Chair's Introduction

Dear Shareholders,

On behalf of the Board, I am pleased to present the Corporate Governance report for the year ended 31 December 2024. This report sets out how we have applied the principles of the UK Corporate Governance Code (the "**Code**") 2018 throughout the year. It provides information on the activity of the Board and progress we have made in strengthening our corporate governance practices.

Board changes

In March 2024 we were delighted to welcome our new CEO, Adam Winslow. As we disclosed in last year's Annual Report, Adam was appointed following a highly competitive selection process on account of his outstanding track record and significant leadership experience, alongside his commitment to delivering for customers. During the year, Adam has spent time visiting many areas of the business, listening to our colleagues and investors and sharing information on our new strategy. More information on this engagement can be found on pages 89 and 90.

In April 2024 we announced that following a comprehensive and extensive search, the Board had identified Jane Poole to take on the role of Chief Financial Officer and Jane joined the Board in October 2024. Jane is a highly experienced CFO with extensive general insurance knowledge following a long and successful career building high performance teams in the financial services industry. More information on the process leading to Jane's appointment can be found on page 109.

In April 2024 we were delighted to be joined by Carol Hagh as an Independent Non-Executive Director. Carol brings with her experience in actuarial services and technology consultancy; brand, marketing and customer strategy development; as well as board and executive search. Carol's experience in executive search has made her an extremely valuable addition to our Remuneration and Nomination and Governance Committees.

Jon Greenwood, our former Acting CEO, and Neil Manser, our former CFO, stepped down as Executive Directors in March and October 2024 respectively. I thank them for their hard work and commitment to the Company.

As a result of these changes to its composition, the Board consisted of 42% women and 58% men as at 31 December 2024 and at the date of this annual report.

Having served for nine years, Richard Ward would have been due to step down from the Board and from his roles as Senior Independent Director and Remuneration Committee Chair at the AGM in May 2025. However, in the light of Aviva's potential acquisition of the Company, Richard has kindly consented to continue to serve for a period, to be reviewed in mid-2025. The Board is confident in Richard's continuing independence of character and judgement.

Stakeholders

During the year the Board has spent time engaging with and considering the interests of many of our investors and key stakeholders on many important topics, including the proposed acquisition of the Group by Aviva plc. Many of our Board members attended meetings of our Employee Representative Body to understand the views of our workforce and our new directors undertook induction activities which saw them meeting many of our colleagues around the business. More information in respect of this activity can be found on pages 89 and 91. Our customers are key stakeholders and an important focus for the Board. We expanded the remit of the Customer & Sustainability Committee chaired by Tracy Corrigan to reflect this.

Risk, Audit and Internal Control

2024 was KPMG's first year as auditor having been appointed by shareholders at our 2024 AGM. During the year the Audit Committee has overseen a programme of work to ensure a smooth transition from Deloitte to KPMG. More information on this can be found on pages 101 to 105.

During the year, our Board Risk Committee has continued to oversee a Group-wide controls improvement programme which has helped the Group to improve the resilience of its control environment and with the aim of bringing our oversight, monitoring and assurance processes into line with industry best practice. In addition, the Audit Committee has overseen a Control and Oversight Remediation Programme within Finance, the aim of which is to enhance the financial reporting control environment across the Group. More information on this work can be found on pages 101 to 105.

Remuneration

This Annual Report details the progress we have made in executing our new strategy and the Group's improved financial result. A majority of the targets established by the Remuneration Committee under the 2024 Annual Incentive Plan ("**AIP**") have been achieved, including targets for operating profit and cost savings, resulting in the payment of bonuses to our people.

The Long-Term Incentive Plan awards made to our senior managers in 2021, which were due to vest in 2024, did not meet the RoTE and TSR threshold performance levels and, therefore, lapsed with no payout. The Remuneration Committee considered this outcome appropriate in the light of the Group's performance over the three-year performance period.

