the environment, minimise pollution, have a system of continuous improvement within the company, comply with applicable legal requirements, promote the acquisition of more efficient products and services and ensure the availability of information to carry this out.

As a measure to avoid and reduce carbon emissions, employees also have access to a fleet of electric vehicles to commute between employee office centres.

Carbon Footprint of Línea Directa Aseguradora

Direct CO2 emissions (Tn)	2019	2020	2021
From consumption of Gas* / Diesel**	331.4	208.2	287.5
Emissions/employee	0.16	0.09	0.13
*Natural Gas 2021 (1,569,508 Kwh). **Gasoil Type C 2021 (639 litres). Source: MITECO. Emission factors, carbon footprint registration, offsetting and carbon dioxide absorption projects (Version 17 – April 2021)			
Indirect CO2 emissions (Tn)			
Electricity consumption	949.0	65.9	76.1
Emissions/employee	0.45	0.03	0.03
Source: MITECO. Carbon footprint registration emission factors, compensation and carbon dioxide absorption projects. (Version 17 - April 2021) Electricity ELEIA / Iberdrola Customers. Buildings TC1, TC2 and TC4: 100% renewable ELEIA electricity. TC3 building: Estimation of consumption based on annual average.			
Induced CO2 emissions (Tn)			
Commuting*	2,405.2	1,173.7	2,089.7
Business trips**	16.2	3.6	5.7
Water**	6.2	3.2	3.8
Paper	56.1	24.0	15.1
Total:	2,483.6	1,204.5	2,114.3
Emissions/employee	1.14	0.55	0.95

Source: SIMAPRO (Ecoinvent System Processes, tap water, at user, RER/S). Updated 2019.

Source: SIMAPRO (Ecoinvent System Processes 3, paper production, newsprint). Updated 2019.

Source: Defra's business travel- land guidance. Version 1.0 2021. Renfe and Calcarbono.servicios4 of the Government of Aragon

* In 2021, the calculation of Commuting trips was modified based on the survey of mobility habits.

** In 2021 the scope of Business Trips is expanded. It includes high-speed trains (AVE) and plane travel.

*** Estimation of water consumption based on annual average data.

*The methodology for calculating emissions from business travel and commuting was changed this year. For the sake of completeness, rail and air travel for business purposes were included in the calculation and a survey was conducted among employees to determine their mobility habits, including all types of transport.

Carbon Footprint of Línea Directa Asistencia

Direct CO2 emissions (Tn)	2019	2020	2021
From consumption of Diesel*	49.6	28.2	22.0
Emissions/employee	0.22	0.13	0.10

*Gasoil Type C 2021 (7,680.64 litres).

Source: MITECO. Emission factors, carbon footprint registration, offsetting and carbon dioxide absorption projects (Version 17 – April 2021)

Indirect CO2 emissions (Tn)

Electricity consumption *	102.1	52.0	47.8
Emissions/employee	0.44	0.24	0.22

*Estimated from average annual consumption

Source: MITECO. Carbon footprint registration emission factors, compensation and carbon dioxide absorption projects. IBERDROLA CLIENTES S.A. (Version 17 - April 2021)

Induced CO2 emissions (Tn)

Commuting*	285.3	131.6	206.7
Business trips**	10.13	3.30	1.27
Water**	0.65	0.12	0.02
Paper	1.73	0.46	0.25
Total:	297.9	135.5	208.2
Emissions/employee	1.30	0.61	0.98

Source: SIMAPRO (Ecoinvent System Processes, tap water, at user, RER/S). Updated 2019.

Source: SIMAPRO (Ecoinvent System Processes 3, paper production, newsprint). Updated 2019.

Source: Defra's business travel- land guidance. Version 1.0 2021

*Commuting In-house based on 2021 Mobility Habits Survey.

** Business trips only include those trips made in a private vehicle.

*** Estimated from average annual consumption.

Carbon Footprint of CAR Madrid

Direct CO2 emissions (Tn)	2019	2020	2021
From consumption of Gas*	143.4	112.6	141.4
Emissions/employee	2.21	1.61	1.99

* Natural Gas 2021 (776,825 Kwh).

Source: MITECO. Emission factors, carbon footprint registration, offsetting and carbon dioxide absorption projects (Version 17 – April 2021).

Indirect CO2 emissions (Tn)

Electricity consumption	257.6	242.4	116.0
Emissions/employee	3.96	3.46	1.63

Source: MITECO. Carbon footprint registration emission factors, compensation and carbon dioxide absorption projects. IBERDROLA CLIENTES S.A. (Version 17 - April 2021)

Induced CO2 emissions (Tn)

Commuting*	N/A	N/A	N/A
Business trips*	N/A	N/A	N/A
Water	0.38	0.26	0.31
Paper	1.04	0.62	0.35
Total:	1.42	0.88	0.66
Emissions/employee	0.02	0.01	0.01

Source: SIMAPRO (Ecoinvent System Processes, tap water, at user, RER/S). Updated 2019.

Source: SIMAPRO (Ecoinvent System Processes 3, paper production, newsprint). Updated 2019.

* Emissions from business trips and commuting have not been calculated because they are not significant.

Carbon Footprint of CAR Barcelona

Direct CO2 emissions (Tn)	2019	2020	2021
From consumption of Gas*	130.3	120.6	145.0
Emissions/employee	2.77	2.08	2.46

* Natural Gas 2021 (797,004.6 Kwh). Estimated from average annual consumption.

Source: MITECO, Emission factors, carbon footprint registration, offsetting and carbon dioxide absorption projects (Version 17 - April 2021).

Indirect CO2 emissions (Tn)

Electricity consumption	151.1	71.4	63.6
Emissions/employee	3.21	1.23	1.08

Source: MITECO. Carbon footprint registration emission factors, compensation and carbon dioxide absorption projects. IBERDROLA CLIENTES S.A. (Version 17 - April 2021)

Induced CO2 emissions (Tn)

Commuting*	N/A	N/A	N/A
Business trips*	N/A	N/A	N/A
Water	0.33	0.39	0.45
Paper	0.26	0.58	0.83
Total:	0.59	0.97	1.28
Emissions/employee	0.01	0.02	0.02

Source: SIMAPRO (Ecoinvent System Processes, tap water, at user, RER/S). Updated 2019.

Source: SIMAPRO (Ecoinvent System Processes 3, paper production, newsprint). Updated 2019.

* Emissions from business trips and commuting have not been calculated because they are not significant.

In 2021, the Línea Directa Group has issued 58% less emissions than 2019 in scopes 1 and 2.

INDICATORS OF ECO-EFFICIENCY AND SUSTAINABLE USE OF RESOURCES.

Línea Directa has an environmental management system to adequately monitor and manage its main consumption and waste.

This system allows the company to develop and implement measures and strategies for more effective control and management aimed at minimising the environmental impact of its activity. This management leads not only to a reduced environmental impact, but also to real and quantifiable savings in operating costs.

Measures worth mentioning in 2021 include the **installation of photovoltaic panels on Línea Directa's buildings**, the introduction of a system to monitor installed renewable energy, and the installation and commissioning of two efficient chillers for air conditioning, one of which is already in operation and the other is expected to be operational in the first quarter of 2022.

In 2021, 86% of the electricity consumed in Línea Directa Aseguradora's facilities (Scope 2) is **green energy with a guarantee of origin.**

In addition, **various measures have been taken in the CAR workshops in Madrid and Barcelona** to reduce consumption and environmental impact. CAR Madrid has also installed solar panels, which should be fully operational by 2022. In addition, compressors were replaced, lighting was converted to LED and the compressed air system used to power pneumatically operated tools was repaired. CAR Barcelona is located in a high-

efficiency building with LED lighting, high-efficiency compressors and energy-efficient paint booths. In addition, both have a fleet of more sustainable replacement vehicles equipped with an LPG adapter and labelled ECO so that users can drive in the city centres.

The company continues to work on reducing paper consumption by introducing digital processes. Since 2016, the insurer has made all documents available digitally with the "Digital Policy", which is sent to the policyholder when the policy is taken out. As a result, by reducing the amount of mail in the various business processes during the lockdown and by increasing staff awareness, **paper consumption was reduced by 38% this year.**

Paper consumption (Kg)	2019	2020	2021	Diff % 2021/20
Línea Directa Aseguradora	28,384	17,342	10,697	-38.32
Línea Directa Asistencia	1,231	329	180	-45.08
CAR Madrid	736	437	249	-42.86
CAR Barcelona	187	412	586	42.43

In the course of reducing paper consumption, the company has also taken other measures, such as electronic signatures in contracts with suppliers and employees, which allow everyone to keep a personal digital file and so use less paper. This modality extends to the documentary relationship with customers, who can download any information through the website or the Company's app.

All these technological changes are gradually affecting the organisation's environmental management, but cultural change is also taking place within the organisation. The company has introduced training for the entire workforce on the importance of sustainability, focusing on specific environmental aspects related to the company's operations and providing awareness-raising messages and best practises to reduce environmental impact. To support employees in this change, the company has provided 10 charging stations for electric and hybrid cars this year.

WASTE MANAGEMENT

As the company has certified environmental management systems, the management of waste generated in its buildings is closely controlled and all relevant documentation and monitoring indicators are kept up to date. The main wastes generated by the company's operations are listed below. Both confidential paper waste and toner waste are managed by approved waste management companies, which certify that 100% of this type of waste is treated and reused appropriately.

In the case of electronic equipment, the appointed managers guarantee that this waste is treated appropriately.

For proper waste disposal, there are waste collection points in every factory and office, appropriately signposted so that all employees can separate organic waste, paper waste and packaging.

During the year, various pieces of computer equipment that was no longer in use was donated after being refurbished (with information deleted) by a group of technology volunteers to be

donated to various NGOs. Specifically, 30 CPUs, 15 monitors, 30 keyboards and 30 mice were donated.

Waste generated (Kg)	LÍNEA DIRECTA ASEGURADORA	LÍNEA DIRECTA ASISTENCIA
Paper and cardboard	8,862.00	484.00
Toners and printer cartridges	16.20	0.98
Plastics	15,200.00	-

In the case of the CAR Madrid and CAR Barcelona repair shops, the subsidiaries have a strict waste management policy due to their activities and the type of materials they work with.

Waste generated (Kg)	CAR MADRID	CAR BARCELONA
Glass	140.00	359.00
Plastic/Bumper Plastics	880.00	896.00
Paper and cardboard	4,777.50	715.00
Organic	16,220.00	11,752.05
Solvents	1,075.00	1,214.76
Contaminated materials, chemicals	4,777.00	21,522.08
Water-based waste paints	756.00	95264
Oils	351.00	21.00
Scrap	8,300.00	2,430.00
Oil Filters	418.00	-
Cabin Filters	1,945.00	530.00

ENVIRONMENTAL MANAGEMENT SYSTEM

Since 2017, Línea Directa Aseguradora has been certified in accordance with Spanish standard **UNE-EN ISO 14001:2015**. The company considers it essential to centralise environmental performance in an environmental management system (EMS). Three of the four buildings the company owns in Tres Cantos are currently included in this certificate. There are plans to include the fourth building, which will be inaugurated in 2020. Although it does not fall within the scope of EMS, its consumption is also monitored.

Water consumption (ml)	2019	2020	2021	Diff % 2021/20
Línea Directa Aseguradora	19.27	10.05	11.92	18.62
Línea Directa Asistencia	2.02	0.36	0.05	-87.05
CAR Madrid	1.18	0.82	0.95	15.82
CAR Barcelona	1.03	1.20	1.40	16.25

Water consumption in 2021 increased at the insurance company due to increased activity in the offices following the normalisation of rotating shifts of employees. At Línea Directa Asistencia, the landlord reported much lower consumption in the common areas of the building. Finally, the two repair centres also increased their consumption due to the increase in activity, as the protocol is to wash the vehicle before delivery at the end of the repair.

Línea Directa Asistencia has also created a scorecard with the main consumption indicators of the subsidiary. The centralisation

of all information will be used to set consumption targets and take energy efficiency measures.

This includes toner consumption, which is monitored both at the head office and at the other subsidiaries.

Toner consumption 2021	Kg
Línea Directa Aseguradora	16.20
Línea Directa Asistencia	0.98
CAR Barcelona	6.00
CAR Madrid	7.65

In 2021, the energy consumption of the main entities that make up the Línea Directa Group increased compared to 2020, due to the gradual reintegration of employees into the offices. However, thanks to the measures taken, the impact has been minimised.

Electricity consumption (Kwh)	Origin	2019	2020	2021	Diff % 2021/20
Línea Directa Aseguradora TC1 - Isaac Newton, 7	Renewable	1,070,586.00	798,191.00	848,089.00	6.25
Línea Directa Aseguradora TC2 - Isaac Newton, 9	Renewable	392,779.00	306,114.56	315,639.00	3.11
Línea Directa Aseguradora TC3 - Torres Quevedo, 1	Non-renewable	-	329,643.69	507,390.63	53.92
Línea Directa Aseguradora TC4 - Ronda de Europa, 7	Renewable	2,484,779.00	1,929,640.00	2,022,522.00	4.81
Línea Directa Asistencia (Pozuelo de Alarcón)	Non-renewable	364,706.30	259,924.00	318,550.00	22.56
CAR Madrid (Torrejón de Ardoz)	Non-renewable	919,999.00	781,998.00	773,387.00	-1.10
CAR Barcelona (Sant Joan Despí)	Non-renewable	397,622.00	357,146.00	424,243.00	18.79

The consumption of Línea Directa Aseguradora TC3 and Línea Directa Asistencia in 2021 is an estimate based on an annual average.

Furthermore, the Direct Insurer Line has an energy management system certified according to the ISO 50001 international standard, which ensures a lower environmental impact by reducing energy consumption.

	Power Consumption (GJ)					
	2019	Gj/Empl	2020	Gj/Empl	2021	Gj/Empl.
Línea Directa Aseguradora	20,063.00	9.54	16,215.23	7.35	18,972.55	8.51
Línea Directa Asistencia	1,972.41	8.57	1,311.07	5.93	1,449.83	6.81
CAR (Madrid and Barcelona)	9,596.44	74.97	8,569.01	66.94	9,977.25	76.75

*Includes energy consumption in electricity, natural gas and diesel.

In addition, LDA Reparaciones, the Group's Home subsidiary, has a small leasing fleet that reports its consumption. All home assistance services are planned as efficiently as possible. The consumption results are as follows:

Vehicle fleet LDA Reparaciones	2020 Diesel (l)	2021 Diesel (l)	
Vehicle 1	1,578.96	749.66	
Vehicle 2	1,366.17	1,525.97	
Vehicle 3	938.66	1,102.46	
Vehicle 4	2,229.79	2,373.36	
Vehicle 5	1,022.30	1,217.47	
Vehicle 6	1,198.07	1,547.37	
Vehicle 7	1,160.33	1,484.64	
Vehicle 8	1,880.06	1,927.70	
Vehicle 9	-	1,167.94	Diff %
Total	11,374.34	13,096.57	15

The Group has annual Environmental Management programmes that include a series of goals and targets aimed at optimising consumption and proper waste management. It also works to reduce atmospheric emissions and conducts communication, awareness and training campaigns for employees on good environmental practises.

BIODIVERSITY

The Línea Directa Aseguradora Group has no impact on protected natural areas and/or biodiversity as its headquarters are located in urban areas.

Key biodiversity actions include supporting Earth Hour, a WWF-sponsored initiative to mobilise individuals, businesses and governments to reverse the loss of biodiversity in nature. The company is committed to the Earth Hour actions and also makes a small contribution to this project.

The company also runs campaigns aimed at employees with recommendations on how to reduce their environmental impact and publishes a good environmental practises manual on its intranet, which is available to all employees who wish to view it. In 2021, the Línea Directa Group has issued 58% fewer emissions than in 2019 in scopes 1 and 2.

ADAPTATION TO CLIMATE CHANGE

The transition to decarbonisation of the economy has become a global challenge that affects all companies and involves their various activities, especially the world of finance: banking and insurance.

As a result of this joint commitment, there has been a remarkable increase in recent years at the level of regulation and in the field of sustainable investment. For example, in the context of the 2015 Paris Agreement on climate change and the United Nations 2030 Agenda for Sustainable Development, the European Commission commissioned a group of experts to develop a European Union (EU) Sustainable Finance Strategy.

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investments is one such rule. It is the **Taxonomy Regulation**, whose purpose is to establish the criteria for

determining whether an economic activity is considered environmentally sustainable in order **work out the degree of economic sustainability of an investment**. Pursuant to Article 8 of this Regulation, any undertaking required to disclose non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU (as amended by Directive 2014/95/EU) shall include in its non-financial statement or consolidated non-financial statement information on the nature and extent to which the activities of the company are associated with economic activities that are considered environmentally sustainable according to the Taxonomy.

The Taxonomy sets out a set of harmonised criteria for determining whether an activity is sustainable, taking into account existing market practices and initiatives and advice of a group of technical experts. This lays the groundwork for the development of a **set of standards and labels** for sustainable financial products.

Financial market participants should therefore report:

- How and to what extent their investments are aligned with the Taxonomy.
- How their investments contribute to the EU's environmental objectives.
- Proportion of their investments aligned with the Taxonomy.

To be eligible for the EU Taxonomy, an economic activity must contribute significantly to at least one of the following 6 environmental objectives, among other factors:

1. Climate change mitigation.
2. Adaptation to climate change.
3. Water protection.
4. Circular economy.
5. Prevention of pollution.
6. Biodiversity and ecosystems.

In December 2021, Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 was published, complementing Regulation (EU) 2020/852 of the European Parliament and of the Council and setting out the technical selection criteria for determining under which conditions an economic activity is considered to make a significant contribution to climate change mitigation or adaptation, and for determining whether that economic activity does not cause significant damage to any of the other environmental objectives.

Delegated Regulation (EU) 2021/2178 supplements Article 8 of the Taxonomy Regulation to specify the key performance indicators applicable to financial undertakings (i.e. credit institutions, asset managers, investment firms and insurance and reinsurance undertakings) and non-financial undertakings and to further specify the methodology for complying with these disclosures.

Although the implementation of the Taxonomy is gradual (the year 2024 is estimated as the effective date of the obligation to report on key performance indicators for financial entities), Línea Directa Aseguradora includes the information on the following indicator in this non-financial report for the year 2021:

Share and amount of gross premiums written of non-life and reinsurance business from activities identified as environmentally sustainable according to the Taxonomy.

KPIs related to underwriting activities have been calculated as the share of non-life gross premiums written corresponding to underwriting activities that comply with the taxonomy as defined in the Delegated Climate Act taxonomy in relation to Non-Life gross premiums written.

	Motor, general liability insurance Civil Motor	Motor. Other Warranties	Fire. Other damages to assets	Assistance	Expenses Medical	TOTAL
Eligible gross written premiums	341,746	406,354	131,243	1,397	26,449	907.189
Total gross written premiums	341,746	406,354	131,243	1,397	26,449	907.189
Combined	100%	100%	100%	100%	100%	100%

It was calculated taking into account the applicable information disclosure requirements as at 31 December 2021, in particular Commission Delegated Regulation (EU) 2021/2139 **establishing the technical selection criteria for determining the conditions under which an economic activity is considered to make a significant contribution to climate change mitigation or adaptation** and for determining, whether that economic activity does not cause significant harm to any of the other environmental objectives, by specifying the content and presentation of the information to be disclosed by undertakings subject to Articles 19a

or 29a of Directive 2013/34/EU in relation to environmentally sustainable economic activities and the methodology for fulfilling the disclosure obligation. In particular, Article 6 and Annexes IX and XI on the information to be disclosed and the templates in Annex X.