The Remuneration Committee continued to monitor the remuneration of the wider workforce to ensure that outcomes were fair and appropriate in comparison to executive pay decisions. More information on executive remuneration and the work of the Remuneration Committee can be found on page 115.

Shareholder Meetings

Notice of a Court meeting and a General Meeting of shareholders in connection with the proposed acquisition of the Company by Aviva plc was given on 10 February 2025. These meetings will be held on 10 March 2025. The relevant notices of meetings can be found on our corporate website.

Our 2025 AGM is scheduled to be held on 14 May 2025 at 10.30 a.m. Full details, including the resolutions to be proposed, can be found in the Notice of AGM, which will also be made available on our corporate website.

The outcome of the resolutions to be voted and the meetings, including poll results detailing votes for, against and withheld, will be published on the London Stock Exchange's Regulatory Information Service and the Company's websites once the respective meetings have concluded.

Yours sincerely,

Danuta Gray
Chair of the Board

Board of Directors

Danuta Gray
Chair of the Board

Committees
- Nomination and Governance Committee (Chair)
- Remuneration Committee

Appointed
- Independent Non-Executive Director in February 2017
- Chair of the Board since August 2020

Key Skills and Experience
- Extensive experience leading and transforming large, consumer focused businesses.
- Deep understanding of governance and remuneration requirements affecting listed companies gained from previous Chair roles.
- Expertise in sales, marketing, and technology.

Danuta was Chair of Telefónica in Ireland until 2012. She was Chief Executive between 2001 and 2010, during which time Telefónica's customer base increased to 1.7 million from just under 1 million. Between 1984 and 2001, Danuta held a variety of senior positions within the BT Group. Elsewhere, Danuta has acted as Senior Independent Director of the Aldermore Group; Non-Executive Chair of St. Modwen Properties; Non-Executive member of the Ministry of Defence Board, NED and Chair of the Remuneration Committee at both Page Group plc and Old Mutual plc; and was Non-Executive Chair of the Board of Perth Topco Limited and North Tech.

External Appointments
- Non-Executive Director, Chair of the Remuneration Committee and member of the Nomination Committee of Burberry Group plc.
- Chair and Non-Executive Director of Croda International plc.
- Trustee Director of The Resolution Foundation

Adam Winslow
Chief Executive Officer

Committees
- None

Appointed
- March 2024

Key Skills and Experience
- Extensive experience in the insurance industry and financial services, gained from over 20 years in the sector.
- Proven track record of leading high-performance businesses.
- Expertise in driving operational excellence with a focus on delivering for customers.

Adam became Chief Executive Officer of Direct Line Group in March 2024. He joined Direct Line Group from Aviva, where he was CEO, UK & Ireland General Insurance and previously held the post of CEO for Aviva's international businesses. Before working at Aviva, Adam held various senior roles at AIG.

External Appointments
- Member of the Association of British Insurers Board.
- Member of the FCA Practitioner Panel.

Jane Poole
Chief Financial Officer

Committees
- Investment Committee

Appointed
- October 2024

Key Skills and Experience
- Chartered Accountant with deep knowledge and extensive experience of General Insurance in the UK marketplace.
- Expertise in leading large finance teams operating in a regulated financial services environment.
- Successful track record of delivering cultural change and technological transformation.

Jane became Chief Financial Officer of Direct Line Group in October 2024. Prior to joining the Group, Jane was CFO for Aviva's UK and Ireland General Insurance business, where she played a key role in driving business performance and improving profitability. Before her time with Aviva, Jane held senior finance roles at RSA Insurance Group, including serving as CFO of its UK & International businesses.

External Appointments
- None.

Key for Committee membership

AC	Audit Committee	**IC**	Investment Committee	**RC**	Remuneration Committee	⬡	Committee chair
BRC	Board Risk Committee	**NGC**	Nomination and Governance Committee	**CSC**	Customer and Sustainability Committee		

Tracy Corrigan
Independent Non-Executive Director

Committees
- Customer and Sustainability Committee (Chair)
- Nomination and Governance Committee
- Remuneration Committee

Appointed
- November 2021

Key Skills and Experience
- Track record of driving digital growth.
- Experience in digital transformation with a focus on data, culture and customer.
- Expertise in ESG issues and communications with multiple stakeholders.

Tracy's professional background spans financial journalism, digital media and corporate strategy in the media industry. Most recently Tracy was Dow Jones' Chief Strategy Officer where she was responsible for global strategy, customer insight and commercial policy, and had oversight of the digital transformation of the business. Earlier in her career, Tracy was Editor-in-Chief of The Wall Street Journal Europe and Digital Editor of The Wall Street Journal. She also held various positions, including Editor of FT.com and Editor of the Lex Column, at the Financial Times.

External Appointments
- Non-Executive Director and member of the Remuneration Committee of Barclays Bank UK plc.
- Non-Executive Director, Chair of the Sustainability Committee and member of the Audit and Nomination Committees of Domino's Pizza Group plc.
- Chair of The Scott Trust Endowment Limited and Non-Executive Director and member of the Nominations Committee of The Scott Trust.

Mark Gregory
Independent Non-Executive Director

Committees
- Board Risk Committee (Chair)
- Audit Committee
- Investment Committee
- Nomination and Governance Committee
- Remuneration Committee

Appointed
- March 2018

Key Skills and Experience
- Extensive experience in both General and Life insurance.
- Deep understanding of capital markets.
- Strategically orientated with a detailed understanding of the retail sector.

Mark was CEO of Merian Global Investors from January 2019 to August 2020. He previously held the role of Group CFO and Executive Director at Legal & General until 2017. Mark acted in a variety of senior roles in his 19-year career at Legal & General, including CEO of the Savings business, Managing Director of the With-Profits business, and Resources and International Director. Earlier in his career, Mark held senior financial and business development roles at ASDA and Kingfisher. Mark is an Associate of the Institute of Chartered Accountants in England & Wales.

External Appointments
- Non-Executive Director, Chair of the Risk Committee and member of the Audit Committee of Phoenix Group Holdings plc.

Carol Hagh
Independent Non-Executive Director

Committees
- Nomination and Governance Committee
- Remuneration Committee

Appointed
- April 2024

Key Skills and Experience
- Extensive experience of digitalisation, brand strategy and the drivers of customer satisfaction.
- Deep understanding of insurance brand and customer strategy and of refining products and propositions.
- Expertise in leadership and company culture.

Carol's career has spanned actuarial services and technology consultancy; brand, marketing and customer strategic development; board and executive search, in which she led Spencer Stuart's UK insurance practice; and senior executive coaching. In senior leadership roles in General Insurance, she was responsible for digital transformation, direct channel development, and proposition design. She has led customer-centric culture transformation and data driven approaches to improving customer satisfaction.

External Appointments
- Non-Executive Director, Chair of the Nomination and Governance Committee and member of the Remuneration Committee of Chesnara PLC.

Key for Committee membership

AC	Audit Committee	**IC**	Investment Committee	**RC**	Remuneration Committee	⬡	Committee chair
BRC	Board Risk Committee	**NGC**	Nomination and Governance Committee	**CSC**	Customer and Sustainability Committee		

Adrian Joseph OBE
Independent Non-Executive Director

Committees
- Customer and Sustainability Committee
- Nomination and Governance Committee

Appointed
- January 2021

Key Skills and Experience
- Leading expertise in digital, data science and analytics.
- Track record of using data and AI to drive business transformation.
- Recognised Diversity and Inclusion leader and a passionate advocate on this topic.

Adrian is the former Managing Director, Group Data and Artificial Intelligence at BT Group and a former member of HM Government's AI Council. He has significant industry and consultancy experience and has held senior roles at EY and Google. Between 2016 and 2020, Adrian was a Non-Executive Director at the Home Office where he sat on the Data Board advising on data science, digital transformation, and diversity and inclusion. A former Chair of the Race Equality Board, Adrian was appointed to the main Board of Business in the Community in 2014 and continues to act as an adviser to them. In 2018, he was announced as the most influential Black, Asian and minority ethnic technology leader in the UK by the Financial Times and Inclusive Boards. Adrian has been awarded an OBE for services to equality and diversity in business.