The proportion in total assets of exposures to eligible and non-eligible economic activities according to the Taxonomy.

	Value (EUR)	KPI_1 Eligible	KPI_2 Non-eligible	KPI_3 Debt and agendas	KPI_4 Derivatives	KPI_5 No NACE code	Exempt
Total assets Línea Directa Group	1,368,478,477.54	10.52%	16.98%	29.98%	-0.69%	0.00%	22.57%

The calculation has been made with the market value of the positions on the balance sheet for each of the categories and on the total assets of Línea Directa Group.

All positions held by the Company in the portfolio, except for the holding in TIREA, have been assigned a NACE code.

Eligible/Non-eligible. The percentage of the portfolio in non-eligible economic activities is mostly due to investment in financials, both bonds and equities of banks and insurers, with a minority of positions in autos, pharma, healthcare, consumer, commodities, etc.

Listed and unlisted funds and investment companies. The following have been considered exempt. As at 31 December the Company has a NACE code assigned as a financial product and is therefore exempt.

Property: by the end of 2021, the Company has ISO 14.001 (environment) and ISO (50.001) energy efficiency certifications for the TC1, TC2 and TC4 buildings, while in the TC3 building progress is being made to have some type of sustainability qualification, such as photovoltaic installations, as soon as possible.

SOCIAL AND PERSONNEL ISSUES

INTRODUCTION

The Línea Directa Group debuted on the stock exchange in the year 2021, after 26 years of business operations, becoming one of the three listed insurance companies in the country. This historic milestone for the company shaped the main lines of the People Division's strategy that year.

Línea Directa's achievement of the status of listed company is the result of a long road travelled by a company that has been committed for years to introducing the latest technologies, innovation, agility and flexibility in each and every one of its processes, including those related to human resources management. **Digitalisation** has played a decisive role throughout the Company, especially in the processes related to people management, with a focus on simplification, personalisation, transparency and simplicity as fundamental pillars of **employees' experience** in their normal working day.

In turn, **attracting and retaining the best talent**, has been and continues to be one of Línea Directa's main objectives in terms of employees, which remains focused on the external selection and internal development of highly qualified and dedicated professionals to meet the challenges of the business. The Company has its own model for attracting talent based on a well-defined value proposition.

Equally important has been the **introduction of a new professional roles model**, according to international methodologies for which specialised external advice has been provided. An up-to-date

and flexible model that aligns the company's professionals with the corporate strategy and undoubtedly helps to achieve the ambitious current goals and the new future challenges. This new model identifies the different professional functions that exist or may be required in the future for the company. It provides flexibility in the organisational structure, as one of its management advantages is that it is independent of the hierarchical structure. It also allows the creation of career plans and the possibility to compare the different professional functions in other companies.

This year the Group has further **transformed its learning model**, choosing innovative forms of learning and putting the employee in the driver's seat so that he or she can be the master of his or her own learning and professional development. To do this, it has relied on different digital platforms and has built online training itineraries in which employees can learn where and when they want, accompanied by Microsoft 365 collaborative tools.

In addition, during the year, the company has continued to work in an environment in which the main priority was again **the health and safety of its employees**. Although preventive measures against Covid-19 have borne fruit and allowed some return to a normal state of affairs in 2021, precautionary measures have continued to be taken due to the ongoing health crisis. In response to the various outbreaks, the Group has maintained additional measures to protect its employees, such as work rotations at home and in the office, as well as special protective measures for those most vulnerable to the virus. The technological and data analytic implementations carried out in the company, such as the Cv19 Management Dashboard, have been a great help in decision-making for the care of employees.

In this context, Línea Directa Aseguradora is considering new forms of work organisation and its flexibility system for a post-pandemic environment.

GLOBAL STAFF DATA

The headcount of the Línea Directa Aseguradora Group at 31 December 2021 was 2,576 employees (permanent and temporary) and was distributed as follows:

Seniority	2020			2021		
	Men	Women	Total	Men	Women	Total
1. <=5	568	618	1,186	557	599	1,156
2. 6-15	369	528	897	325	452	777
3. 16-25	156	319	475	207	417	624
4. >25	2	1	3	7	12	19
Total general	1,095	1,466	2,561	1,096	1,480	2,576

Age	2020			2021		
	Men	Women	Total	Men	Women	Total
1. <30	110	144	254	104	131	235
2. >=30 and <50	852	1,061	1,913	826	1,054	1,880
3. >=50	133	261	394	166	295	461
Total general	1,095	1,466	2,561	1,096	1,480	2,576

Professional Group	2020			2021		
	Men	Women	Total	Men	Women	Total
1. Directors	36	36	72	35	35	70
2. Expert professionals	181	167	348	189	176	365
3. Professionals	359	407	766	283	422	705
4. Staff	519	856	1,375	589	847	1,436
Total general	1,095	1,466	2,561	1,096	1,480	2,576

Type of contract	2020			2021		
	Men	Women	Total	Men	Women	Total
Permanent	1,031	1,386	2,417	1,050	1,444	2,494
Temporary	64	80	144	46	36	82
Total general	1,095	1,466	2,561	1,096	1,480	2,576

Type of Working Day	2020			2021		
	Men	Women	Total	Men	Women	Total
Full-time	703	620	1,323	709	631	1,340
Part-time	392	846	1,238	387	849	1,236
Total general	1,095	1,466	2,561	1,096	1,480	2,576

Seniority	2020			2021		
	Full-time	Part-time	Total	Full-time	Part-time	Total
1. <=5	371	815	1,186	362	794	1,156
2. 6-15	566	331	897	469	308	777
3. 16-25	383	92	475	491	133	624
4. >25	3	0	3	18	1	19
Total general	1,323	1,238	2,561	1,340	1,236	2,576

Age	2020			2021		
	Full-time	Part-time	Total	Full-time	Part-time	Total
1. <30	55	199	254	59	176	235
2. >=30 and <50	1,010	903	1,913	972	908	1,880
3. >=50	258	136	394	309	152	461
Total general	1,323	1,238	2,561	1,340	1,236	2,576

Professional Group	2020			2021		
	Full-time	Part-time	Total	Full-time	Part-time	Total
1. Directors	71	1	72	70	0	70
2. Expert professionals	317	31	348	333	32	365
3. Professionals	654	112	766	599	106	705
4. Staff	281	1,094	1,375	338	1,098	1,436
Total general	1,323	1,238	2,561	1,340	1,236	2,576

Type of contract	2020			2021		
	Full-time	Part-time	Total	Full-time	Part-time	Total
Permanent	1,301	1,116	2,417	1,320	1,174	2,494
Temporary	22	122	144	20	62	82
Total general	1,323	1,238	2,561	1,340	1,236	2,576

Seniority	2020			2021		
	Permanent	Temporary	Total	Permanent	Temporary	Total
1. <=5	1,042	144	1,186	1,074	82	1,156
2. 6-15	897	0	897	777	0	777
3. 16-25	475	0	475	624	0	624
4. >25	3	0	3	19	0	19
Total general	2,417	144	2,561	2,494	82	2,576

Age	2020			2021		
	Permanent	Temporary	Total	Permanent	Temporary	Total
1. <30	211	43	254	213	22	235
2. >=30 and <50	1,823	90	1,913	1,830	50	1,880
3. >=50	383	11	394	451	10	461
Total general	2,417	144	2,561	2,494	82	2,576

Professional Group	2020			2021		
	Permanent	Temporary	Total	Permanent	Temporary	Total
1. Directors	72	0	72	70	0	70
2. Expert professionals	348	0	348	365	0	365
3. Professionals	752	14	766	701	4	705
4. Staff	1,245	130	1,375	1,358	78	1,436
Total general	2,417	144	2,561	2,494	82	2,576

ALIGNMENT WITH THE COMPANY'S BUSINESS STRATEGY

The People area is aligned with the Company's strategic objectives and plays a part in achieving them. In 2021, its strategy has been focused on the Group's **cultural transformation**, looking for new ways of learning, communicating and working. Hence, the focus on promoting digital culture, agility, flexibility, efficiency, talent, branding and employee experience.

The company has a **flat and flexible organisational structure**, with workspaces that facilitate the use of the latest technologies and agile methodologies, as well as a values-based leadership style where transparency, recognition of achievements, commitment and the development of talent are key.

The company's #DNALineaDirecta encapsulates its ethos as a means of attracting talent: **"We are agile, we are different and we care about people"**.

The Chief Executive Officer of the organisation sets the **annual strategic business objectives**, which are communicated to all employees through the Performance Management System. Subsequently, each area manager sets the goals for his or her area of responsibility in accordance with the strategic corporate goals, and all of these goals are assigned to the individual employees.

The mission of the People Area is, in short, is to develop the necessary plans to have the best team of people prepared to achieve the strategic objectives and who act with the highest level of integrity, commitment and responsibility. Línea Directa is made up of more than **2,500 professionals from 28 different countries**. According to the "Implicate" survey, which examined employee satisfaction, motivation and commitment to determine their perception of the company, 85% of them are committed to the company in order to meet the challenges that lie ahead.

Línea Directa's culture is based on two key pillars: a form of leadership that is open and honest, and strongly communicative, with its own style, which is adept at balancing serious and profound messages with more casual ones informed by a strong sense of humour.

In this context, the briefings with the CEO, in which the CEO discusses the most important current topics of the company (business results, goals and priorities for the coming months) in a live online format for all employees, are crucial. Meetings where employees also have the opportunity to ask questions of the management on issues relevant to the company. The presentation of results, the IPO, the launch of Vivaz Safe&Go or

the progress of the company's digital transformation plan were some of the moments reported internally by Línea Directa.

HEALTH AND SAFETY

The health crisis triggered by the pandemic remained a major global problem in 2021. With the lifting of the restrictions imposed to protect the health of citizens, things have returned to normal to a certain extent, and this is also true in the business world. During this period, which has seen several waves of COVID-19, the company has not let its guard down with regard to the health and safety of employees and has maintained the appropriate preventive measures to ensure the safety and health of employees at all times.

During the year, the Línea Directa Group continued many of the actions it had taken in 2020. Not only were the regulations of the health authorities scrupulously complied with, but the health and safety of employees was also ensured (they were able to work in a safe environment). Thanks to an extraordinary coordination effort between areas and departments, with the People Area of Línea Directa Aseguradora at the centre, the company kept employees informed and advised at all times. **On any given day, any employee could contact a specialised team to answer questions about the management of the pandemic or any COVID-19-related issue for themselves or their family members.** The company has also maintained direct, close and regular contact with all employees who were affected by the disease during the year, either themselves or a family member. In addition, the following measures were taken:

- **Distance between workplaces** to ensure interpersonal distance.
- **Signage** of all spaces and the distances and average capacity to be maintained.
- Provision of **surgical and FFP2 masks and hydroalcoholic gel for staff.**
- **Daily cleaning** of all areas with disinfectants.
- **Special signage and organisation of areas** with the highest concentration of people, such as the staff canteen, with tables distributed by area to isolate groups.
- Conduct **serological tests for all new employees joining** the company.
- Follow-up and control of positives and their evolution through a scorecard.
- Creating new spaces in the Línea Directa campus area, such as large, equipped outdoor areas and setting up the buildings' terraces for staff use during breaks.

In addition, a special group, the so-called "protected group", was also maintained this year, consisting of employees who are at particular risk of contracting the virus due to pre-existing conditions and who are permanently employed remotely. People who had to temporarily belong to this group due to illness, work-life balance or personal problems could also join it, which is not only a measure of caution but also of flexibility in special situations.

Since the beginning of the pandemic, the company has exercised extreme caution in all decisions and actions it takes to ensure people's health and safety. In this regard, the use of **digital human resources tools** continued for certain measures, such as **capacity control**. In addition, all desks in the company's buildings are encrypted and each employee must indicate in an application where they are in the office in one week or another, so that action can be taken very quickly in the event of an infection. Technological investments in equipment at IT to ensure a dual working environment (office/home) continued. This has ensured the safety of all staff in case of events such as the Filomena extreme weather event in January 2021.

Vaccination campaigns available to workers were urgently maintained and further publicised during this period, especially the flu campaign, as it is important to distinguish common symptoms from COVID-19 infection.

Due to the good vaccination results in Spain and the development of the pandemic, the company has changed the rotation of sealed staff groups from fortnightly to weekly, always maintaining the 'protected group' and strict adherence to all preventive measures. This change in working hours at home or in the office, always on the premise of health, also enabled the reinforcement of the concept of the office as a safe place and the gradual restoration of everyone's confidence in a cautious return to normality.

WELLNESS MODEL

Companies must be prepared to satisfy the requirements of their employees in these challenging times. During this time, health and care systems have been prioritised. Línea Directa has **signed up to the Luxembourg Declaration** promoted by the European Network for Workplace Health Promotion since 2017. By doing so, the company commits to accepting and implementing the fundamental objectives of workplace health promotion and aligning its strategies with the principles of this declaration.

The **main objective of the Línea Directa Group's human resources management is therefore the safety and health of its employees**, but also attention to a broader concept that has been gaining importance for some time: their well-being. Beyond health and safety measures, the company aims to offer its employees a more comprehensive programme that focuses on different aspects of their well-being (physical, emotional, financial, etc.). Thanks to the strength of the company's Healthy Company Programme, a step has been taken in 2021 towards a **more holistic wellness programme**, one that takes into account all aspects on which employees may need information, action or training, in order to then start their own good practises on an individual basis.

For this reason, the Línea Directa Group has launched the **"Wellness to be Well"** programme as part of its wellness and health axis for employees. Thanks to the technological resources that Línea Directa has in addition to its own health insurance (Vivaz), it has been possible to develop a different and personalised strategy for the programme that results in a high level of participation by workers in each of the proposed actions.

The programme includes actions in the areas of physical, emotional and financial wellbeing, among others, **and involves awareness-raising activities and dynamic groups** composed of employees selected as being exemplary in each of the areas ("**Wellness Champions**"), who help to spread the various actions in a very dynamic way.

During 2021, Línea Directa has held specific sessions with employees on the following topics, among others:

- Motivation session to start some kind of physical activity and its benefits.
- Healthy eating session and its impact on health and disease prevention.
- Sessions with leading medical professionals to raise awareness of healthy lifestyle habits that prevent diseases such as bowel and skin cancer.
- Specific session on breast cancer.
- Session on smoking prevention.
- Awareness campaign on the importance of rest and respect for minimum hours of sleep.
- Campaign on chronological age vs. biological age.

In the area of **physical wellbeing**, the programme works specifically with Vivaz, the health insurance brand of Línea Directa Aseguradora, to promote healthy habits among

employees in three areas: physical activity, rest and food. Thanks to the Vivaz Activity app, various challenges were launched in 2021 to do with physical activity through which all employees were encouraged to take part to improve their wellness. A commitment to the use of new technologies in the delivery of physical activity. The challenges have high impact through close communication and combine collective engagement with individual recognition through wellness. In view of the good response to the campaign, **solidarity campaigns** were launched for employees and customers, thanks to which hundreds of food parcels were distributed to families in need through the Solidarity Bank.

Other activities that have been taking place at Línea Directa for some time include: Runners Club, sports tournaments, discounts at gyms, healthy menus, healthy and gluten-free products in all vending machines, healthy Christmas hampers, rest rooms, health awareness campaigns, vaccination campaigns and special medical check-ups or discounts for physiotherapy, to name a few. The gradual return to normality will enable the company to implement new measures in the next financial year and further develop the current ones.

Línea Directa's employee wellness offer is accompanied by a strong communication plan linked to the actions, including communications about relevant milestones to motivate employees to take up the challenge of improving their health. They aim to involve and motivate employees, but also to spread **the idea of self-care**. For example, the company celebrated **World Health Day** on 7 April with various campaigns and calls for participation via internal social media.

The current situation has made the importance of **emotional wellbeing, even more evident. Therefore, last year Línea Directa launched the** “Victor Kueppers Mondays” initiative to continue the actions already carried out in this area. A series of sessions in which a well-known and inspirational speaker shared keys to improving attitude and life motivation with staff on a weekly basis. In addition, the programme offers emotional workshops for staff conducted by experts on interesting topics related to the management of emotions, such as the workshop **“Resilience in Times of Uncertainty”**, conducted in cooperation with the Spanish Institute for Resilience, among others.

The programme also offers a range of different digital and exclusive content on emotional balance, available on the company's internal training platform (@prende).

Unfortunately, 2021 was another year marked by the pandemic and some of our employees' families were affected by these events. Thanks to the close cooperation with the San Camilo Foundation, they were able to receive support through its bereavement assistance and support programme.

Finally, it is worth highlighting the implementation of the psychosocial risk assessment of the entire workforce in order to determine the general condition of the employees and to be able to take the necessary measures to ensure their emotional well-being as much as possible.

To promote the financial well-being of its employees, Línea Directa, in collaboration with Bankinter, organises personalised training and financial information for the company's employees as part of its Wellness Programme. In regular webinars, employees

can learn about a variety of financial products, especially savings products, mortgages, mutual funds and pension plans, with the help of financial experts. The company's employees can also use a digital training space ("School of Finance") with a wide range of training content on relevant aspects of finance.

Línea Directa applies a wellness model that has the ambition, in line with our corporate purpose, to bring health insurance closer to people, in order to be self-sufficient. For this reason, the Vivaz health insurance brand offers employees and their families different types of health insurance at a reasonable price, in order to contribute to improving the quality of life of our employees, together with the measures of the Línea Directa health and wellness programme.

Línea Directa also wants to extend its goal of well-being to society, and in this respect actions such as the following stand out. On the one hand, through Vivaz Seguros, which is aware of the importance of good nutrition in the prevention of diseases, the Company launched the Vivaz Manifesto, aimed at customers, employees and society in general. A document written by a leading physician in the field of dietetics, nutrition and biology, setting out the principles of good nutrition, advice on how to achieve it and proactive commitments to help society achieve it. On the other hand, the company's wellness and health model was extended to the value chain through a series of exclusive “healthy breakfasts” with our employees. A space to think, reflect and work on the challenges of health for people in organisations.

EMPLOYEE RELATIONS

In terms of employee relations models, 2021 was a year of change due to Covid-19: early restrictions and a first return to normalcy gave way to the consolidation of hybrid working arrangements.

The Línea Directa Group has introduced a rotation model that combines face-to-face and teleworking in two isolated groups, as well as another group where there are employees with special circumstances. This system protects the health and safety of the employees, but also results in one half of the company having virtually no contact with the other half. As a result, the People division of Línea Directa's work has also been to build points of cohesiveness, using new technologies to combine the connection between people on site and remotely.

Be365 change management project

To facilitate and establish a collaborative working model that favours collaboration, mobility and efficiency, in 2021 the company made progress in implementing the Be365 programme, which teaches usage methods to make the most of the opportunities offered by the new collaborative technological tools used in the company. During the introductory phase of this new technology, weekly training sessions on best practises in the use of these collaborative tools were organised for middle management. Each session was accompanied by a decalogue in infographic format, which was then distributed to all staff.