External Appointments
- Non-Executive Director of Allwyn Entertainment Limited.
- Non-Executive Director of Great Ormond Street Hospital for Children NHS Trust.
- Member of the Technology Advisory Board of NatWest Group plc.

Mark Lewis
Independent Non-Executive Director

Committees
- Customer and Sustainability Committee
- Nomination and Governance Committee
- Remuneration Committee

Appointed
- March 2023

Key Skills and Experience
- Strong track record of delivering digital transformation and growth.
- Highly experienced in customer-focused and regulated business environments with a focus on strategy and innovation.
- Expertise in price comparison websites.

Mark's career has spanned financial services, retail, e-commerce, management consultancy and advertising. Most recently, he was Chief Executive of the MoneySupermarket Group, overseeing a period of revenue and profit growth for the UK listed price comparison business. Mark's previous roles include the Retail and Online Director for John Lewis and the Managing Director of eBay UK.

External Appointments
- Non-Executive Director and member of the Audit, Remuneration, Risk and Responsible Banking Committees of Santander UK plc.
- Non-Executive Director of Hammer PW Topco Limited.

Fiona McBain
Independent Non-Executive Director

Committees
- Investment Committee (Chair)
- Audit Committee
- Board Risk Committee
- Nomination and Governance Committee

Appointed
- September 2018

Key Skills and Experience
- Deep understanding of the development of corporate and digital strategy.
- International experience with broad perspective of business and capital markets.
- Expertise in digital transformation, customer analytics and stakeholder communications.

Fiona's experience in retail financial services, both in the industry and as an auditor, was gained in the UK and the USA. Fiona qualified as an accountant early in her career at Arthur Young (now EY). Until January 2019, she was Vice-Chair of Save the Children UK and a Trustee Director of the Humanitarian Leadership Academy. Previously, Fiona served as CEO of Scottish Friendly Group for 11 years, before which she was Scottish Friendly Group's Finance Director. Between February 2009 and June 2023, she served as Chair and Non-Executive Director of the Scottish Mortgage Investment Trust plc. Fiona is a Fellow of the Institute of Chartered Accountants in England & Wales.

External Appointments
- Senior Independent Director, Non-Executive Director, and Chair of the Audit Committee of Monzo Bank Limited.

Key for Committee membership

AC	Audit Committee	**IC**	Investment Committee	**RC**	Remuneration Committee	⬡	Committee chair
BRC	Board Risk Committee	**NGC**	Nomination and Governance Committee	**CSC**	Customer and Sustainability Committee		

David Neave
Independent Non-Executive Director

Committees
- Audit Committee
- Board Risk Committee
- Nomination and Governance Committee

Appointed
- October 2023

Key Skills and Experience
- Deep understanding of General and Life insurance markets.
- Extensive experience in senior management and Non-Executive roles.
- Proven record of delivering General Insurance business modernisation.

David is a Chartered Insurer and former Chief Executive of General Insurance for Co-operative Insurance. Following his executive career, spanning over thirty years in senior management roles in General Insurance, David has held chairmanships, Non-Executive Directorships and advisory roles in a number of insurance, InsurTech, consultancy and legal businesses, including Slater and Gordon UK Limited, The Solicitors Indemnity Fund, Liverpool Victoria Friendly Society, LV General Insurance Limited and Accenture UK Limited.

External Appointments
- Chair of the Advisory Board of the Common Automotive Platform Standard.

Gregor Stewart
Independent Non-Executive Director

Committees
- Audit Committee (Chair)
- Board Risk Committee
- Nomination and Governance Committee

Appointed
- March 2018

Key Skills and Experience
- Strong audit background having worked as a partner in Ernst & Young's Financial Services practice.
- Extensive experience in the insurance and investment management industry.
- Deep knowledge and understanding of financial services regulation and practice.