In order to make the process of introducing good practises fun and accessible to users at all levels, a mascot, "TAS", was

developed, which served as an incentive to reinforce the actions taken in a very entertaining and fun way.

Finally, a survey was launched to check the level of user training, which was followed up with a challenge to improve their skills.

A group of staff, called "change ambassadors", continued their work in each area to make the change and the introduction of the new communication and collaboration systems accessible to all. Thus, at the end of 2021, work began on the proper use of the collaboration tools to make the most of them and avoid the digital fatigue that teleworking causes.

New employee portal

The new employee portal Línea Directa was launched in December 2020 and further developed in 2021. This new site, which informs employees of all the company's news, has also enabled the creation of new internal social networks such as Lineagram, which have articulated contact between employees from different groups around shared hobbies. Furthermore, the new portal has enabled better management of events, as well as the creation of questionnaires and surveys to gather staff feedback on planned activities.

The Company's new Intranet dedicates a special section to content called "Línea Directa has you in mind". Behind this concept are several sections where employees can find all the practical information they need to answer their questions about training, development, benefits, benefits, etc. In addition, all these sections are linked to the management software HR, PeopleSoft, for greater user-friendliness.

All this was accompanied by various actions to invite staff to participate and involve them at important moments. A good example of this was the internal communication and competition on the occasion of the IPO, which tested employees' knowledge of the stock market, and the gradual transmission of information about what this historic event means for Línea Directa.

Respect for people

But the most direct and personal channel for relations with the company's employees is undoubtedly the People care team. Línea Directa also has a digital channel through which any employee can ask their doubts or questions on any subject. All requests are resolved almost immediately by specialised staff from the human resources department. This team attends first-hand to the needs of Línea Directa employees, providing useful information and special attention with particular sensitivity. The specialists that make up this team were also crucial in the management of the pandemic, as they were responsible for direct contact with the affected staff and for dealing with all issues and incidents related to COVID-19. In 2021, more than 1,150 consultations have been attended.

TALENT MANAGEMENT

The Línea Directa Aseguradora Group's talent strategy aims to attract, retain and develop the talent of its employees so that they contribute to the success of the company. **Talent Communities**, which bring together individuals with similar skills and duties and offer training programmes to help them improve their talents and broaden their knowledge, are particularly

important. The aim is to project and manage the organisation's internal talent so that they can successfully perform their functions, achieve their goals and develop professionally to meet new challenges, add value and contribute to the company's success.

In the **leadership programmes**, we work with our leaders on their ability to inspire and lead the digital transformation of their teams, the new paradigms of corporate leadership and Management 3.0. The company has developed its **own leadership style**: rational, with knowledge and skills adapted to the times we live in; emotional, who know how to manage their own emotions and reach people through feelings and emotions and with values: Responsibility, Courage, Confidence and Humility.

	2020			2021		
	Evaluated	People at closing	%	Evaluated	People at closing	%
Gender						
Male	1,053	1,095	96.2%	1,075	1,096	98.1%
Female	1,453	1,466	99.1%	1,469	1,480	99.3%
Total general	2,506	2,561	97.9%	2,544	2,576	98.8%

	2020			2021		
	Evaluated	People at closing	%	Evaluated	People at closing	%
Age						
1. Under 30	242	254	95.3%	228	235	97.0%
2. Between 30 and 50	1,877	1,913	98.1%	1,869	1,880	99.4%
3. Greater or equal	387	394	98.2%	447	461	97.0%
Total general	2,506	2,561	97.9%	2,544	2,576	98.8%

Professional Group	2020			2021		
	Evaluated	People at closing	%	Evaluated	People at closing	%
1. Managers	71	72	98.6%	55	235	78.6%
2. Expert professionals	341	348	98.0%	362	1.880	99.2%
3. Professionals	761	766	99.3%	697	461	98.9%
4. Staff	1,333	1,375	96.9%	1,430	1,436	99.6%
Total general	2,506	2,561	97.9%	2,544	2,576	98.8%

Línea Directa's internal talent management is based on the following aspects:

1. Comprehensive talent management, which includes the main fields of action on which the company's talent management is based.

1.1. **Roles Model:** The new needs of the company have led to a new classification of functions that runs throughout the organisation, organised by roles and grouped into families, regardless of the organisational structure. This classification allows professionals to identify the knowledge and skills required to successfully perform certain jobs and to determine career development paths.

1.2. **Performance Management System:** the performance of all the company's professionals has been assessed with the main objective of supporting them in their development, measuring their contribution to the company's strategy, identifying their

strengths and areas for improvement, and providing positive and quality feedback. 98.8% of the workforce has been assessed.

1.3. **Succession Plan:** In 2021, a succession plan was created to analyse the suitability of the participants for the defined success profile and to develop new paths for career advancement to ensure the continuity of the company.

1.4. **Identifying Potential:** for another year, managers have identified the people in their teams who are ready to take on new roles. This identification of potential allows us to promote in-house talent development.

2. Leadership Model, our leadership model aims to develop leaders who drive the company's strategy by creating high levels of engagement in their teams and an excellent working environment. In 2019, a programme was launched to identify the strengths and development areas of the 280 team leaders in the business.

The company has a values-based leadership style, which is based on four key pillars that all leaders must represent and pass on, and which are embodied in certain behaviours:

- *Responsibility:* guiding teams by setting clear objectives and goals, managing teams in such a way that they can develop their potential, etc.
- *Courage:* take on new challenges, be clear, provide positive feedback, etc.

- *Trust*: following through on promises, believing in people, offering opportunities and delegating, etc.
- *Humility*: recognising mistakes, acknowledging we do not know everything and learning from others, etc.

Given the unique experience of the 2021 pandemic, it was critical to enhance leadership skills at a distance to compensate for the loss of proximity and to manage uncertainty, as well as technological skills with collaborative tools (be 365).

As part of our leadership model, the company has identified three **Talent Communities: Darwin, Crece and Smile** with which we work with different programmes that allow us to develop a coherent, uniform and highly aligned leadership style within the organisation:

2.1. Darwin Programme: training and development program aimed at the group's 55 middle managers who report directly to the Management Committee. A transformational leadership program has been launched in 2021: "Leaders for Change". The company also promotes innovation and creativity in this group as a factor which sets us apart in order to maintain and improve its position as a benchmark company in the insurance sector.

2.2. Crece Programme: training and development programme aimed at the 145 middle management coordinators of the company to improve their leadership skills and technical knowledge. This year they participated in two programmes accompanied by renowned companies:

- *online MBA*, where they have acquired knowledge in business management and have worked on a 360° vision of the company.
- *Management 3.0*, which focuses on the need to adapt the model of team leadership to the new environment which, after COVID-19, requires skills to lead teams in hybrid environments where special importance is attached to management of trust, the autonomy required of teams and cultivating of commitment, among other variables.

2.3. Smile Programme designed for those leaders who supervise designed for those leaders who oversee teams in sales, customer service and processing, ensuring compliance with quality standards, requirements and cost control to achieve business objectives while maintaining high levels of motivation in their teams.

- *Digileads*, a programme designed with the aim of creating a model for remote leadership in which the skills necessary to work in this new environment have been addressed. A total of 127 leaders of the supervisors group took part in it.

3. Learning and training.

The learning model within the company adapts to the changing needs of today, where it is necessary for every professional to keep up to date and keep abreast of the latest advances in their field of knowledge in order to adapt to the new demands of the environment and customers.

The Línea Directa Group is aware of the **importance of training and learning** to help employees improve and to accelerate the Company's transformation process. It is therefore working to equip them with the knowledge, skills, tools and technologies to do so.

This new way of learning puts people at the centre and makes them participants in their own development. To this end, the Group has digital platforms that allow employees to choose the training they need at a given time, depending on their skills and needs, and the means to achieve it. The self-learning programme, cybersecurity awareness, 100% online training itineraries or talent communities are some examples of its learning ecosystem.

The learning model is divided into five schools: Technical School, Commercial and Service Delivery School, Regulatory and Control Standards School, Digital School and Language School.

3.1. **Technical School:** designed for 417 back office technicians of the company, with the aim of professionalising the company's technical teams and providing them with the most advanced knowledge, trends and tools. This School is made up of the PI community, the Agile community and the Self-learning Programme.

3.1.1. *PI community:* the constant transformation in the digital world puts the spotlight on the need to attract, retain and develop talent in the fields of STEM (Science, Technology, Engineering, and Mathematics).

This is the reason for the creation of our PI community, which is made up of all analysts from the group's companies and whose

main objectives are to promote shared learning, resource efficiency and the improvement of analytical skills.

This group, made up of 140 people, is identified in the Company's roles model. To this end, a reference map of the knowledge and tools that these individuals need to master in the world of data and new technologies was drawn up, and an assessment was carried out

to identify strengths and areas for development. Based on this assessment and adapting to the reality of each year, specific training and development programmes were set up, as well as a community

to share learning, best practises and new challenges.

3.1.2. *Agile community,* which has the "Awake your inner Agile" programme. The company is promoting a new agile culture for project management, supported by process and technology teams. The aim is to increase agility in the implementation of new projects and improve services to clients with a homogeneous and common methodology.

In this programme, these groups of professionals learn and apply the agile principles, methods and tools. The aim is to introduce a significant change in the working methodology that allows a global view of the progress of the projects by all stakeholders in a collaborative environment.

The creation of the Agile Community and all the trainings have professionalised the company's process and technology teams, strengthened their sense of belonging and made them grow in their role.

3.1.3. *Self-Learning Programme*. To support the cultural change and digital transformation that the company is undergoing, training programmes have been offered to the company's technical staff on a digital platform that covers their training and development concerns. The aim is for each individual to take responsibility for their professional development by having access to all the resources on the platform, which covers a range of topics such as: personal development, digital transformation, communication, resilience, personal branding, creativity, idea development, technological trends, etc.

3.2. **Commercial and Service School**: meeting the requirements and obligations arising from the publication of Royal Decree 287/2021 of 20 April on **the formation and transmission of statistical accounting information for insurance and reinsurance distributors** and the Decision of the General Directorate of Insurance and Pension Funds of 3 June 2021, which establishes the basic principles **of training courses and programmes for insurance and reinsurance distributors**, has led to the adaptation of our School and the inclusion of the necessary content to meet the new legal obligations. Therefore, the Línea Directa Group has prepared 100% of the relevant staff (1,200 managers entrusted with this work) with the necessary qualifications and knowledge and skills through continuous training. All these courses are offered in digital format, which has made training more flexible and encouraged self-study.

At the same time, training programmes in digital format have been developed to deepen the general knowledge of the insurance and finance sector for the entire group of clerks in the company.

3.3. **Regulatory and Control Standards School**, on the occasion of the IPO, the Company has reinforced its knowledge of standards and regulations in the Risk, Compliance, Audit, Data Quality, Data Protection and Actuarial Function teams. In addition, regulatory and related risk awareness programmes were conducted for the entire Group.

In this context of digital transformation and the introduction of digital tools, the company-sponsored **cybersecurity awareness campaign** aimed at all employees is particularly important. Challenges were launched via a digital platform enlivened with animated and real-life stories, and prizes were awarded to those who could solve them most successfully. The programme was also accompanied by expert sessions for management, leadership groups and technicians to strengthen their role in cybersecurity.

3.4. **Digital School**. To improve digital behaviours and skills, a series of training sessions were made available to all staff to teach proper use of Microsoft 365 tools and share best practises with experts: Pills, Guides, Monographs, Genius Bars, etc.

Transformation workshops were also promoted in the different areas to get the most out of the collaborative tools.

Complementing the above, weekly training sessions were organised with professionals from across the organisation to share best practises for using Microsoft 365, which were summarised in infographics and rolled out across the organisation.

3.5. **Language School**: the Company has a programme to promote language training, financing part of which 87 employees have joined in 2021.

TRAINING	2020	2021	Change
No. of training actions	340	430	26%
Investment in training per person	213.0	228.4	7%
Investment in training per person trained	216.0	234.5	9%
People trained	2,470.0	2,512.0	2%
Training hours	37,972	58,761	55%
% staff trained	98.5%	97.4%	-1%

Hours of training by category	2020			2021		
	Men	Women	Total	Men	Women	Total
1. Directors	55.2	33.2	44.3	49.95	38.7	44.34
2. Expert professionals	36.2	34.1	35.2	47.12	40.3	43.81
3. Professionals	12.3	12.5	12.5	21.70	22.7	22.32
4. Staff	10.4	9.9	10.1	15.48	17.6	16.75
Total general	17.2	14.1	15.4	23.47	22.3	22.78

Average training hours by category	2020			2021		
	Men	Women	Total	Men	Women	Total
1. Directors	1,986.7	1,160.8	3,147.5	1,744.23	1,355.6	3,099.79
2. Expert professionals	6,623.7	5,995.3	12,619.0	8,689.43	7,089.1	15,778.55
3. Professionals	3,413.7	5,220.6	8,634.3	6,039.17	9,529.6	15,568.74
4. Staff	5,301.9	8,269.3	13,571.2	9,294.36	15,019.4	24,313.73
Total general	17,326.0	20,646.0	37,972.0	25,767.20	32,993.6	58,760.82

TALENT ATTRACTION

Línea Directa aligns its talent attraction strategy with the company's strategic goals to equip the organisation with the best professionals it needs to meet its ambitious current goals and the challenges of the future. To this end, the people team participates in defining the business strategy, understands the market situation in which the company operates and, on this basis, identifies the talent the company needs to overcome challenges and achieve its goals.

The company is part of the MERCO Reputation Monitor and **is one of the 50 Spanish companies with the best reputation in the MERCO Talent Monitor**, which evaluates, among other things, the ability to attract and retain talent, human resources policies, working environment and commitment to professional development. And it is determined to build an **attractive employer brand every day** that projects the essence of the company to the market through **#DNA Línea Directa**: "Agile, different, we care about people".

As **part of the keys to attracting talent**, the company has implemented a number of measures in its relationship with candidates, such as digitalising the selection process and introducing advanced selection and analytics tools that generate personalised and innovative experiences.

To reach a larger number of people, Línea Directa has a strong presence on social networks and dedicated job search portals,

creates unique areas such as the Employment Channel and also works closely with external consultants.

A **commitment to agile, simple, fluid and highly personalised communication** between the specialists of the Talent Attraction team and the candidate, as well as the use of different communication channels (digital and telephone, including WhatsApp) are undoubtedly the guarantees of a unique experience and have become key elements of Línea Directa's Talent Attraction model.

The company's objectives and the major challenges of the insurance sector require the commitment and continuous development of talent. Given the innovative nature of the business and its strong commercial component, **highly skilled professionals are needed to commit to the project.**

The **candidate's journey**, which starts with the personalised and digital recruitment process and continues with the onboarding programme, which includes personalised mentoring and a tailored training plan to make the candidate feel part of the company from day one.

Recruitment Policy

Línea Directa has a **Recruitment Policy** based on the principles of equal opportunities, non-discrimination, skills and merit. The professionals of the company's Talent Attraction Team carry out recruitment procedures that take into account, among other things, the required knowledge and training, previous experience useful for the position to be filled, the values and the suitability of the candidates for the ideal skills profile for the job.

Key part of this Policy, and the strategy that develops it, are:

- Ensure a process based on the principles of equality and non-discrimination of any kind.
- Ensure that the Company *has the best professionals*, who are ready and committed to the business project and to people.
- Make each person's arrival at the company a real experience that allows them to integrate and enjoy the culture of the company, thanks to a mixed process (digital and face-to-face) of onboarding that starts before the candidate joins the organisation and accompanies them during their first six months there.
- Keeping on the lookout to search for professionals, internal and external, who are ready to face the new challenges that come with digital transformation processes every year.
- Continue to provide the business units *with highly qualified sales staff* as well as professionals with high standards in their customer relationships.
- Ensure that the selection processes in 2021 meet all quality standards given their mixed nature (distance learning/on-site).

In 2021, the company completed the implementation of a **virtual recruitment** process on which it had already been working. This linked all HR management processes related to talent acquisition and selection, leveraging the best of remote and face-to-face

management together with an onboarding process specifically designed for this new reality.

The search for talent

The company is committed to its internal talent with a transparent and simple internal vacancy process for all candidates. During 2021, 41 vacancies have been filled from in-house candidates. In terms of attracting new talent, in 2021 55 people were recruited in strategic areas such as technology, digital transformation, engineering, finance, risk analysis, regulatory compliance, human resources and marketing. The commercial and customer service teams are also being continuously strengthened.

The company is also present on the main **job portals**, although its recruitment efforts are mainly focused on segmented and specialised talent search through different channels and directly.

Finally, in 2021, the company is present with its professional offers on the **job boards of the main Spanish business schools**, and on the employment portal of UNESPA, the insurance industry association.

Young Talent

This project, which is strategic for the company, is an important source of talent recruitment aimed at all types of students, but with a focus on the STEM profile. It allows young people to have a first contact with the business world, to get to know the daily work in a company and to work with people with different profiles. The project includes different actions:

- **Grants programme:** agreements with universities and business schools to provide internships for students in the company.
- **Presence at trade fairs and participation in universities** with presentations by our managers on topics of interest to students.
- **The Big Ideas Hackathon:** This year, the company has launched the fourth edition of this test, which is aimed at university students or graduates (mainly with the STEM profile) who have innovative and disruptive ideas to tackle the challenges of the digitalisation of the insurance sector.

New this year is a **coaching programme** to accompany young people as they try to gain a foothold and build a profession in the job market.