Gregor worked at Ernst & Young for 23 years, 10 of which were as partner in the financial services practice. Between 2009 and 2012, he was Finance Director for the insurance division of Lloyd's Banking Group plc which included Scottish Widows. Gregor previously served as Chair and Non-Executive Director of Alliance Trust plc and FNZ (UK) Limited; Chair of Quilter Financial Planning; and was Honorary Treasurer of International Alert for six years. Gregor is a Member of the Institute of Chartered Accountants of Scotland.

External Appointments
- Non-Executive Chair of FNZ Group.
- Chair of the Royal Scottish National Orchestra.

Dr. Richard Ward
Senior Independent Director

Committees
- Remuneration Committee (Chair)
- Board Risk Committee
- Nomination and Governance Committee

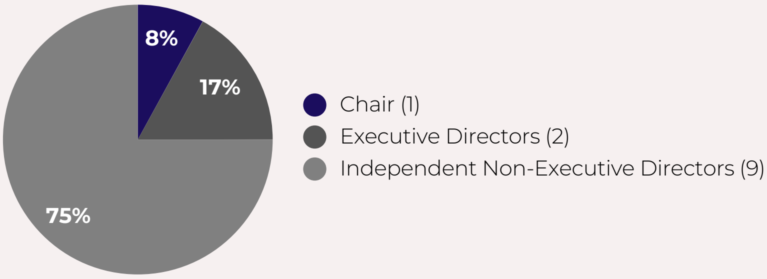
Appointed
- January 2016

Key Skills and Experience
- Highly experienced financial services professional with expertise in dealing with complex stakeholder groups.
- Extensive knowledge of the insurance industry with deep insight into prudential regulation.
- Background of delivering business transformation and change in challenging circumstances.

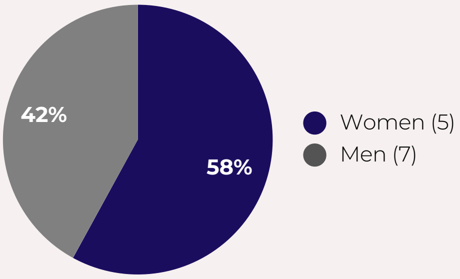
Richard was previously Executive Chair of Ardonagh Specialty, Chief Executive of Lloyd's of London, and CEO of the International Petroleum Exchange. He also held the roles of Non-Executive Chair at Brit Syndicates Limited and Executive Chair of Cunningham Lindsey. Richard also held Non-Executive Director roles at the Partnership Assurance Group plc and the London Clearing House. Earlier in his career he held a range of senior positions at British Petroleum and was a research scientist for the Science and Engineering Council. Richard has also been a member of the PwC Advisory Board, the PRA Practitioner Panel and the Geneva Association.

External Appointments
- Non-Executive Chair of CFC Group Limited.
- Non-Executive Chair of Mrald Limited.

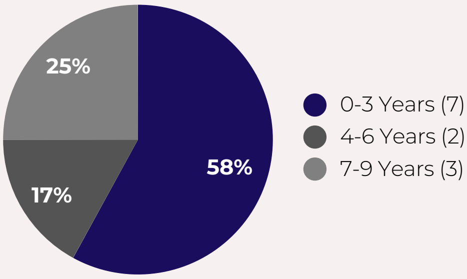
Board independence[1]



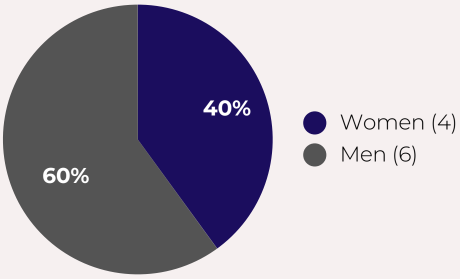
Board gender[1]