GROUP ADDITIONS

Gender	2020			2021		
	Additions	Period-end headcount	Recruitment rate	Additions	Period-end headcount	Recruitment rate
Men	114	1,095	10.4%	140	1,096	12.8%
New recruitment	110		10.05%	133		12.14%
Rehiring	4		0.37%	7		0.64%
Women	158	1,466	10.8%	158	1,480	10.7%
New recruitment	148		10.10%	139		9.39%
Rehiring	10		0.68%	19		1.28%
Total general	272	2,561	10.62%	298	2,576	11.57%

Age bracket	2020			2021		
	Additions	Period-end headcount	Recruitment rate	Additions	Period-end headcount	Recruitment rate
1. <30	85	254	33.5%	109	235	46.4%
New recruitment	83		32.68%	105		44.68%
Rehiring	2		0.79%	4		1.70%
2. >=30 and <50	165	1,913	8.6%	171	1,880	9.1%
New recruitment	154		8.05%	152		8.09%
Rehiring	11		0.58%	19		1.01%
3. >=50	22	394	5.6%	18	461	3.9%
New recruitment	21		5.33%	15		3.25%
Rehiring	1		0.25%	3		0.65%
Total general	272	2,561	10.6%	298	2,576	11.6%

Professional Group	2020			2021		
	Additions	Period-end headcount	Recruitment rate	Additions	Period-end headcount	Recruitment rate
1. Directors	1	72	1.4%	1	70	1.4%
New recruitment	1		1.4%	1		1.4%
Rehiring	0		0.0%	0		0.0%
2. Expert professionals	26	348	7.5%	29	365	7.9%
New recruitment	26		7.5%	28		7.7%
Rehiring	0		0.0%	1		0.3%
3. Professionals	20	766	2.6%	39	705	5.5%
New recruitment	18		2.3%	32		4.5%
Rehiring	2		0.3%	7		1.0%
4. Staff	225	1,375	16.4%	229	1,436	15.9%
New recruitment	213		15.5%	211		14.7%
Rehiring	12		0.9%	18		1.3%
Total general	272	2,561	10.6%	298	2,576	11.6%

NEW HIRES

Type of contract in new hire	2020			2021		
	Men	Women	Total	Men	Women	Total
Accumulation of tasks	82	129	211	82	119	201
Permanent	27	17	44	49	20	69
Internships/for specified work	1	2	3	1		1
Temporary replacement			0	1		1
Total general	110	148	258	133	139	272

New hires by type of working day	2020			2021		
	Men	Women	Total	Men	Women	Total
Full-time	36	21	57	55	18	73
Part-time	74	127	201	78	121	199
Total general	110	148	258	133	139	272

Professional Group	2020								
	Additions			Period-end headcount			Recruitment rate		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
1. Directors	0	1	1	36	36	72	0.0%	2.8%	1.4%
2. Expert professionals	14	12	26	181	167	348	7.7%	7.2%	7.5%
3. Professionals	12	6	18	359	407	766	3.3%	1.5%	2.3%
4. Staff	84	129	213	519	856	1,375	16.2%	15.1%	15.5%
Total general	110	148	258	1,095	1,466	2,561	10.0%	10.1%	10.1%

Professional Group	2021								
	Additions			Period-end headcount			Recruitment rate		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
1. Directors	1		1	35	35	70	2.9%	0.0%	1.4%
2. Expert professionals	19	9	28	176	189	365	10.8%	4.8%	7.7%
3. Professionals	25	7	32	422	283	705	5.9%	2.5%	4.5%
4. Staff	88	123	211	847	589	1,436	10.4%	20.9%	14.7%
Total general	133	139	272	1,480	1,096	2,576	9.0%	12.7%	10.6%

GROUP DEPARTURES

Gender	2020			2021		
	Departures	Period-end headcount	Turnover rate	Departures	Period-end headcount	Turnover rate
	Men	90	1,095	8.2%	132	1,096
Dismissal	44		4.0%	70		6.4%
Voluntary and others	46		4.2%	62		5.7%
Women	74	1,466	5.0%	126	1,480	8.5%
Dismissal	34		2.3%	62		4.2%
Voluntary and others	40		2.7%	64		4.3%
Total general	164	2,561	6.4%	258	2,576	10.0%

*Voluntary and others: They include voluntary redundancies, retirements and temporary contract terminations.

Age bracket	2020			2021		
	Departures	Period-end headcount	Turnover rate	Departures	Period-end headcount	Turnover rate
	1. <30	43	254	16.9%	64	235
Dismissal	27		10.6%	28		11.9%
Voluntary and others	16		6.3%	36		15.3%
2. >=30 and <50	111	1,913	5.8%	171	1,880	9.1%
Dismissal	50		2.6%	92		4.9%
Voluntary and others	61		3.2%	79		4.2%
3. >=50	10	394	2.5%	23	461	5.0%
Dismissal	1		0.3%	12		2.6%
Voluntary and others	9		2.3%	11		2.4%
Total general	164	2,561	6.4%	258	2,576	10.0%

*Voluntary and others: They include voluntary redundancies, retirements and temporary contract terminations.

Professional Group	2020			2021		
	Departures	Period-end headcount	Turnover rate	Departures	Period-end headcount	Turnover rate
1. Directors	1	72	1.4%	1	70	1.4%
Dismissal	0		0.0%	0		0.0%
Voluntary and others	1		1.4%	1		1.4%
2. Expert professionals	12	348	3.4%	22	365	6.0%
Dismissal	9		2.6%	5		1.4%
Voluntary and others	3		0.9%	17		4.7%
3. Professionals	20	766	2.6%	34	705	4.8%
Dismissal	2		0.3%	15		2.1%
Voluntary and others	18		2.3%	19		2.7%
4. Staff	131	1,375	9.5%	201	1,436	14.0%
Dismissal	97		7.1%	112		7.8%
Voluntary and others	34		2.5%	89		6.2%
Total general	161,644	2,5612	6.4%	258	2,576	10.0%

*Voluntary and others: They include voluntary redundancies, retirements and temporary contract terminations.

Dismissals	2020								
	Departures			Period-end headcount			Turnover rate		
Professional Group	Men	Women	Total	Men	Women	Total	Men	Women	Total
1. Directors	0	0	0	36	36	72	0.0%	0.0%	0.0%
2. Expert professionals	0	0	0	181	167	348	0.0%	0.0%	0.0%
3. Professionals	1		1	359	407	766	0.3%	0.0%	0.1%
4. Staff	43	34	77	519	856	1,375	8.3%	4.0%	5.6%
Total general	44	34	78	1,095	1,466	2,561	4.0%	2.3%	3.0%

Dismissals	2021								
	Departures			Period-end headcount			Turnover rate		
Professional Group	Men	Women	Total	Men	Women	Total	Men	Women	Total
1. Directors	0	0	0	35	35	70	0.0%	0.0%	0.0%
2. Expert professionals	2	3	5	176	189	365	1.1%	1.6%	1.4%
3. Professionals	13	2	15	422	283	705	3.1%	0.7%	2.1%
4. Staff	55	57	112	847	589	1,436	6.5%	9.7%	7.8%
Total general	70	62	132	1,480	1,096	2,576	4.7%	5.7%	5.1%

SOCIAL AND PERSONNEL ISSUES

Average 2021

Seniority	2020			2021		
	Men	Women	Total	Men	Women	Total
1. <=5	560.4	587.9	1,148.3	565.8	619.1	1,184.9
2. 6-15	385.1	537.7	922.8	345.0	486.3	831.3
3. 16-25	139.0	296.7	435.7	181.0	368.7	549.7
3. >25	1.2	0.2	1.3	6.2	7.3	13.5
Total general	1,085.7	1,422.4	2,508.1	1,098.0	1,481.3	2,579.3

Age	2020			2021		
	Men	Women	Total	Men	Women	Total
1. <30	129.4	142.9	272.3	109.6	143.1	252.7
2. >=30 and <50	833.0	1,043.5	1,876.5	841.3	1,058.3	1,899.5
3. >=50	123.3	236.0	359.3	147.2	280.0	427.2
Total general	1,085.7	1,422.4	2,508.1	1,098.0	1,481.3	2,579.3

Professional Group	2020			2021		
	Men	Women	Total	Men	Women	Total
1. Directors	35.3	35.8	71.0	34.9	35.0	69.9
2. Expert professionals	194.9	193.3	388.4	184.4	175.8	360.2
3. Professionals	340.3	337.8	678.0	278.3	419.4	697.7
4. Staff	515.3	855.4	1,370.7	600.4	851.2	1,451.6
Total general	1,085.7	1,422.4	2,508.1	1,098.0	1,481.3	2,579.3

Type of contract	2020			2021		
	Men	Women	Total	Men	Women	Total
1. Permanent	1,019.8	1,352.3	2,372.1	1,039.6	1,417.2	2,456.8
2. Temporary	70.1	70.1	136.0	58.4	64.2	122.6
Total general	1,085.7	1,422.4	2,508.1	1,098.0	1,481.3	2,579.3

Type of Working Day	2020			2021		
	Men	Women	Total	Men	Women	Total
1. Full-time	700.8	610.9	1,311.7	703.6	626.5	1,330.1
2. Part-time	384.9	811.5	1,196.4	394.4	854.8	1,3249.3
Total general	1,085.7	1,422.4	2,508.1	1,098.0	1,481.3	2,579.3

Seniority	2020			2021		
	Full-time	Part-time	Total	Full-time	Part-time	Total
1. <=5	367.8	780.5	1,148.3	367.9	817.0	1,184.9
2. 6-15	588.9	333.8	922.8	512.0	319.3	831.3
3. 16-25	353.6	82.1	435.7	436.8	112.9	549.7
3. >25	1.3	0.0	1.3	13.4	0.1	13.5
Total general	1,085.7	1,422.4	2,508.1	1,098.0	1,481.3	2,579.3

Average 2021

Age	2020			2021		
	Full-time	Part-time	Total	Full-time	Part-time	Total
1. <30	63.7	208.7	272.3	56.3	196.3	252.7
2. >=30 and <50	1,009.3	867.2	1,876.5	990.6	908.9	1,899.5
3. >=50	238.7	120.6	359.3	283.2	144.0	427.2
Total general	1,311.7	1,196.4	2,508.1	1,330.1	1,249.3	2,579.3

Professional Group	2020			2021		
	Full-time	Part-time	Total	Full-time	Part-time	Total
1. Directors	70.9	1.0	71.0	69.9	0.0	69.9
2. Expert professionals	347.3	41.2	388.4	327.8	32.4	360.2
3. Professionals	591.8	86.3	678.0	591.5	106.2	697.7
4. Staff	301.8	1,068.9	1,370.7	340.9	1,110.7	1,415.6
Total general	1,311.7	1,196.4	2,508.1	1,330.1	1,249.3	2,579.3

Type of contract	2020			2021		
	Full-time	Part-time	Total	Full-time	Part-time	Total
1. Permanent	1,294.2	1,077.9	2,372.1	1,312.3	1,144.4	2,456.8
2. Temporary	17.5	118.5	136.0	17.8	104.8	122.6
Total general	1,311.7	1,196.4	2,508.1	1,330.1	1,249.3	2,579.3

Seniority	2020			2021		
	Permanent	Temporary	Total	Permanent	Temporary	Total
1. <=5	1,012.3	136.0	1,148.3	1,062.3	122.6	1,184.9
2. 6-15	922.8	0.0	922.8	831.3	0.0	831.3
3. 16-25	435.7	0.0	435.7	549.7	0.0	549.7
3. >25	1.3	0.0	1.3	13.5	0.0	13.5
Total general	2,372.1	136.0	2,508.1	2,456.8	122.6	2,579.3

Age	2020			2021		
	Permanent	Temporary	Total	Permanent	Temporary	Total
1. <30	224.4	47.9	272.3	211.2	41.5	252.7
2. >=30 and <50	1,800.8	75.8	1,876.5	1,825.5	74.0	1,899.5
3. >=50	346.9	12.3	359.3	420.1	7.1	427.2
Total general	2,372.1	136.0	2,508.1	2,456.8	122.6	2,579.3

Professional Group	2020			2021		
	Permanent	Temporary	Total	Permanent	Temporary	Total
1. Directors	71.0	0.0	71.0	69.9	0.0	69.9
2. Expert professionals	387.1	2.7	388.4	360.0	0.2	360.2
3. Professionals	667.9	10.1	678.0	695.4	2.3	697.7
4. Staff	1,246.1	123.2	1,370.7	1,331.4	120.2	1,451.6
Total general	2,372.1	136.0	2,508.1	2,456.8	122.6	2,579.3

INTERNAL ROTATION	2020	2021
Vacancies	49	41
Candidates	756	579

In addition, meetings are organised with all the company's trainees to share their experiences and inform them about new developments in the company.

“7 Reasons for Línea Directa” employer branding campaign

The Línea Directa Group is held **in high esteem by its own employees**, as shown by the results of the employee satisfaction, motivation and commitment survey, "Implicate", which provided very meaningful data in June, such as the fact that 93% of the workforce has confidence in the future and success of the company and that 87% are proud to work for the company. This is also shown by Merco Talento's results, where the company is ranked 49th among the 100 companies with the best ability to attract and retain talent.

Línea Directa Aseguradora has used this recognition to position the company as a good place to work from a talent recruitment perspective, launching an external social media communication campaign called “**7 Reasons Línea Directa**” to promote the employer brand and publicise the company's strengths through the employees themselves.

The aim of the campaign is to highlight the seven reasons why the group's employees enjoy working for the company:

- Because it cares about the **well-being and health** of its employees by conducting various activities, such as seminars with specialists, participation in charity runs or the runners' club to motivate employees to engage in regular physical activity.

- Due to its commitment to **attracting talent** through digital and face-to-face onboarding processes and the Young Talent Programme, which aims to introduce university students to the world of business and contribute to their employability.
- Because of the culture of **diversity, inclusion and equality** as values included in all actions taken and in the company's policies and plans.
- Because of the **training and professional development** opportunities the company offers through a powerful internal mobility plan and a highly personalised talent retention strategy in the talent type Communities.
- -Because of the wide range of compensation and benefits included in the **compensation** plan, such as employee leasing, 50% insurance or the Reflex digital flexible compensation programme.
- Because it cares about **Sustainability** and implements measures such as installing solar panels in the buildings or charging stations for employees in the office car park.
- Because it has a flexibility plan to help employees optimally adapt their working day to their private and family life.

CORPORATE BENEFITS AND ADVANTAGES OF BEING AN EMPLOYEE OF LÍNEA DIRECTA

Línea Directa offers its employees an attractive package of corporate benefits and advantages that strengthen employee loyalty and invite them to get to know the company's products in depth, the most important of which are highlighted below:

Life and accident insurance.

- **Favourable conditions when taking out Línea Directa health insurance** for employees and family members.
- **Favourable conditions when taking out policies for employees in all business areas** of the company.
- **Flexible remuneration programme** through which workers can subscribe to various services and products of personal and family benefit, such as health insurance (in companies in the sector or in Línea Directa's own health brand, Vivaz), payment for childcare, public transport or daily meals. And all of this free of charge for the worker, with the associated tax benefits and easy management through a single app. In this way, the worker improves his or her compensation in two ways: through the negotiating power of the insurer to optimise the prices of the goods and services included in the system, and through the tax benefits of certain products. 32% of the Group's employees use this flexibility tool.

In addition to the subsidies that the company provides for the individual further training of its employees, employees can also finance their further training through the flexible remuneration system.

- **Advances and loans.** Línea Directa offers its staff the possibility to apply for advances and loans for special cases that go beyond the applicable legal provisions. The examination of the cases is carried out by the Personal Care Team.
- **Advantages and discounts on financial products.** The company offers its employees benefits and discounts on financial products and advice under a cooperation agreement. In addition, all employees who have an account with our cooperation partner enjoy an annual distribution of the benefits associated with their accounts.
- **Support for language and specialised training.** Línea Directa employees have access to language scholarships that allow them to study or raise their level in various specialised language academies. Likewise, employees pursuing formal specialised studies related to the company's activities or a possible future job are entitled to financial support to finance their specialised academic training.
- **Advantages portal** which any employee can access from their personal device and where they can obtain important discounts and benefits in leisure, culture, cuisine, fashion, travel, etc.

- **Línea Directa Renting** with which the company has been managing a programme since 2018 that offers employees the opportunity to use top brands' vehicles in the form of a lease at a discount on the market price and including Línea Directa's comprehensive insurance.
- **Legal advice:** all Línea Directa employees have this service free of charge, thanks to an agreement between the insurer and one of the main providers of legal advice.
- **Christmas hamper,** to choose between three types of hamper depending on the products it contains. The hampers also represent a contribution by the Company to a foundation that supports the employability of people with disabilities.

The Benefits and Advantages plan is complemented by a number of other measures (as a Family-conscious company), with the total package containing **more than 130 benefits, actions and measures** which Línea Directa employees can enjoy. All of these benefits and advantages are audited as part of Lloyd's Register's annual assessment process. Línea Directa, as a Family-conscious company (FCC), must pass this process to maintain the certification.

TOTAL REMUNERATION

Through the Línea Directa employee portal, employees have access to **all elements of their remuneration package**, not only their fixed and variable remuneration, but also the various **social benefits and** advantages that the company provides to improve employees' quality of life and improve their work-life balance.

Social benefits

Línea Directa offers its employees **life and accident insurance** with an insured capital that can significantly exceed the traditional Insurance Agreement commitment, in most cases reaching three times the fixed salary.

Defined contribution insurance

With regard to pension obligations for retirement and with the main objective of generating future savings for employees, Línea Directa has a specific defined contribution insurance scheme with annual contributions for each employee.

This new scheme covers **death and disability of any kind, in addition to the normal pension case for employees who have been with the company for at least three years, and allows vesting of acquired collective insurance rights.**

AVERAGE REMUNERATION

Averages by Age	2020		2021	
	Male	Female	Male	Female
1. <30	25,274	24,792	26,855	26,517
2. >=30 and <50	36,339	33,848	37,539	34,628
3. >=50	66,555	43,815	62,786	42,184
Total general	38,917	34,722	39,933	35,292

Professional group averages	2020		2021	
	Male	Female	Male	Female
1. Directors	173,088	137,926	168,139	114,905
2. Expert professionals	56,176	54,160	57,833	55,712
3. Professionals	35,908	36,248	39,574	36,785
4. Staff	25,700	25,737	27,138	27,041
Total general	38,917	34,722	39,933	35,292

Average remuneration is calculated on the basis of fixed and variable remuneration on a full-time basis, to which remuneration in kind is added.

PAY GAP

To calculate the adjusted gap, workers are grouped into clusters consisting of individuals performing similar functions, where similar functions are those with a similar job level. The gap is calculated for each cluster and the total gap is weighted by the number of persons in each cluster. The calculation is done month by month to ensure that each person is compared with peers each month. The calculation formula is as follows:

$$\text{Adjusted pay gap} = \sum_{n=1}^N \frac{\text{Gap in each cluster} \times \text{Number of employees in the cluster}}{\text{Total number of employees}}$$

The gap in each cluster is calculated as follows:

$$\text{Pay Gap} = \frac{\text{Average male salary} - \text{average female salary}}{\text{Average male salary}}$$

	2020	2021
Pay gap calculated by type of position.	0.2%	2.6%
Pay gap calculated by average of categories.	-0.3%	4.4%
Ratio of the percentage increase in the fixed compensation of the highest paid individual to the percentage increase in the median fixed compensation of all employees except the highest paid individual.	1.4	1.0
Ratio of the fixed compensation of the highest paid individual to the median compensation of the rest of the workforce.	16.6	16.42
Ratio of salary of standard initial category vs. minimum local salary.	1.15	1.18

Professional Group	2020		2021	
	Number of People	Weighted Gap	Number of People	Weighted Gap
1. Directors	69	-4.23%	69	6.75%
2. Expert professionals	351	2.93%	360	4.15%
3. Professionals	777	0.14%	697	6.15%
4. Staff	1,346	-0.21%	1,449	0.38%

DIGITAL DISCONNECTION POLICIES

As a socially and family-conscious company, the Group strives to **organise the working time of its employees** in such a way that they can reconcile their private, family and professional lives. The company believes that the new forms of work offered by new technologies must be at the service of people, providing them with the necessary autonomy and flexibility **to strike the right balance between work and private life. In this regard, Línea Directa has an Internal Digital Disconnection Policy created with the aim of strengthening this commitment.**

This Policy explicitly recognises the right of employees not to respond to business communications outside of their working day, except in cases of justified urgency, and recommends that team leaders avoid this type of communication.

During 2021, not only as a result of the pandemic but as another milestone in the company's digitalisation project, digital tools were made available to all employees to enable them to work together, whether in person or remotely. In this situation, special care was taken to ensure that the employees' right to digital disconnection was still guaranteed. To this end, **regular training and awareness-raising activities have been carried out** aimed, on the one hand, at optimising the organisation of work (attention to staff agendas and schedules, planning and full information on the necessity or advisability of attending meetings and recommendations on limiting their duration) and, on the other hand, at **raising awareness on the appropriate use of technological tools in order to avoid the risk of computer fatigue.** For this purpose, for example, the new technological systems in place contain warnings about the inadvisability of sending communications after hours.

Línea Directa, through the Fundación Más Familia, participates in various forums and working groups dealing with aspects related to digital disconnection from the point of view of flexibility, work-life balance, talent, etc.

WORK/LIFE BALANCE

Both Línea Directa Aseguradora and Línea Directa Asistencia are certified by the Fundación Más Familia as **family-conscious companies with a proactive B+ level.**

The Más Familia Foundation awards the EFR ("Family-conscious company") certification to Spanish companies that are strongly committed to work-life balance through their own work-life balance management model, which the certified companies must develop internally. The EFR model is audited by Lloyd's Register in the case of Línea Directa.

After the last audit, passed in October 2021, "the company's communication plan to transparently inform employees about the listing and maintain its commitment to employment stability" was highlighted as a particularly positive aspect.

All Línea Directa employees have access via the employee portal to the catalogue of measures, 130 in total, with which the company promotes work-life balance.

They are all based on the following principles:

1. Quality in employment
2. Spatial and temporal flexibility
3. Employee family support
4. Professional development
5. Equal opportunity
6. Leadership and management styles

The employee portal also has special sections where you can find information on work-life balance issues, and in any case, all company employees can contact Línea Directa's customer service.

Línea Directa is **strongly committed to work-life balance** and has **its own or extraordinary leave**, which is not provided for by law. It helps employees and their immediate families during times of particular importance in their lives, facilitating work-life balance and time availability. Among other things, the company offers its employees blocks of time to care for and accompany family members in a situation of **dependency**. There is also the possibility of providing time to accompany family members affected by **oncological diseases** to chemotherapy and radiotherapy sessions, as well as special leave to accompany family members to certain diagnostic tests.

	2020			2021		
	Men	Women	Total	Men	Women	Total
Employees entitled to parental leave during the year (children born during the year).	48	47	95	34	44	78
Employees who have taken parental leave during the year (includes those who began their leave the year before).	57	54	111	40	61	101
% of staff returning to work after leave.	97.8%	97.0%	97.4%	96.9%	89.6%	92.5%

In the chapter on **maternity and paternity leave**, Línea Directa allows for the sharing of breastfeeding leave and putting aside days to care for children in the first year.

All employees, without exception, benefit from a **flexible holiday system** with an increased number of days compared to the standard, so that individual days or whole blocks can be taken at any time of the year.

On the other hand, an "à la carte" shift schedule has been developed for those employees with customer contact who have to adapt their working hours to the customers' schedules, so that each employee can choose the shift that best suits his or her needs at a given time.

Línea Directa is also a pioneer in implementing a **teleworking model** that has been in place for more than a decade and is still in place, as well as a flexible working programme for all employees in corporate positions, as they all have company-provided mobile phones and laptops. Currently, the company maintains a rotational and remote working system for the entire workforce as a preventive measure against COVID-19. When the pandemic ends it will roll out new flexibility models that are appropriate to the new circumstances and consistent with the company's business model and human resource management.

DIALOGUE WITH EMPLOYEES

For Línea Directa Group, people are at the forefront of all decisions. Its corporate values determine the way it treats its employees and makes its decisions. Línea Directa is a company that promotes respect for people, a spirit of improvement, enthusiasm, a focus on results and clarity.

People are the company's most important asset, and their commitment and participation are crucial to meeting the

proposed challenges. It is the people who, with their dedication and talent, ensure that Línea Directa continues to stand out for its ability to innovate and achieve results far above the market average year after year.

The relationship with employees is above all human and close. This closeness and transparency in the professional relationship creates an atmosphere of trust, which is an essential prerequisite for all employees to feel cared for and heard. A good example of this commitment is the result of the latest culture and commitment survey, "IMPLÍCATE", in which **85% of employees say they feel engaged** with the Company.

This culture and engagement survey, Implicate, is the most important measure of the state of the workforce and is conducted with the aim of determining the climate, motivation and commitment of employees. It is carried out every two years and in alternate years different "pulses" of opinion are conducted, which allow us to keep information up to date.

Once the results have been analysed and conclusions drawn from the survey, action plans and improvement measures are defined. It is important to mention that both the CEO and the management team are involved in the analysis of the conclusions and are committed to the action plans, whether they are company plans addressed to the whole workforce or others specific to each area. In addition, employees from different positions are involved in the design of action plans and improvement measures. The CEO personally communicates the survey results to the entire workforce.

These are some of the key findings of Implicate 2021's survey regarding employees' perceptions of the company's **climate and aspects of its culture**: 85% of employees are committed to the company and 93% believe that the company is prepared to face the challenges ahead. In addition, 92% of employees believe the company promotes gender equality and 93% say there is fair treatment regardless of age, sexual orientation, faith, nationality or other personal circumstances.

In the subsidiary, the results of the climate survey were equally good: 80% are committed to the company, 89% have confidence in the future and success of the company and 82% are proud to work in the group's subsidiary.

Also, as a Family-conscious Company ("EFR") certified by the Más Familia Foundation, every three years the company conducts a survey called **"The Voice of the Employee"**, which specifically asks about employee satisfaction with work-life balance measures. In the last survey, 97% of respondents said they thought Línea Directa was a good place to work. All groups of measures were rated 7.5 out of 10 points or higher.

In the employee relations model, **connection and clarity are key**. Senior management is accessible to staff and quarterly kick off results meetings are organised where the CEO and management present the quarter's results and key ongoing projects to the entire staff. Breakfast meetings with the CEO and the Director of People, Communications and Sustainability are held regularly, but have been suspended due to the pandemic. In addition, different groups from the call centre, Customer Service, Sales, Corporate Fleet Management, Home Insurance and health care alternate their work location, on a rotating basis, and work for a quarter in I

what we call a mini call centre or in areas close to the senior management. This is not only another example of Línea Directa's culture, but also of the **monitoring and closeness that the Senior Management wants to maintain with the company**. This group also has the opportunity to meet at least twice - when they arrive and if they leave- with the CEO and the Head of People, Communications and Sustainability to exchange views on the development of the business and the company.

Similarly, both the Chief Executive Officer and the Head of People, Communications and Sustainability meet in particular with all employees who have reached a milestone in their professional development, such as one year after promotion, a relevant career change, one year after promotion or even the departure of an employee from the company. During these interviews, both parties have the opportunity to learn first-hand about the employee's development, on the one hand, and to ask questions or share impressions about the development of the company or the specific area to which they belong, on the other. These conversations are highly valued by staff and create a great deal of trust and sense of connection. Due to the pandemic, many of these conversations were suspended, but with normalisation, they are gradually being resumed to continue to provide staff with various opportunities to interact with management and review their professional development.

New technologies and collaborative tools have also made it possible for all information to reach more and more people and for senior management to answer questions from employees in a transparent manner at kick-off meetings.

The company has various direct and unmediated communication channels for employees through which information flows in all directions, thanks to the universally accessible employee channel and the management of the People Care Team.

Línea Directa is recognised as Top Employer Spain. This international seal is awarded to companies that can demonstrate that they have best practises in human resource management after a demanding audit. In 2021, in its detailed analysis by group of measures, the certifier Top Employers rated the group of audited measures related to Línea Directa's People, Business and Leadership Strategy at 96.29% out of 100%, based on its standards. **The company's overall score** after the audit of its human resource management policies and practises was **90.29% out of 100%, which is within the standards.**

The company has various **internal communication channels:**

- **The 'En Línea' Employee Portal**, an employee portal that can be accessed by the entire workforce and contains information of interest in a closer, more transparent and digital form. Here employees can find news, corporate social applications, personal information and management tools.
- **The 'LiDiA' Chatbot**, a virtual assistant anchored in the navigation bar of the corporate intranet and programmed to answer employees' most important questions in conversation.

- **A monthly newsletter** summarising the company's key milestones during the month, with content of particular interest on sustainability, health and wellness, and innovation.
- **Mailings and communications** with campaigns directed to all staff (or segmented, depending on communication needs) via email.
- **A network of screens** installed in the transit areas of all work centres. These screens reinforce corporate messages, campaigns published in other formats and welcome new employees.
- **Corporate chat**, which is universally accessible and enables instant communication as well as virtual meetings, joint project work or the exchange and simultaneous work on work files.
- The Company is also a pioneer in its use of **WhatsApp**. The company has started to use bot technology for customer transactions and it is also a regular communication channel with its employees, as all management teams have company mobile phones for professional use.
- **Línea Directa Yearbook**. Every year, the company publishes a yearbook which features the most important milestones of the year. The communicative significance of this yearbook lies in the fact that it always features employees of the company and every year, there is a recurring motif that serves as a unifying thread.

- The pandemic has reduced the number of face-to-face events for the most part, but in 2021 Línea Directa held some face-to-face meetings and actions that promote communication and meetings with staff. These actions are a regular channel for communication with staff in a normal situation, as you can see in the chapter on the staff relations model.

UNION REPRESENTATION

All employees of the Línea Directa Group are subject to the collective bargaining agreement that applies in each workplace of the companies that make it up:

In Línea Directa Aseguradora: the Insurance and Reinsurance Collective Bargaining Agreement.

In Línea Directa Asistencia: the Offices and Bureaux Collective Bargaining Agreement, the Engineering and Technical Studies Collective Bargaining Agreement and the Metalworkers' Collective Bargaining Agreement in Alicante, Malaga, Seville, Barcelona, Madrid and Valencia.

In CAR Barcelona: the Barcelona Metalworkers' Collective Bargaining Agreement.

At CAR Madrid: the Madrid Metalworkers' Collective Bargaining Agreement.

In Línea Directa Reparaciones: the Madrid Construction Collective Bargaining Agreement.

The Group has several **union sections** exercising their rights in accordance with the Organic Law on Freedom of Association.

In accordance with current legislation, the company has also initiated a negotiation process with the most representative trade unions to establish a new equality plan for the Group's companies. Information and consultations with employees (opinion surveys, EFR postbox, psychosocial risk assessment, etc.) are of utmost importance for the company to know how employees perceive their working conditions and to be able to implement appropriate action plans if necessary.

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENT	2020	2021
Employees Covered by Collective Bargaining Agreement	100%	100%

	2020	2021
Collective Bargaining Agreements	10	10
International Secondment Letter	-	-
Persons Assigned to Agreement	100%	100%

HEALTH AND SAFETY COMMITTEES

Línea Directa Aseguradora is equipped with the necessary resources to support and advise the company in the adoption of the relevant preventive measures.

Línea Directa Aseguradora takes charge, with its own resources, of the preventive specialities of Occupational Safety,

Occupational Hygiene and Ergonomics and Applied Psychosociology provided for in the specific regulations on the prevention of occupational risks, through a senior technician who holds the post of Head of Occupational Risk Prevention at Línea Directa. **The preventive specialty of Health Surveillance is arranged with an External Prevention Service.** The in-house prevention service assumes responsibility for maintaining appropriate coordination with the external prevention service and with the external specialist advisors who may be commissioned to implement specific prevention measures.

Accident rate	2020			2021		
	Men	Women	Total	Men	Women	Total
Accident rate	0.010	0.005	0.007	0.004	0.000	0.003

Occupational accidents	2020			2021		
	Men	Women	Total	Men	Women	Total
Frequency rate	4.480	0.420	2.166	5.009	0.372	2.349
Severity rate	0.080	0.010	0.040	0.132	0.014	0.064
Number of deaths from disease	-	-	-	-	-	-
Types of occupational diseases	-	-	-	-	-	-

Accident rate: (No. of Occupational Accidents with sick leave not in itinere / Working Days) *100
 Frequency rate: (No. of Occupational Accidents with sick leave not in itinere / Working Days) *1,000,000
 Severity rate: (No. of Occupational Accidents with sick leave not in itinere / Working Days) *1,000

Absenteeism ratio including Occupational Accidents	2020	2021
Men	3,6%	4,1%
Women	5,3%	7,0%
Absenteeism Ratio	4,6%	5,7%

Days absent	2020		2021	
	No. of days absent	No. of hours absent	No. of days absent	No. of hours absent
Common illness	24,926	148,674	35,006	208,094
Men	8,488	52,849	10,394	63,207
Women	16,438	95,825	24,612	144,887
Total accidents with sick leave	740	4,456	372	2,463
Men	323	2,076	295	1,986
Women	417	2,380	77	477
Total	25,666	153,130	35,378	210,557
Business days	563,355		616,025	

	2020		2021	
	No. of days absent	No. of hours absent	No. of days absent	No. of hours absent
Maternity	3,285	19,112	3,868	23,259
Men	-	-	73	501
Women	3,285	19,112	3,795	22,758
Paternity	2,291	14,324	2,217	13,711
Men	2,230	2,076	2,217	13,711
Women	61	342		
Total	5,576	33,436	6,085	36,970

EQUALITY PLAN AND MEASURES TO PROMOTE EQUAL OPPORTUNITIES

Línea Directa has an **Equality Plan and an Equality, Inclusion and Non-Discrimination Policy**, both of which are in force. Both documents have been approved by the company's management Senior Management and Board of Directors respectively. They set out the guidelines and commitments that apply to the company's daily work in this area. The main commitments included in the Equality Plan are as follows:

- **Equal access to employment, recruitment and termination.**
- **Promotion and professional development based on individual merit and achievements.**

- **Remuneration policies in accordance with the above principles.**
- **Training** as a specific tool for the development of the objectives pursued by this plan and, at the same time, as an essential element of the company's activity per se. Co-responsibility and reconciliation of work, private and family life for Línea Directa employees.
- **Communications and advertising** as a channel for transmitting values, participation and mutual commitment.
- **Prevention of occupational risks**, taking into account the gender perspective, especially in relation to psychosocial risks, including harassment.

Línea Directa's gender equality plan is an **expression of its commitment to equal treatment and equal opportunities for men and women** as an essential part of its social and business focus. The company also has a technical equality team made up of professionals who specialise in this area. The team conducts a thorough analysis of the status of equality, non-discrimination and inclusion in the company every year and prepares a report that is submitted to the People Department for review and approval.

The company is currently in the process of drafting the **new equality plan** to bring it in line with the new legal requirements. To this end, a negotiation process is being carried out with the most representative trade unions in our sector.

At the same time, Línea Directa has an **Equality, Inclusion and Non-Discrimination Policy** approved by the company's Board of Directors, which recognises as a strategic principle the development of labour relations based on equal opportunities and non-discrimination between women and men within the company, respect and fair professional promotion in an environment favourable to diversity, and the development and implementation of measures to improve the work-life balance of employees, in accordance with current legislation.

The principles and lines of action of the Equality, Inclusion and Non-discrimination Policy are as follows:

- **Promote equal opportunities** based on the commitment of senior management by creating models to attract and retain talent in the company regardless of gender.
- **Ensure transparency and dissemination of this policy** and related documents to raise awareness of gender equality at all levels.
- **Promote a culture of flexibility** that favours a balance between work, private and family life, while guaranteeing quality employment regardless of the gender of employees.

Línea Directa has a **Harassment Prevention Protocol**, publicly available to all employees, which sets out the principles of action in this area to prevent any type of harassment, as well as the procedure for reporting, handling and resolving these situations. This Protocol goes beyond the legal requirements and

accelerates the established deadlines in the event that a case arises in the company.

The company, which is a member of the UNESPA insurance sector association, follows the **Good Practise Guide on Gender Equality** published by this body and is committed to promoting the measures that are less implemented in the sector in order to achieve a high level of compliance with them.

These are some of the main measures taken to promote equality:

- Mandatory chapters on equality, diversity and inclusion in training and leadership programmes.
- Specific and confidential whistleblowing channel to which any employee can turn in the event of a breach of the principles that distinguish the company as a family-conscious company. The company has a **confidential whistleblowing channel** in case of violations of our Code of Ethics.
- Package of particular actions and time off to adapt and reconcile family situations with work commitments.

In 2021, several key groups at Línea Directa received specific training on equality, diversity and inclusion.

Gender violence

The company's chain of command receives annual training in the detection and prevention of gender-based violence, in collaboration with a specialised foundation. In this context, Línea

Directa has a specialised person for the initial and early support of people who suffer from it and need help within the company. There are also two annual awareness-raising campaigns with various activities for the entire workforce, coinciding with 25 November (International Day for the Elimination of Violence against Women) and 8 March, International Women's Day. In addition, senior management participates in a mentoring programme for women victims of gender-based violence called “*Leadership for a job*”, which promotes integration for women victims of gender-based violence or exclusion, to help create new professional opportunities. For years, Línea Directa has been involved in a “Empowerment School” through the company's volunteer group, where women who have been victims of gender-based violence are trained in how to prepare and conduct job interviews to help them find a foothold in the job market and better prepare for a job interview.

As part of its commitment to equality, non-discrimination and inclusion, the company is a signatory to the following codes of conduct, networks of companies, sectors and foundations that promote all the principles set out herein:

- **United Nations Global Compact**, an initiative of the United Nations Organisation that encourages companies to align their strategies and operations with 10 universal principles, including on human rights and labour standards.
- **Women's Empowerment Principles (WEPs)**, an initiative launched by **UN Women and the Global Compact** to promote **gender equality in companies**, the workplace and the communities in which they operate, following seven principles: Building high-level corporate leadership for

gender equality; treating men and women fairly; ensuring the health, safety and welfare of all female and male workers; promoting women's education, training and career development; implementing business development practises that empower women; promoting gender equality through community and advocacy initiatives; measuring and publishing reports on progress towards gender equality.

- **Top Employers**, an international seal that recognises the company as one of the best employers in the country. The certifier analyses human resource management practises, including those related to equality and diversity.
- **European Diversity Charter**, an award given by the European Commission by which the company subscribes to the promotion of 10 principles for diversity in companies and organisations. These principles include raising awareness of equal opportunities, building a diverse workforce and promoting work-life balance.
- Award given to companies **for a “Society free from gender-based violence” (“Sociedad Libre de Violencia de Género”)**, promoted by the Ministry of Gender Equality.
- **The UNESPA Good Practise Guide on Gender Equality and Non-Discrimination**, which provides a catalogue of actions and measures that are considered good practises in the field of gender equality in the sector and serves as a guide for the implementation of new measures and actions.

- **Fundación Más Familia (Efr):** Línea Directa is audited annually by the Foundation through Lloyd's Register, which analyses equality plans and policies, related measures, actions and specific protocols, with particular attention to the Harassment Prevention Protocol and the indicators and reports of the Technical Equality Team.
- **EWI Sector Network.** The company has been a member of this network of companies in the insurance sector since its inception. Its aim is to promote the presence of women in the management bodies of companies in the sector.
- **Eje&Con Code** of good practise on female talent in organisations.
- **MásHumano**, a network of companies committed to implementing flexible working models based on co-responsibility, productivity and humanity as principles of sustainability.