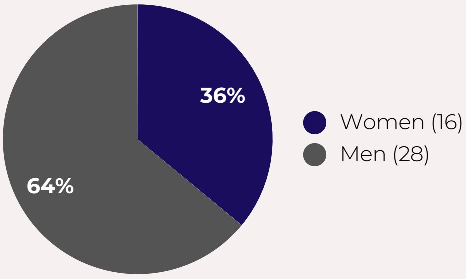
Chair and NED tenure



Gender diversity of our Executive Committee[1]



Gender diversity of Senior Management and Direct Reports[2]



Notes:

1. As at 31 December 2024.
2. Senior Management in this context is defined as the Executive Committee, Company Secretary and direct reports (where direct reports are members of the Group's Enterprise Leadership Network) as at 31 December 2024.

Corporate Governance

This report explains the Board's role and activities, and how corporate governance operates throughout the Group.

Corporate Governance statement

This Corporate Governance Statement explains key features of Direct Line Insurance Group plc's (the "**Company**") governance structure and how it measures itself against the standards set out in the UK Corporate Governance Code 2018 (the "**Code**") which applied to the financial year ended 31 December 2024.

For more information about the Code, visit the Financial Reporting Council's ("**FRC**") website at www.frc.org.uk. This Corporate Governance statement fulfils the requirements of the FCA's Disclosure Guidance and Transparency Rule 7.2 ("**DTR 7.2**"). For full details refer to the Directors' report on pages 142 to 146

The Company complied with the principles and provisions of the Code throughout the financial year and up to the date of this Annual Report and Accounts.

Board leadership and company purpose

The role of the Board

The Board seeks to promote the long-term sustainable success of the Company for the benefit of its shareholders and stakeholders, and establishes the Company's purpose, values, culture, and strategy, while contributing to wider society. The Board aims to create shared vision for the organisation and role-models the values and standards that are expected from all of our people. The Board and its Committees are comprised of individuals with an appropriate mix of skills, industry experience and knowledge.

The Board's role is supported by a formal Schedule of Matters Reserved for the Board, which contains items that are reserved for the Board's consideration and approval. These matters relate to strategy and management, material contracts, financial reporting and controls, internal controls and risk management, Board membership and succession planning, corporate governance, structure and capital, and delegation of authority.

The Matters Reserved for the Board are kept under review to ensure they remain appropriate. Throughout 2024, the Board acted in accordance with the Schedule of Matters Reserved for the Board.

The Board discharges some of its responsibilities through its Committees, each of which expands the work of the Board and enables deeper focus on particular areas. Each Board Committee has written Terms of Reference defining its role and responsibilities. The Terms of Reference for each of the Board Committees can be found on our corporate website.

Further details regarding the role, responsibilities and activities of the Board and its Committees can be found below and in the Directors' Remuneration report which begins on page 115. Whilst some of the key areas of the Board's responsibility are summarised in the following paragraphs, these are not intended to be an exhaustive list.

Leadership

The Board provides leadership within a framework of prudent and effective controls. The Board has clear divisions of responsibility and seeks the long-term sustainable success of the Group. Information on how opportunities and risks to the future success of the business have been considered and addressed, and about the sustainability of the Company's business model, is set out in the Strategic report which begins on page 1.

Operations

The Board oversees the implementation of a robust control framework to allow effective management of risk. The Board supervises the Group's operations, with a view to ensuring they are effectively managed, that effective controls are in place, and that risks are assessed and managed appropriately.

Financial performance

The Board sets the financial plans, annual budgets and key performance indicators and monitors the Group's results against them.

Strategy

The Board oversees the development of the Group's strategy, the sustainability of the business model and considers how the Group's governance supports the delivery of strategy. The Board approved a refreshed strategy in 2024. More information on the Group's refreshed strategy can be found on page 3. The Board monitors management's performance and progress against the Group's strategic aims and objectives.

Further details of how the Company applied the Code's principles and complied with its provisions can be found in the remainder of this Governance report.

The role of the Board in the Company's culture

Our Mission:

To be brilliant for customers every day.

Our Vision:

To create a world where insurance is personal, inclusive and a force for good.