DIVERSITY MANAGEMENT POLICIES

Línea Directa Group has a Diversity and Inclusion Policy, approved by the Board of Directors, which sets out the principles through which the company contributes to the achievement of its diversity and inclusion objectives. The following principles are outlined in the Diversity and Inclusion Policy:

- Ensure a **culture of respect for people and diversity-friendly behaviour among employees or anyone providing services to the company.**

- Ensure **fair selection, recruitment, training, promotion, remuneration and severance processes** for employees. In short, these processes should be based exclusively on merit, skill, performance or professional experience, without any kind of discrimination.
- Promoting the inclusion of the most vulnerable groups, facilitating their proper integration into the Company and ensuring a respectful working environment.
- Promote a culture of diversity and inclusion, supported **by programmes, actions and action protocols** that facilitate the integration of all employees, with a focus on the integration of people with different abilities or victims of gender-based violence.

These principles guide the company in managing diversity and serve to promote the achievement of the objectives set. In parallel, the **Diversity Policy** also establishes the company's main commitments in terms of generational diversity, functional diversity, cultural diversity and gender and sexual orientation diversity.

Línea Directa is a member **of the European Diversity Charter** promoted by the European Commission, through which private institutions and organisations contribute to creating a more diverse and respectful environment and society, in line with the European anti-discrimination directives. Accession to this Charter implies acceptance of the following principles:

- To respect the fundamental principles of equality.

- To promote behaviour that respects the right to inclusion of all people, regardless of their different profiles in the work environment and in society.
- To recognise the benefits of including cultural, demographic and social diversity in the organisation and implement concrete measures to promote a working environment free from prejudice in employment, training and promotion.
- To promote anti-discrimination programmes for disadvantaged groups.

In order to comply with the provisions of the Diversity Policy approved by the Board of Directors and the principles set out in the European Diversity Charter, in particular with regard to talent attraction and recruitment procedures, the company has a recruitment policy and procedure to ensure that all processes:

- Respect **equal opportunities** and promote non-discrimination on the basis of race, colour, gender, marital status, world view, political opinion, nationality, religion or any other personal, physical or social condition.
- Include all professionals who match the required profile and ensure that selection is based on objective criteria in terms of knowledge, skills, attitudes and values and that all applicants are treated equally throughout the process.
- Help **young people to get** their first job through grant schemes and other arrangements.

- Promote **the recruitment of people with disabilities** who are affected by or at risk of social exclusion, thus favouring socially acceptable employment.
- To provide candidates with a competitive job offer based on a remuneration proposal commensurate with their experience, a challenging environment **that respects equal opportunities and an appropriate work-life balance.**

During 2021, the company has trained key groups in HR management as well as technical experts from the back office on diversity and non-discrimination through various training programmes. This training is primarily aimed at professionals responsible for teams. As we are aware of the importance of cultural diversity (nationalities, cultures, beliefs, etc.) among staff, on certain days (Saturdays) we have made an adjustment to the schedule or created the possibility of choosing a different Christmas basket with products that take into account all religious beliefs.

Diversity of generations

The Línea Directa Group is a heterogeneous entity where the different generations find opportunities for development, spaces for joint work and cross-cutting projects where the knowledge and expertise of some, together with the drive of others, lead to great ideas emerging from diversity.

The average age in the Company is 40, and it has employees in all age groups.

Aware of the challenges facing European society in terms of the population pyramid, which also have an impact on the business world, the company, together with the Más Familia Foundation, is leading a teamwork of companies in which it is evaluating its own actions and measures to create the ideal spaces in which **older talents** can develop and do their level best. The now consolidated group represents more than 70,000 workers from all over Spain and from companies in different sectors. Currently, after the evaluation phase and the current state of affairs, the working group is in a position to enter the phase of proposing and addressing measures that can be implemented in the companies and fundamentally serve to **promote older talent in the company and in society.**

Similarly, the company is committed to **young talent** through a programme of scholarships and internships in coordination with the main public and private educational institutions in the country. This programme is not only a first work experience for young people, but also an important training experience that allows them to interact with and learn from different talents and generations. The programme also enriches the older talent of the company, as the work that comes out of heterogeneous age groups is much richer and more complete.

All provisions of this chapter should be understood in the **context of their references in the various policies approved by the company's Board of Directors**, such as the policies on equality, diversity and inclusion, sustainability, social contribution and human rights, all of which are publicly available on the company's website.

DISABILITY

As part of the commitment to diversity and inclusion promoted as part of the corporate culture, one of the main pillars is the inclusion of employees with a disability card and the promotion of their recruitment and socially acceptable employment.

With this goal in mind, Línea Directa Aseguradora's **Sin Límites programme** was launched in 2009 to promote diversity inclusion in the workplace in four areas: **attracting talent with different skills** through selection processes, **internal diversity, development and/or participation in social inclusion and projects and contributing to employability** through specialised employment centres (CEE). The programme has a specialised person from the company - **the guide or tutor**- who ensures the standardisation of processes and that the employee has a suitable working environment from the moment they join the company, with a personalised onboarding process tailored to their needs. The guide approaches the employee who is to receive the disability card, advises him or her and offers assistance with the procedures, guaranteeing confidentiality.

Internally, people with disabilities receive financial support of 1,500 euros. The programme also includes the Tú Sumas Plan, which, through a specialised foundation, offers advice and support to all employees who have a family member with a disability.

The company collaborates with other foundations and associations in social and professional inclusion projects, involving a whole network of volunteers who contribute their knowledge, experience and time by designing and/or leading employment

workshops. For example, the company helps young people with disabilities at the Aprocor Foundation to carry out work placements related to the training they receive at the foundation. Línea Directa also works with foundations or associations whose users are people with functional diversity or intellectual disabilities. They carry out various inclusive leisure activities or participate in activities included in their learning and training programmes, such as charity markets where the products offered for sale are made by users of the affiliated specialised centres.

The Línea Directa Group has been contributing to the employment of people with disabilities for more than 10 years, through the recruitment of specialised employment centres.

Línea Directa has joined the Randstad Foundation's "Companies for Equality, Diversity and Inclusion" initiative as a sponsoring company, seeking to promote the principles of this group of companies in society and spread good practises in this area.

During 2021, the Direct Line Group has had an average of 40 employees with some kind of disability, representing 1.55% of the workforce.

Disabled employees	2020	2021
Average for year	39.5	40.0
Average Group employees	2,508.08	2,579.33
Average disabled employees	1.57%	1.55%

	2021		
	Men	Women	Total
Average disabled employees	18.2	21.7	40.0
Average headcount	1,098.0	1,481.3	2,579.3
Percentage employees	1.66%	1.47%	1.55%

The figure reported is the annual average rather than the number of people at year-end as it is more representative. The average is calculated weighting by the number of days that each person in the collective is in the group and divided by 365 days.

ACCESSIBILITY

All Línea Directa Group work centres are accessible. In addition, the company is working on internal and external communications campaigns and awareness-raising around disability and has improved the digital accessibility of its corporate websites.

RESPECT FOR HUMAN RIGHTS

HUMAN RIGHTS POLICY

The Línea Directa Group Human Rights Policy, adopted in 2020 and applicable to all subsidiaries, aims to guide the protection and respect of human rights and prevent them from being violated. It reflects the Group's commitment to the general and specific international standards of the sector, as well as to the United Nations Global Compact, the United Nations Principles for Responsible Investment and Sustainable Insurance.

This policy describes Línea Directa's commitments in its own activities as an employer and responsible business partner, but also as an insurer and in the way it implements the protection of human rights at the core of its activities.

In this respect, the Group is committed to protecting the human rights of its employees, in particular the principles of fair and favourable working conditions and non-discrimination.

The company is also firmly committed to complying with the provisions of the ILO core conventions on human rights. In terms of the supply chain, the company relies mainly on domestic suppliers, which allows us to better understand their human rights practises while supporting local development.

OTHER POLICIES AND PROCEDURES

The Línea Directa Aseguradora Group currently has the following policies and procedures in addition to mandatory circulars and guidelines:

- **Supplier procurement policy:** Sets out the basic principles of action to govern the relationship between Línea Directa Aseguradora Group employees and the suppliers with whom it does business.
- **Purchasing Policy and Manual:** defines the procedure to be followed in the purchases made and in each of the procurement stages to be approved by the Purchasing Department. Specifies that all procurement procedures must be approved by this department and the area making the request with the following requirements:
 - Technical and economic analysis of bids submitted by suppliers;
 - Confidential treatment of the tenders received;
 - Direct award of contracts in accordance with a defined and justified procedure;
 - Requirement of at least three bids from different suppliers for all awards.

- **Internal procedure for requesting and signing contracts:** part of the purchasing policy and/or manual, it regulates the activity of the Purchasing department and supplier management and the contracting of services to third parties through the Terms and Conditions of Contract and the Línea Directa Aseguradora Group Purchasing Portal.
- Code of Professional Ethics for the Group's employees, available to all employees via the intranet.
- Supplier Code of Conduct for all new commercial contracts and renewals, which is also included in the Purchasing area's tender documents and is available to suppliers via the purchasing portal.

The Code of Ethics of Línea Directa serves as the foundation for all other policies, which must therefore be consistent with it.

In it, the company undertakes to respect and protect human rights and public freedoms recognised in the Universal Declaration of Human Rights and in the main international agreements on the subject, and to ensure that the principles contained in these agreements are taken into account in all its policies.

In addition, the annual training plans include awareness-raising activities on the Code of Ethics and compliance, which also include human rights aspects.

United Nations Global Compact

The company is a signatory to the Spanish network of the United Nations Global Compact, which brings together Spanish companies that have signed up to the Global Compact. This is a commitment by companies and organisations to align their strategies and activities with ten universal principles on human rights, labour standards, the environment and anti-corruption.

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should ensure that they are not complicit in human rights abuses.

Work

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Fight against corruption and bribery

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Diversity Charter

The Línea Directa Group is a member of the Diversity Charter, a project funded by the European Commission through the Diversity Foundation under the European Union's anti-discrimination directives.

The personnel of the security companies working in Línea Directa establishments must be accredited to practise this profession, which guarantees the training, requirements, quality and formulas for contracting this type of professional and service. Required courses include deontology and fundamental rights.

FIGHT AGAINST CORRUPTION AND BRIBERY

FIGHT AGAINST MONEY LAUNDERING

The Línea Directa Group has identified and integrated the crime of money laundering in the criminal risk matrix.

The Línea Directa Group is not a mandatory subject in relation to the prevention of money laundering and terrorist financing, as established in Article 2 of Law 10/2010 of 29 April, as it operates in the non-life insurance business, so it is not appropriate to elaborate on the aspects presented in this non-financial report.

Notwithstanding the above, the Línea Directa Group has identified and integrated the crime of money laundering into the criminal risk matrix and associated with it a number of controls that help mitigate this risk and are monitored by Regulatory Compliance. Among others, the prohibition of cash payments, the due diligence of suppliers as part of the approval process, the analysis of deviations and the approval of financial statements, and in the case of a donation, the prior verification of the suitability of the recipient of the funds are worth highlighting.

FIGHT AGAINST CORRUPTION AND BRIBERY

The Línea Directa Group's crime prevention model.

The Línea Directa Group's crime prevention model is based on the following internal bodies and functions:

The Board of Directors is the body responsible for promoting a culture of prevention based on the principle of "zero tolerance" both towards behaviour contrary to the Code of Ethics and towards breaches of external and internal regulations and criminal acts. It is given responsibility for the adoption and implementation by the Línea Directa Group of an effective monitoring and control model to prevent all such incidents.

The Audit and Compliance Committee is the highest body responsible for overseeing and monitoring the criminal compliance policy.

The Compliance function (Regulatory Compliance Department): team with initiative and control responsible for ensuring the correct application of and compliance with the Criminal Compliance Policy and for ensuring that it is adapted at all times to the needs and circumstances of the Línea Directa Group companies.

Regulatory Compliance Committee: It is composed of the heads of the main areas related to the technical and cross-cutting functions of the development of the compliance environment, i.e. Corporate Security, Tax Advisory, Data Protection Office and Human Resources. It supports the Regulatory Compliance

Department to ensure the proper fulfilment of its tasks in the area of criminal risk prevention.

People Management Department: Is responsible for the internal training of employees and the application of the disciplinary system in the event of violations of the Criminal Compliance Policy, the provisions of the Code of Ethics and the Group's internal regulations.

Without prejudice to the firm will of the Línea Directa Group's governing bodies to strengthen the ethical culture already present in the Group and to ensure that the Regulatory Compliance Department can effectively carry out its duties of monitoring and complying with the Criminal Compliance Policy, all Línea Directa Group companies and, in particular, all persons belonging to the various internal departments must base their actions and decisions on the highest ethical standards and on respect for and compliance with the internal regulations applicable to them.

The internal control and crime prevention system of the Línea Directa Group is built on fundamental internal rules. Specifically, the following stand out:

- Group Code of Ethics.
- Supplier Code of Conduct.
- Ethical Channel Procedure.
- Regulatory Compliance Policy and its Management System.

- Criminal Compliance Policy.
- General Data Protection Policy.
- General Security Policy.
- Risk Management Policy.
- Internal Audit Control.
- Internal Audit Policy.
- Internal Fraud Procedure.
- Equality Plan.
- Environmental and energy efficiency policy.
- Equality Policy.
- Human Rights Policy.

Anti-corruption and bribery prevention measures

The Línea Directa Group is committed to complying with all the rules on preventing and combating corruption, as set out in the Code of Ethics and the **Anti-Corruption Policy**. This commitment applies not only to all employees, managers and members of the governing body, but also to all suppliers and stakeholders with whom the company has contact.

Regarding the prevention of bribery and corruption, the company adopted the Anti-Corruption Policy in 2021. With this policy, the Línea Directa Group has sought to emphasise its principle of zero tolerance towards any form of corruption and to establish a framework for action that helps prevent and detect corrupt practises in the company's activities. One of the most important measures in this regard is the Company's Gifts and Favours Procedure, which sets out the entire process for receiving and recording all gifts received. Anything that does not meet the requirements set out in this procedure is raffled off among all employees at a charity market at the end of the year.

The company has not registered any significant allegations of corruption and bribery.

SOCIETY

INTRODUCTION

Línea Directa Aseguradora is a responsible company that is involved in the communities in which it operates and is committed to the progress of society.

Primarily through the Línea Directa Foundation, the company provides protection, awareness and its contribution to society in relation to road safety, a key activity in its social sustainability strategy. Línea Directa is also keen to look after the well-being and health (physical, emotional and financial) of its employees, knowing that this leads to a good working relationship. It promotes its social commitment by supporting activities carried out through corporate volunteering in collaboration with various foundations, associations and NGOs.

In 2021, the Línea Directa Group has contributed 849,942.46 euros to foundations and non-profit entities mainly destined to the Línea Directa Foundation and volunteering.

The Línea Directa Group is part of ICEA and UNESPA, insurance sector entities. The total amount of contributions from these organisations was 114,712.11 euros in 2021.

COMMITMENT TO THE SDGS

The company pays special attention to the SDGs because of its direct impact as an insurer, as a company that creates jobs and as a social actor, as well as through its own initiatives, especially in the social field, through the work of the Línea Directa Foundation, a proactive contribution. In this way, the Línea Directa Aseguradora Group has identified the Sustainable Development Goals to which it can make a greater contribution and has included in its strategy targets that contribute mainly to eight of the 17 SDGs: **SDG 3, Health and well-being; SDG 5, Gender equality; SDG 8, Decent work and economic growth; SDG 9, Industry, innovation and infrastructure; SDG 10, Reducing inequalities; SDG 13, Climate action; SDG 16, Peace, justice and strong institutions; and SDG 17, Partnerships for the goals.**

HEALTH AND PREVENTION

Línea Directa is actively committed to the health and well-being of its employees, clients and society in general. Of particular note is the work to reduce deaths and injuries from road accidents carried out by the Línea Directa Foundation. In addition, Línea Directa Aseguradora disseminates information to make people aware of possible risks in the home in order to protect them. Internally, the company promotes healthy habits among its employees, and on the other hand, it works to prevent health risks through its health department, Vivaz and voluntary actions.

GROWTH AND DEVELOPMENT

The company is firmly committed to creating quality jobs and developing internal talent. It also carries out various actions in

support of entrepreneurship to help communities to thrive through the Línea Directa Foundation.

Línea Directa is also a leader in the digitalisation of the insurance sector, facilitating society's transition to digital transformation, offering channels and products to promote digitalisation and participating in technological innovation clusters.

SOCIAL INEQUALITIES

Línea Directa Aseguradora has had a proactive diversity and inclusion policy for many years, ensuring non-discrimination against women and their equal participation. The company has a human rights policy and a diversity and equality policy and regularly updates its equality plan. It also carries out various social actions on International Women's Day and Day Against Gender-Based Violence.

In relation to SDG 10, the company is also strongly committed to the social and economic inclusion of all people, especially people with disabilities, mainly through corporate volunteering in cooperation with various NGOs. Finally, the company pays special attention to the promotion of talent.

SOCIAL CONSCIENCE

The Línea Directa Group contributes to this goal by striving for integrity and the application of compliance throughout the company, both internally and externally. Thus, it is committed to implementing all relevant regulations and disseminating them in its collaboration with external organisations and institutions.

On the other hand, through the Línea Directa Foundation, it regularly studies and analyses aspects of driving behaviour, contributing to the dissemination and awareness of the importance of safe driving. The Foundation also has an active platform for reporting the most dangerous points on Spanish roads.

Every two years, Línea Directa Aseguradora produces the Fraud Barometer to prevent, detect and prosecute these bad practises with significant consequences for customers and society in general.

PARTNERSHIPS

Línea Directa believes that partnerships and collaboration with other companies are key to the development and success of the company. That is why many of the actions we carry out are carried out hand in hand with solid partners, both from the Foundation and from its subsidiaries, including voluntary activities. In this context, the company presents the Collaborators Award every year to recognise the best suppliers for their work for the company.

CLIMATE

The Environment section describes the measures Línea Directa is taking to combat climate change and promote renewable energy. The company is implementing various measures in this area, such as calculating its carbon footprint, voluntary environmental actions and reducing emissions, and plans to offset them from 2021 onwards. The company has an ISO 14001 certified

environmental management system and the 50001 certificate for energy efficiency.

SUSTAINABLE INVESTMENT PRACTISES

Sustainable financing, i.e. those that take into account environmental, social and good governance (ESG) criteria, is a key element in promoting an economy that is committed to the climate and sustainable development.

Sustainable financing, i.e. those that take into account environmental, social and good governance (ESG) criteria, is a key element in promoting an economy that is committed to the climate and sustainable development. The Línea Directa Group, mainly as an insurance group but also as an investment manager, works not only to offer products and services that promote sustainable development, but also to participate in a responsible financial system. In this context, investors, analysts and rating agencies increasingly include environmental, social and good governance aspects in their assessments.

In this context, the Investment Department of the Finance Division has been working in 2021 on the search for and analysis of various portfolio tools that will enable it, from next year, to carry out comprehensive monitoring of the environmental, social and corporate governance dimensions of the Group's investments. By assessing these points, it is possible to identify the general exposure to ESG risks, both in operations and in products and services, and to take specific actions to mitigate these risks.

Furthermore, the company has an investment policy with ESG criteria in which it actively promotes the integration of these

criteria in investment decisions and avoids participating as an investor in organisations, projects or products that promote or could cause serious violations in these areas.

SUSTAINABLE PRODUCTS

Sustainable growth allows us to address current needs without compromising the ability of future generations to meet their needs, ensuring a balance between economic growth, social welfare and the environment.

For years, the Línea Directa Group has been committed to sustainability, which is reflected in its three-year sustainability plan. The current plan, now in its fourth year, includes 71 specific actions in 15 action areas for the period 2020-2022, is integrated into the corporate strategy and incorporates the Sustainable Development Goals (SDGs).

The Group's sustainability policy is based on concern for the business, the organisation and society. From a business perspective, the Group has developed and launched various products and services in line with the objective of making its operations and products responsible towards society and the environment, for which it regularly conducts economic analyses, especially in its three basic business areas: motor, home and health.

Póliza Respira (Breathe Policy)

Five years ago, as part of its commitment to a new model of urban mobility that is more environmentally friendly and helps reduce CO2 emissions, the company developed a special insurance

policy for electric cars called Póliza Respira. It is a product designed to encourage motorists to buy these vehicles, which do not produce direct emissions. It is an all-risks policy at a reduced price, as a lump sum for the first year (200 euros), with an excess of 300 euros, which adapts to the needs of these vehicles by including coverage for the theft of the charging cable. The company's goal is to become the leader in this segment of the Spanish insurance market.

At the end of 2021, Línea Directa Aseguradora had 2,142 Respira policy customers.

Llámalo X

During the year, the company continued to offer its innovative “**Llámalo X**” product, the first fully comprehensive insurance with excess that includes a vehicle and the cost of maintenance and taxes for a fixed monthly price, turning the traditional model of linking insurance and car financing upside down. On this occasion, in a clear commitment to sustainability, it has included the Toyota C- HR Advance, a hybrid vehicle that is in great demand in the market for its design, efficiency and equipment. In the two editions of the Llámalo X policy, **more than 400 insurance policies were offered with a hybrid vehicle.**

Vivaz Safe&Go

In recent years, new forms of mobility have emerged that have changed the way people get around the city and paved the way for Personal Mobility Vehicles (PMVs). Electric scooters, electric bikes or Segways allow for more agility and economy as well as more respect for the environment. Vivaz, the health insurance

brand of Línea Directa Aseguradora, launched “**Safe&Go**”, in September, a new product **that covers the person and their mobility and can be taken out according** to the revolutionary concept of “on/off insurance” or pay-as-you-go: By seconds or trips or for a whole year. Vivaz Safe & Go offers insurance cover that is unique in its category, as it not only covers damage caused to third parties, but also physical damage suffered by the user himself, and even legal defence. In addition, in the event of an accident, the insurance app pinpoints the location, which can shorten the response times of the emergency services and get you help quickly.

ConducTOP

Out of concern for road safety and to promote safe driving, the company this year launched **ConducTOP**, an app that rewards the most responsible customers behind the wheel. The app takes into account the smoothness of cornering and braking as well as acceleration, appropriate speed on any road and concentration. Depending on how they drive, customers accumulate rebates that can be exchanged for five-euro or car wash vouchers at Cepsa petrol stations and stores, Cepsa being one of the company's partners.

Alliance with Naturgy

The commercial alliance sealed in 2021 between Línea Directa Aseguradora and Naturgy includes sustainable proposals. In fact, Línea Directa Aseguradora customers who sign this agreement will receive a fixed discount of 300 euros if they choose a photovoltaic system from Naturgy.

Cooperation with Special Employment Centres

In 2021, **Línea Directa Asistencia's** professional drivers were available to the company's customers to pick up their vehicles or transfer them to where they were indicated, with the aim of providing a safe, fast and reliable service that includes the **transfer of cars to MOT centres** and the **personalised delivery of new or used cars, among many other options**. In order to offer this service through Línea Directa Asistencia, the company has entered into an agreement with Special Employment Centres (CEE), which enables it to employ disabled workers and thus help them to get a foothold in the job market.

ECO-labelled replacement vehicles The Advanced Repair Centres

(CAR), Línea Directa Aseguradora's own state-of-the-art workshops with comprehensive customer service, offer a range of Eco-labelled replacement vehicles, among other services. Specifically, the CAR Barcelona repair shop has 60 Renault Capturs and CAR Madrid has 80. All are LPG (Liquefied Petroleum Gas) vehicles, a propulsion system with almost zero CO2 emissions.

Research aimed towards increasing prevention and awareness

Whether through Línea Directa Aseguradora or the Línea Directa Foundation, the company puts its knowledge and experience at the service of society by carrying out studies and research, seeking to raise awareness and prevention in specific areas, especially health and road safety.

In January, Línea Directa presented the study **"Zombie vehicles": Uninsured cars in Spain. Problem and accident rate (2010-2019)**, which analyses the phenomenon of uninsured vehicles in the last decade. The report points out that 7.7% of the Spanish vehicle fleet is uninsured, a percentage that has increased by 16% in the last year and can have serious consequences.

The Línea Directa Foundation has published three relevant studies on road safety during 2021. The first, **"COVID and Road Safety. Influence of the pandemic on future mobility and accidents"**, focused on very worrying aspects of road behaviour during the pandemic, such as 39% more speeding than before Covid-19, or the fact that 36% of road fatalities in those months were not wearing seat belts.

The second, **"Drugs and driving: a deadly cocktail. Consumption of drugs by Spanish drivers (2010-2019)"**, which found that 11% of drivers admit to using more dangerous drugs to drive than before and that in the last three years, the number of drivers who died and who were positive for these substances increased by 40%, as well as other data.

Finally, it published the study **"The big change. Young drivers: anatomy of a new generation behind the wheel"** which analyses road accidents among Spanish drivers aged 18 to 29 between 2010 and 2019. Despite being the group with the worst image among Spanish drivers (58%), **young Spaniards aged 18 to 29 are the age group with the lowest fatality rate among drivers (0.5%)**, an indicator that has fallen by 41% in the last decade.

Línea Directa Aseguradora's health insurance brand, Vivaz, has published the study "**Chronological age vs. real age: How old do Spaniards think they are?**". The aim was to measure the health status and perceived age of Spaniards, compare it with their chronological age, assess the impact of lifestyle habits and the perception of well-being at different ages. One of the conclusions is that 6 out of 10 Spaniards feel younger than their chronological age.

Lastly, the Home division of Línea Directa Aseguradora published the report "**Impact of atmospheric phenomena on home insurance from a social point of view**". One of the main conclusions is that 27% of Spanish households have been affected by a weather event in the last 10 years, which corresponds to almost seven million households.

Vivaz Manifesto, for a healthy diet

Vivaz, the health insurance brand of Línea Directa Aseguradora, published the Vivaz Manifesto this year to raise society's awareness of the importance of good eating habits as a cornerstone of a healthy life (alongside the other two pillars it has been working on since its inception: physical activity and sleep). This is a document written by **Juan Revenga**, a nutritionist and biologist, member of the Spanish Academy of Nutrition and Dietetics, which sets out the principles of good nutrition, basic advice on how to achieve it and proactive commitments to help society achieve this goal.

The company also encourages its policyholders to follow healthy habits, such as walking at least 10,000 steps a day and sleeping at least 7 hours a day, monitored with the help of a fitband or

smartphone and rewards them for following these habits with discounts of up to 200 euros when renewing their policies.

Vivaz Actividad

Vivaz has an app, Vivaz Activity, for both customers and non-customers, that helps users maintain healthy habits. By the end of the year, 48,730 users had registered on this app, 21,120 of whom are active users. The app allows them to enjoy various benefits as well as discounts on health policies if they are customers of the company.

15-point campaign

In 2021, Línea Directa Aseguradora revived its campaign for drivers who have 15 points on their licence, offering them significant discounts. At the end of the year, the company launched a new commercial, this time featuring a deaf person who speaks sign language.

SOCIAL ENGAGEMENT: LÍNEA DIRECTA FOUNDATION AND CORPORATE VOLUNTEERING

Social action is part of the Línea Directa Group's commitment to the local communities in which it operates, either through direct action or through collaboration with organisations working to develop social and environmental projects. The two levers on which the company's activity is based are the Línea Directa Foundation and the social initiatives developed through volunteering or directly by the company itself with the associations with which it collaborates or in which it participates.

Línea Directa Foundation

The Línea Directa Foundation was created in 2014 to encourage responsible driving behaviours in Spanish society, assuming the mantle previously held by Línea Directa Aseguradora. Founded in 2014 under the slogan “Here and Now”, the organisation has four lines of action: Research, Awareness-raising, Social Action and Training, through which it promotes and develops powerful initiatives in favor of Road Safety.

Without agents and intermediaries, Línea Directa Aseguradora has always kept direct contact with the terrible reality of road accidents; a social problem that forever shapes the lives of thousands of people in our country every year.

That is why, in 2014, the company wanted to go a step further and created and financed the Línea Directa Foundation, whose aim is to bring all the company's knowledge and commitment to the fight against fatal car accidents. Founded in 2014 under the slogan “Here and Now”, the organisation has four lines of action: Research, Awareness-raising, Social Action and Training, within the framework of which numerous initiatives are taken year after year with the aim of putting an end to road accidents.

To this end, every year it carries out meaningful studies analysing the most important aspects of road accidents, which receive a wide media response; it organises the Road Safety Journalism Prize, which has already become one of the most important competitions in Spanish journalism; it supports entrepreneurship in the field of road safety through the Entrepreneurship Prize and carries out numerous actions in the field of training and cooperation with other foundations and institutions.

Thanks to this important work, the Ministry of the Interior awarded the Línea Directa Foundation the Silver Cross of the Order of Merit of the Guardia Civil in 2021.

Board of Trustees of the Foundation

Chairman

Alfonso Botín-Sanz de Sautuola
Chairman of Línea Directa Aseguradora

Vice-chairman

Miguel Ángel Merino
CEO of Línea Directa Aseguradora

Trustees

Pedro Guerrero
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María Seguí
General Director of Traffic (2012-2016)

Pere Macias i Arau
Former Chairman of the Road Safety and Mobility Committee

Pierre-Yves Sachet
Head of Business and Sales and Strategy and Growth of CEPESA

Matías Prats

Journalist

Juan José Matarí

Chairman of the Road Safety and Sustainable Mobility Commission of the Congress of Deputies (current term).

Managing Director

Mar Garre

Head of People, Communication and Sustainability at Línea Directa Aseguradora

General Secretary

Pablo González-Schwitters

General Secretary of Línea Directa Aseguradora

Research

Through research, the Línea Directa Foundation analyses the most important aspects of road accidents with the aim of promoting social awareness of road safety. It accomplishes this by tackling subjects of significant interest and relevance, allowing it to solidify its position as a legitimate leader in this sector.

The Línea Directa Foundation provides essential research and publications on the most critical issues related to road accidents as part of its "Research" line of work, always before making them public. It does this by working with renowned foundations, institutions and universities across the country to advance knowledge in the field.

In 2021, the Línea Directa Foundation conducted three studies that were widely reported in the media. They reached more than 700 news items and a total audience of almost 359 million people:

- “COVID and Road Safety. Influence of the pandemic on future mobility and accident rates”
- “Drugs and driving: a deadly cocktail. Consumption of drugs by Spanish drivers (2010-2019).”
- “The big change: Young drivers: anatomy of a new generation behind the wheel (2010-2019).”

“COVID and Road Safety. Influence of the pandemic on future mobility and accident rates”

The study, carried out in collaboration with the Institute of Transport and Road Safety of the University of Valencia (INTRAS), aimed to contextualise the 2020 accident figures, considered the best in history, in a very specific environment: the lockdown and mobility restrictions this year.

The conclusions were surprising: taking into account the journeys made this year, 128 fewer people would have died in road accidents in 2020. In addition, two other points of concern were uncovered: During the lockdown, 39% more people were speeding than before and 36% of traffic fatalities were not wearing seat belts.

“Drugs and driving: a deadly cocktail. Consumption of drugs by Spanish drivers (2010-2019).”

This report, co-authored by the Spanish Road Safety Foundation (FESVIAL), concludes that psychotropic drugs were involved in almost 50,000 casualty accidents between 2010 and 2019.

Furthermore, 12% of drivers and 18% of pedestrians killed in road accidents last year tested positive for these types of drugs.

This is alarming considering that 11% of drivers admit to taking more psychotropic drugs due to the pandemic.

“The big change: Young drivers: anatomy of a new generation behind the wheel (2010-2019).”

The study, sponsored by the Línea Directa Foundation and the Centro Zaragoza, has shown that contrary to the general opinion of society, which still considers young people to be the most reckless group on the roads, a radical change has occurred among 18-29 year old drivers. Although they cause proportionally more accidents than other drivers, the number of road deaths among the youngest drivers has fallen by 41% in the last ten years. This makes them the age group with the fewest road deaths in relation to their own accident victims.

Awareness-raising

As part of its Awareness-raising action line, the Foundation organises the Road Safety Journalism Award to encourage the media to write about and disseminate the importance of responsible driving habits. The award recognises the best reports and articles on road safety published in the press, digital media, radio and television. The competition has become one of the most prestigious awards in our country.

In 2021, the Línea Directa Foundation organized the **XVIII edition of the Road Safety Journalism Award**, which was presented at the Teatros del Canal in Madrid after the restrictions imposed due to the COVID-19 pandemic were lifted. The competition awards the best reports and articles in the categories of **Written Press and Online Media, Radio and Television**, with a net prize of 10,000 euros each.

The number of entries was **1,600**, 20% less than in 2020, as the pandemic was very present in the media last year, which meant that road safety was given less space in the news. The winners were **Francisco Iván Gómez**, of the Diario de Almería, **Luis Henares** of Onda Aranjuez and **Blanca Vives**, of Telecinco, who were recognised by the jury for the quality of their work, its relevance as a tool to raise awareness in society and for the innovative approach of their reports.

The **Solidarity Award** was also presented, which recognises organisations, institutions and foundations that work for road safety, with a net prize of €10,000. In this edition, the winner was **Pastoral de la Carretera**, a service of the Catholic Church to society to encourage motorists, pedestrians and travellers to be responsible at the wheel when using public roads and vehicles.

The **Honorary Award for Road Safety Journalism** was also given to the journalist Jesús Soria for his great work in spreading road safety throughout his professional career, especially at the helm of the magazine “**Tráfico y Seguridad vial**” of the General Directorate of Transport, which he directed from 1995 to 2017.

The **jury of the XVIII edition** was **chaired by Pere Navarro**, Director General of Transport, and formed by 9 other personalities from the worlds of administration, journalism and business. The members of the jury were:

- **Pere Navarro**, Director General of Transport. Chairman of the Jury.

- **María del Pilar González de Frutos**, Chairwoman of UNESPA (Spanish Association of Insurance and Reinsurance Companies).
- **Pere Macias i Arau**, Chairman of the Commission for Road Safety of the Chamber of Deputies during the 2011-2015 legislature.
- **Pedro Guerrero Guerrero**, Chairman of Bankinter.
- **Carlos Franganillo**, Journalist and presenter of the 2nd edition of the Telediario de La 1 (TVE).
- **Leticia Iglesias**, Journalist and presenter of Informativos Telecinco.
- **Àngels Barceló**, Journalist and presenter of the programme “Hoy por Hoy” on Cadena SER.
- **Esther Vaquero**, Journalist and presenter of “Noticias 2” (ANTENA 3).
- **Jon Ariztimuño**, Journalist and Director of News at Telemadrid.

- **Efrén Hernández**, Journalist for La Sexta and winner of the 17th Línea Directa Foundation Award for Road Safety Journalism in the television category.

Social action

The Línea Directa Foundation carries out various initiatives under its Social Action strand. In 2021, it organised the 7th edition of the Entrepreneurship and Road Safety Award and published a solidarity calendar in favour of FEDACE, the Spanish Federation for Cerebral Injury, with the selfless collaboration of 12 Olympic and Paralympic medallists from Tokyo 2020.

For the past 7 years, the Línea Directa Foundation has organised the Entrepreneurs and Road Safety Award, a pioneering project to accelerate start-ups in the field of road accident prevention. The prize is worth 20,000 euros with no transfers or co-investments, as well as mentoring, training and access to investment rounds. The jury consists of nine experts from the business community, the entrepreneurial ecosystem and the public administration. The jury assesses the quality of the project, its economic viability, its innovative character and its potential to improve road safety.

In 2021, 52 projects were submitted by companies, from which 5 finalists were selected: Alive and Safe, Asimob, Evix, LiveLink and SIPE Baby Rescuer. The five start-ups presented their proposals in an elevator pitch format, where they presented their projects in five minutes to the competition jury. The final winner of the competition was the

Barcelona-based company Evix. This start-up has developed a cervical airbag system integrated into bicycle helmets that is also suitable for other road users. The system is activated immediately after an accident and the airbag inflates to prevent the cyclist from moving and suffering a cervical or spinal injury.

Charity calendar in favour of FEDACE

As part of its social action strategy, the Línea Directa Foundation also launched a solidarity calendar in 2021 in favour of the Spanish Federation of Brain Injuries (FEDACE). This project has selflessly involved 12 Olympic and Paralympic medallists from Tokyo 2020 and 12 volunteers with brain injuries from FEDACE.

The Línea Directa Foundation donated all the proceeds from the sale of the calendar to FEDACE, in addition to a direct contribution of 3,000 euros, always with the aim of combating brain injuries, especially those caused by road accidents.

Training

The Línea Directa Foundation develops various training initiatives in the field of road safety, always with the aim of informing and raising awareness among drivers about the need for responsible driving.

Education is one of the basic lines of action of the Línea Directa Foundation. It thus promotes various actions aimed at highlighting road safety education as one of the most useful and effective tools in the fight against road fatalities.

In 2021, the Línea Directa Foundation committed to collaborate in the **VII Congress on Road Safety and Disability, organised by ASPAYM, the Second Vice-Presidency of the Government and the Ministry of Social Rights and Agenda 2030**, which, finally, will be held in the first months of 2022.

The Foundation is co-sponsoring the event and will participate in a round table where the Minister of Interior, Fernando Grande-Marlaska, is expected to speak.

Last year, the Foundation also launched an educational pill on social media about **personal mobility vehicles (PMVs)** in the form of a game to inform users of this new means of transport about the regulations and key points to consider when using them.

Finally, the Línea Directa Foundation has been working throughout 2021 on the design, concept and architecture of the organisation's blog, which is due to launch in 2022 and through which it will inform society about the most important aspects of road safety.

Corporate volunteering

The Línea Directa Group offers its employees the opportunity to join its volunteer network, which aims to promote social and environmental commitment and carry out actions with a great impact on the environment. Corporate volunteering was launched in 2009 and currently has 152 volunteers.

Corporate volunteering focuses on actions for children, young people and adults at risk of social exclusion, people with disabilities and women in situations of gender violence that add

value to communities, strengthen organisational culture internally and enable the development of new competencies, skills and sensitivities among participating volunteers and in their professional environment.

The group uses a tool to document, quantify and categorise social initiatives according to the type of activity carried out and the resources provided, in order to measure the contributions and impact of social action on society.

Due to the situation caused by Covid-19, all volunteer activities conducted in 2020 and most activities in 2021 were conducted virtually. Aware of the importance of resuming volunteering on the ground to help the most disadvantaged groups, the company was able to carry out some actions on the ground at the end of the year with the necessary security.

INCLUSION VOLUNTEERING

(employment workshops)

Integra Foundation – Empowerment School

No. of volunteers: 16
No. of beneficiaries: 192
Volunteer hours: 2

During the year, volunteers from Línea Directa Aseguradora conducted 12 employment workshops and job preparation days as part of the Integra Foundation's Escuela de Fortalecimiento job

placement programme, focusing on these moments of truth in the job search:

- "Coping with the job interview".
- "Practising the job interview".
- "Group dynamics".
- "The interview: mistakes and successes".