Our Purpose:

To help people carry on with their lives, giving them peace now and in the future.

Our culture informs the way we work, the way we interact with stakeholders and how we provide value for our customers and underpins our mission, vision and purpose.

The Board recognises that evolving and enhancing the Group's culture is critical to its future success in a rapidly changing world. In 2024, the Board had continued oversight of work on the Group's culture and sought to bring together various activities in the Group aimed at instilling a customer focused, high performance and risk-positive culture. The Company partnered with PwC to develop a business-driven culture framework, supported by a culture narrative and a plan to embed the culture framework in order to support the Group's refreshed strategy.

The 'Tone from the Top'

The Group had a Culture Steering Committee, which met on a quarterly basis to co-ordinate and lead activity on culture. The Steering Committee was made up of key individuals from across the business who influence culture, including the Chief People Officer and representatives from Business Change, Human Resources, the Conduct Centre of Excellence, Trading, Customer Sales and Service, Corporate Communications, Risk and Compliance.

Communications as an enabler of change

The Group has reviewed and enhanced the way it engages on culture internally with a view to ensuring the tone from the top is cascaded clearly and effectively by using consistent, open and transparent communication. Conscious effort is made to ensure that internal communications use key language related to our cultural ambition with regard to the high-performance culture.

Monitoring culture

In 2024 the Group continued to make use of a dashboard to assist the Board in monitoring the Group's culture. The dashboard includes key metrics across Customer (for example; NPS and complaints); People (for example; performance management; grievances; diversity; hiring trends; and engagement); and Risk (for example; colleague compliance training completion levels; completion of internal audit actions; and speaking up and whistleblowing reports), and is regularly reviewed by the Board.

– People

In 2024 the Group introduced a new performance management framework with the aim of promoting a high performance culture, focused on objective setting, embedding the performance framework, managing underperformance, upskilling people managers and colleagues, and tackling bias in performance management. A revised set of standardised objectives was rolled out across the business, supported by a comprehensive audit in Q1 2024, to assess both quality and completion of objectives.

– Customer and Consumer Duty

The Group continued to embed Consumer Duty Requirements throughout the organisation. In addition, we launched the Enterprise Leadership Network ("**ELN**") Customer Framework to support business areas in the identification of best practice and areas for improvement.

– Governance and Risk

Throughout 2024 the Group worked through the revised Risk and Compliance Self-Assessment ('**RCSA**') process as part of the Controls Remediation Programme ('**CRP**'), with RCSAs being carried out in each business area to identify areas in which our controls could be improved. Members of the Executive Committee and the ELN were also given specific objectives around controls for 2024. More information on the RCSA can be found on pages 106 and 107.

Board meetings and activity in 2024

Scheduled Board meetings focused on four main themes, as detailed below:

Themes	Description
Strategy and execution Strategic alignment 1 2 3 4 5	– Approving and overseeing the Group's key strategic targets and monitoring the Group's performance against those targets; – reviewing customer experience and trends and monitoring the Group's performance against external brand metrics; – reviewing and approving key projects aimed at developing the business or rationalising costs; – considering growth opportunities; and – reviewing the individual strategy of key business lines.
Financial performance and investor relations Strategic alignment 1 2 3 4 5	– Setting financial plans, annual budgets and key performance indicators, and monitoring the Group's results against them; – considering the Group's reserving position, approving Solvency II narrative reports and approving financial results for publication; – approving reinsurance programmes and renewals; – reviewing broker reports on the Group, alongside feedback from investor meetings; and – considering the appropriateness or otherwise of possible surplus capital distributions.
Risk management, regulatory and other related governance Strategic alignment 1 2 4 5	– Reviewing and agreeing the Group's policies; – setting risk appetite; – approving the Own Risk and Solvency Assessment ("**ORSA**"); – seeking to ensure that the Group complies with its regulatory obligations; – reviewing the Group's solvency position and forecast, including overisight of work in connection with the miscalculation of the Company's solvency capital ratio; – overseeing the Control and Oversight Remediation Programme; – reviewing the Group's ESG initiatives; – reviewing and approving the Group's Task Force on Climate-related Financial Disclosures ("**TCFD**"); and – reviewing and approving the Group's Consumer Duty implementation programme.
Board and Board Committee governance Strategic alignment 1 2 4	– Receiving reports from the Board's Committees; – updating the Schedule of Matters Reserved for the Board; – updating Terms of Reference for the Board's Committees; – receiving corporate governance updates; – overseeing Board and executive succession planning; – conducting the annual review of the Board and Board Committees' performance; and – conducting an annual review of the Group's governance framework.