In these workshops, examples and role plays were used to analyse and deal with the different situations that can arise during a job interview, both individually and in a group.

The beneficiaries of the Integra Foundation are people with disabilities, groups at risk of exclusion and women in situations of gender-based violence.

This year, 2021, the Integra Línea Directa Foundation has given an important recognition with the "Volunteering Award", rewarding the work that the network of volunteers at the Empowerment School has been doing for more than a decade.

Norte Joven Association

No. of volunteers: 19

No. of beneficiaries: 14

Volunteer hours: 14 volunteers dedicated 1 hour 5 dedicated 2 hours

Línea Directa Group works with this association by carrying out corporate volunteering actions to help young people between 16 and 25 years old who are at risk of exclusion or vulnerability prepare for working life and integration into society. In May, company volunteers held a job preparation day with two workshops, one to simulate personal job interviews and a group dynamics workshop. These workshops are part of the training programme these young people receive at the association. Based on the feedback and assessments from the interviews, the supervisors of these young people work with them individually on the aspects that will help them achieve full social and professional inclusion.

Más Humano Foundation:

No. of volunteers: 11

No. of beneficiaries: 4 social entities

Volunteer hours: 8 hours plus 4 hours of training/information

Línea Directa Aseguradora works with the Más Humano Foundation, supporting its mission to culturally transform society and the economy by putting people first. Through the Indivisibles programme, volunteers receive mentoring training to learn how to share their knowledge in different areas (digital marketing, social networks, etc.) with organisations that need it and to help them grow.

Integra Foundation / International Women's Day

No. of volunteers: 20

No. of beneficiaries: 11

Volunteer hours: 8 volunteers dedicated 1 hour 12 dedicated 2 hours

On the occasion of International Women's Day on 8 March, the Línea Directa group organised a day for a group of women affected by gender-based violence, during which three different activities were carried out:

- Hiring workshop, in which the interview was conducted using role plays and in which each volunteer interviewed each candidate for about 15 minutes.
- Group dynamics with feedback from the volunteers.
- Simulation of a call from a sales manager to a client, where the volunteers explained their daily work so that the women could approach their routine.

ENVIRONMENTAL VOLUNTEERING

Reforestation

No. of volunteers: 22

No. of beneficiaries: 13

Volunteer hours: 4 hours

Last October, Línea Directa Aseguradora organised an environmental volunteering action with local impact together

with the Ami-3 organisation. 10 staff and their families joined people with intellectual disabilities for a day of contact with nature and fun. The activity promoted sustainable management and contributed to halting the loss of biodiversity in an area designated by Tres Cantos City Council (Madrid) for the reforestation of a natural area.

Donation of CPUs and monitors:

No. of volunteers: 3 technicians and 1 volunteer

No. of beneficiaries: 30 students of Norte Joven 50 users of Aprocor

Volunteer hours: 3 hours. 1 volunteers 1 hour

During the pandemic, Línea Directa Aseguradora upgraded its computer equipment to allow staff to work more conveniently from home. In an effort to reduce the digital divide among the most disadvantaged groups, promote recycling and extend the useful life of unused computers, computers in better condition were refurbished and donated. In this way, 80 CPUs and 15 monitors were donated to the Norte Joven Association, which works with young people who are socially excluded and at risk and who, because of their situation, have not had the opportunity to participate in classes remotely, and to the Aprocor Foundation, which works with young people with functional diversity or mental disabilities.

This type of action is also carried out by other companies in the group. Línea Directa Asistencia donated 30 CPUs, 30 keyboards and 30 mice to the Altius Foundation, which helps vulnerable people enter the world of work.

Working day at the A la Par Foundation

No. of volunteers: 50
No. of beneficiaries: 12
Volunteer hours: 4 hours

In September, the Group's People, Communications and Sustainability Department organised a workday with a voluntary environmental activity with the A la Par Foundation and people with intellectual disabilities, who taught the company's employees how to manage and maintain their vegetable garden.

Aprocor Foundation. Volunteers for a day (children of employees):

No. of volunteers: 12
No. of beneficiaries: 16
Volunteer hours: 4 hours

In June, Línea Directa Aseguradora ran a volunteer activity for children of staff aged between 16 and 20, who carried out activities with young people from Aprocor to learn about the work of this foundation and how to interact with young people with functional diversity. The young people from Aprocor Foundation showed their experience and knowledge in different activities to raise awareness of diversity and intellectual disability among the staff, to remove barriers and discover a world of opportunities for all.

GIVE AND GAIN

The Corporate Volunteering and Solidarity Action Week, Give and Gain, organised by Forética, aims to recognise and give visibility to the social initiatives and projects carried out by companies through volunteering. It is a benchmark initiative for corporate volunteering at international level. During this edition, Línea Directa Aseguradora has proposed and promoted several activities:

- A la Par Foundation: Workshops with the A la Par Foundation as part of the Línea Directa Christmas Market. Users of the A la Par Foundation, young people with functional diversity, showed the volunteers how to carry out different activities. In addition, the products made in the workshops were offered for sale at the street market and all the proceeds were donated to the foundation.
- Hogar El Olivo: the network of volunteers organised to give clothes and toys for Christmas to the young people in this home run by the Autonomous Community of Madrid.
- Solidarity Bank: This is a food bank that serves more than 300 families in the Madrid region. Línea Directa works with them to run food collections. This year, in keeping with the season, an action was launched to deliver the donated food as well as 60 solidarity baskets donated by the staff. Date: 10 to 20 December.

WELLNESS AND HEALTH

Madrid on the march against Cancer

Participants: 92
Donation: 2.000€

The Línea Directa Group has participated in the Run Against Cancer organised by the Spanish Association for Cancer Control (AECC) for four years. This year, the company bought 135 race bibs to encourage employees to participate and thus contribute to the purpose of the run, cancer research.

Due to the pandemic, two types of runs were offered: an online run counting steps and an in-person run at different locations, mainly on the Paseo de la Castellana in Madrid.

Carrera Hay Salida ("There is a Way Out Race")

Participants: 55
Donation: 2.000 €

As a member of the group "Companies for a Society without Gender Violence", Línea Directa Group, co-sponsored "Hay Salida" (There is a Way Out), the solidarity run against gender violence organised by the Ministry of Equality in June. Each year, specific projects such as comprehensive support for victims and vulnerable groups, social awareness, training and prevention of victimisation are carried out. Encouraging staff participation creates greater awareness of the problem faced by these women, which helps to improve their lives and those of their children.

DONATIONS

Donation to the victims of La Palma:

Between September and October, Línea Directa Aseguradora offered its employees the opportunity to make a donation to the victims of the volcano on La Palma with every purchase they made in the company's cafeterias. Once the donations were received, Línea Directa Aseguradora doubled the amount received and donated all the proceeds to the Food Bank.

Línea Directa Asistencia also promoted some internal actions to support the people affected by the Cumbre Vieja volcano, working together with the Red Cross.

Instituto Nacional de Resiliencia - Humanae Foundation

Línea Directa Group has donated four scholarships for doctors to attend a special course run by the Spanish Resilience Institute for the personal and professional development of these professionals in the face of pandemic fatigue. Under the motto "They did it for you, do it for them", the aim is to raise society's awareness of the help that is also needed by these professionals who have been on the front line since the beginning of the pandemic and who need to take care of themselves in order to continue taking care of others.

In turn, Línea Directa staff received the workshop "Resilience in times of uncertainty".

Tops for a new life

This year, Línea Directa Asistencia contributed to the SEUR Foundation's project, which helped finance medical and orthopaedic treatments for hundreds of children by recycling plastic bottle tops. Specifically, the 60 tops collected by Línea Directa Aseguradora enabled the purchase of an exoskeleton for Sara, which will help her with her rehabilitation.

Solidarity Market 2021 in favour of San Camilo

All the gifts received by the Group's employees at Christmas 2020 from suppliers and other companies were donated to a charity market in 2021 organised by 14 volunteers who supported the San Camilo professionals who attended the market. The proceeds went to this senior residence, which is home to more than 150 elderly people and those in need of care. During the pandemic, their need for care and protection for the elderly has multiplied. The proceeds were used to purchase products to protect against COVID-19.

Línea Directa Asistencia also held a charity market, in this case with Ami-3, for which they donated all the proceeds.

Donation of trampolines

The company donated 12 trampolines purchased for in-house motivation and teambuilding activities to various associations (Fundación Aprocór, Ami3, Hogar el Olivo and Fundación Juan XXIII).

Christmas market

In December, the company held its first Christmas market, which included themed workshops for staff and typical Christmas stalls. All proceeds from the sale of products and participation in games and competitions were donated to the A la Par Foundation.

PARTNERSHIPS

Randstad Foundation

Aprocór Foundation

Integra Foundation

A la Par Foundation

Solidarity Bank

San Camilo Centre for the Humanisation of Health Care

Norte Joven Association

AMI3 Association

Fesbal

Instituto Nacional de Resiliencia/ Humanae Foundation

AECC

Hay salida ("There is a way out") (Ministry of Equality)

MasHumano Foundation

CORPORATE VOLUNTEERING

2021

Volunteers

152

Volunteers participating in 2021 actions

362

Number of actions

25

SUBCONTRACTING AND SUPPLIERS

The engagement of new suppliers is subject to an approval process adapted to the needs of each functional/business area and overseen by the Group Purchasing area. Before submitting the request to the Purchasing Department and starting the Request for Quotation (RFQ), the requester must follow the procedures recommended by the Data Protection Office, as well as those contained in the Company's Purchasing Policy.

The Supplier Code of Conduct was approved by the Board of Directors in November 2012. The purpose of this code is to ensure that all suppliers and subcontractors comply with the requirements of the United Nations Global Compact, promote sustainable development, ensure human rights, comply with labour regulations and promote environmental protection, among other things. In short, it aims to ensure that suppliers share and respect the ethical values that guide the conduct of the Group and its employees.

A total of 95% of these suppliers are local, as the company is interested in sustainable supply chain management that respects the environment and society.

The principles described in this Code of Conduct are an important part of the selection and evaluation of suppliers, and their non-compliance may also lead to termination of the contract.

In 2021, the Procurement Department has started work on an approval process that incorporates non-financial criteria — environmental, social and governance — into the supplier evaluation and approval process, with the exception of service

networks. Línea Directa's Purchasing Policy and associated manual establish procedures for due diligence in the selection and contracting of suppliers. In addition, any outsourcing of functions or critical operational activities is carried out in accordance with the requirements set out in the Outsourcing Policy. Annual reports are prepared on suppliers providing these services in critical business areas. In 2021, no supplier audits have been carried out by the Purchasing department.

SERVICE QUALITY

For Línea Directa, the quality of the products and services offered to clients is a priority and a strategic objective.

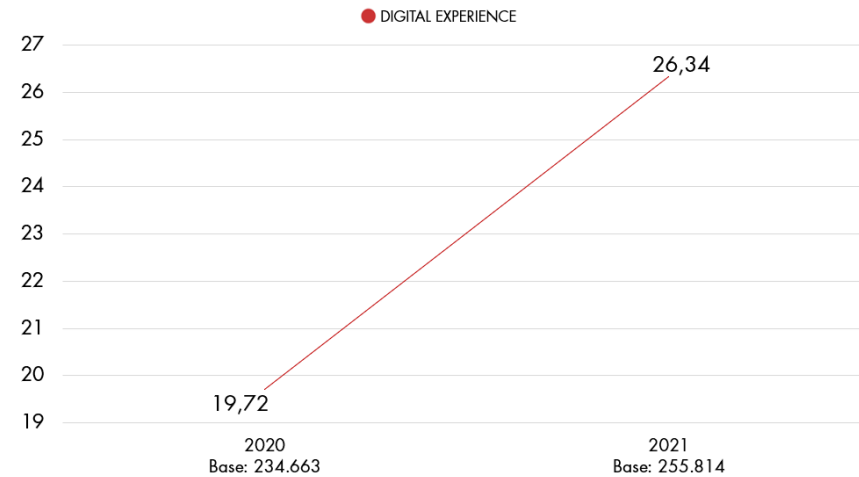
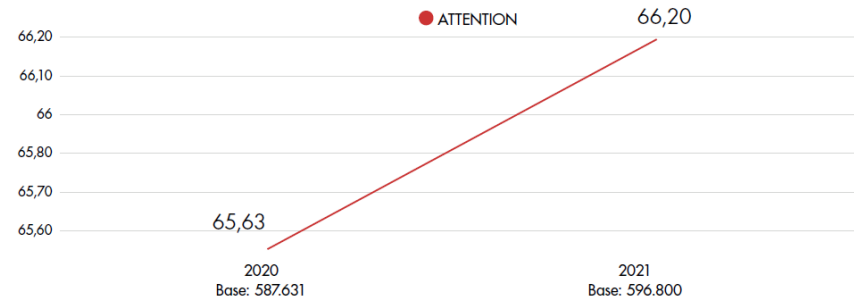
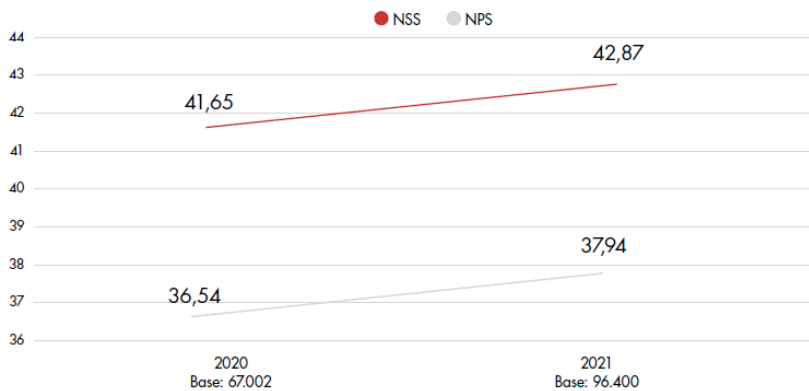
In recent years, the company has expanded, improved and exhausted the processes and tools it uses to monitor the satisfaction level of its portfolio, such as new developments to collect and measure customer experience in real time, always with the aim of identifying their needs and possible areas for improvement. The Línea Directa Group modified the Strategic Quality Plan in 2020, known as Plan Forte, introducing a measurement system by key processes and with the NPS indicator (Net Promoter Score, aggregated net recommendation index). In 2021, the company's global NPS was 37.94%.

In addition to NPS and customer satisfaction with the various processes, the Group has established other quality indicators as fundamental to its day-to-day operations. The first is satisfaction with the customer service provided by the telephone agents (customer service percentage): customers rate their satisfaction with the agents' attention and with the service received on many of the calls received by the company every day. Month after

month, the professionalism and the attention and treatment of the agents is the aspect that is most appreciated by them.

On the other hand, given the importance that digital service has acquired in recent years, the company has also set targets for customer satisfaction with the digital experience in the various services offered through the web and mobile applications (26.34% in digital experience).

Each survey, whether it is a process, a call or a digital management, assesses satisfaction with the service received (the NSS in 2021 is 42.87%).



The survey channel strategy is based on customer choice, i.e. if the customer calls, the surveys are conducted by phone, and if the customer conducts the survey digitally, the survey is conducted through the digital channel.

In 2021, it was possible to measure customer satisfaction with the above indicators at each of the identified moments of truth: from

the sale to the renewal or cancellation, to the services offered in the handling of vehicle and household claims or in the provision of the breakdown service.

In the case of Vivaz, a mainly digital brand, we have started measuring all digital processes, service satisfaction and also NPS.

These measurements are complemented by text analytics technologies that allow us to categorise customer comments by reason and gain immediate insight into their concerns.

When it comes to quality, measurements are important but not sufficient. Therefore, the company has established procedures for quality management:

As part of its commitment to quality, Línea Directa Aseguradora has a quality management procedure called “Close the loop”, which contains all the information about the satisfaction level of each customer. This system generates various alerts on policyholder expectations based on their ratings and comments, allowing departments to gain flexibility and reduce response times.

In addition, all company operators have access to information about the quality surveys, their ratings and comments in the business applications, which is a very useful tool to improve the customer experience.

On the other hand, the company organises meetings every three months between the different business units and the quality department, where the directors and middle management share their impressions on the results of the surveys, discuss the

recommendations and reflect on the action plans to be developed in the short, medium and long term.

Since satisfaction has a strong influence on policyholder loyalty, the challenge for the company is to use information on individual customer satisfaction to improve cancellation models, make pricing decisions and implement new quality measures.

CUSTOMER SERVICE DEPARTMENT

A Customer Care Service (CCS) is available to Línea Directa Aseguradora Group customers and users to raise any complaints or grievances regarding the operations and services arising from their relationship with the company.

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The CCS acts independently and is separate from the company's commercial services. In addition, Línea Directa has a Customer Ombudsman who is responsible for handling and resolving complaints that have not been accepted by the CCS, to try and find a satisfactory resolution for the customer. The Customer Ombudsman promotes transparency and customer protection rules and the application of best practises. The decisions of the Customer Ombudsman are binding on the company.

Customers can address their complaints and claims in writing to the CCS through the various communication channels provided by the company: Complaints Box on the website, e-mail or post.

The Customer Care Service guarantees appropriate customer service, resolution and communication. The activities of the Customer Care Service and the Ombudsman for Customers of Línea Directa are carried out in accordance with the provisions of OM ECO 734/2004 of 11 March.

Activity Report of the Customer Service Department

In 2021, the Customer Service Department handled 6,207 cases, of which 374 were complaints and 5,833 were applications. This represents a decrease of 19.5% compared to 2020.

COMPLAINTS AND CLAIMS

YEAR	COMPLAINTS	CLAIMS	TOTAL
2020	665 8.62%	7,052 91.38%	7,717
2021	374 6.03%	5,833 93.97%	6,207

YEAR	APPLY	DO NOT APPLY	TOTAL
2020	2,386 30.92%	5,331 69.08%	7,717
2021	2,190 35.28%	4,017 64.74%	6,207

For the registration and control of complaints and claims, the CCS has a special computer tool to monitor and analyse complaints and control customer response times. We have further improved the applications used to increase the efficiency of the department's administration.

Periodically, the information and its analysis is shared with the business units to take action to reduce complaints and claims.

AREA	PERCENTAGE	COMPLAINTS AND CLAIMS
Accident Management	68.52%	4,253
Policy Management	19.96%	1,239
Quote and Close	3.27%	297
Additional Services	4.78%	203
Roadside Assistance	2.66%	165
Other	0.81%	50

*Data extracted as of 01/01/2022 on claims terminated in 2021 regardless of their date of entry.

Work has been done to significantly improve resolution times in the CCS, with the average resolution time in 2021 being 8 days.

Activity Report of the Customer Ombudsman

In 2021, 801 complaints were resolved through the Customer Ombudsman, of which 455 were in favour of Línea Directa.

TOTAL COMPLAINTS RESOLVED OMBUDSMAN		
801		
FAVOURABLE	UNFAVOURABLE	OTHER
335	455	11
ESTIMATED	UNCONTESTED	
34	301	

*Data provided by the Customer Ombudsman in its 2021 Report.