In addition to its scheduled Board meetings, the Board held a number of ad hoc meetings to deal with urgent or arising matters.

In June 2024, the Board held a strategy day to monitor progress against the Group's refreshed strategy and to discuss the Group's future opportunities.

Link to core strengths and capabilities driving our strategy	
1	Rejoin front runners in Motor
2	Target leading positions in Home, Commercial Direct and Rescue
3	Achieve top quartile insurance technical excellence
4	Build a performance culture
5	Reduce cost base

Board and Committee meeting attendance

The Board and its Committees held a number of scheduled meetings in 2024, which senior executives, external advisers and independent advisers were invited to attend and to present on business developments and governance matters. The Company Secretary attended all Board meetings and he, or his nominated deputy, attended all Board Committee meetings.

The table overleaf sets out attendance at the scheduled meetings in 2024. Attendance is expressed as the number of scheduled meetings attended out of the number of such meetings possible or applicable for the Director to attend. In circumstances where a Director is unable to attend a meeting, the Director receives papers in advance and has the opportunity to raise issues and give comments to the Chair in advance of the meeting.

Additional Board and Committee meetings were convened during the year to discuss current issues (including the offers received for the Company), ad hoc business development, governance and regulatory matters.

	Board	Audit Committee	Board Risk Committee	Customer and Sustainability Committee	Investment Committee	Nomination and Governance Committee	Remuneration Committee
Chair							
Danuta Gray	10 of 10	–	–	–	–	3 of 3	3 of 3
Senior Independent Director							
Richard Ward[1]	9 of 10	–	5 of 5	–	–	3 of 3	3 of 3
Non-Executive Directors							
Tracy Corrigan	10 of 10	–	–	4 of 4	–	3 of 3	3 of 3
Mark Gregory	10 of 10	5 of 5	5 of 5	–	4 of 4	3 of 3	3 of 3
Carol Hagh[2]	7 of 7	–	–	–	–	–	1 of 1
Adrian Joseph OBE[1]	10 of 10	–	–	3 of 4	–	3 of 3	–
Mark Lewis[1]	9 of 10	–	–	3 of 4	–	2 of 3	3 of 3
Fiona McBain[1]	8 of 10	5 of 5	5 of 5	–	4 of 4	3 of 3	–
David Neave	10 of 10	5 of 5	5 of 5	–	–	3 of 3	–
Gregor Stewart	10 of 10	5 of 5	5 of 5	–	–	3 of 3	–
Executive Directors							
Adam Winslow[4]	8 of 8	–	–	–	–	–	–
Jane Poole[5]	2 of 2	–	–	–	1 of 1	–	–
Former Executive Directors							
Neil Manser[6]	8 of 8	–	–	–	3 of 3	–	–
Jon Greenwood[7]	2 of 2						

Notes:

1. Directors were unable to attend some meetings due to conflicting commitments.
2. Carol Hagh was appointed to the Board and the Nomination and Governance Committee on 1 April 2024 and was appointed to the Remuneration Committee on 1 November 2024.
3. Adam Winslow joined the Group as CEO on 1 March 2024 and was appointed to the Board on 21 March 2024.
4. Jane Poole joined the Group as CFO and was appointed to the Board and the Investment Committee on 10 October 2024.
5. Neil Manser resigned as CFO on 10 October 2024.
6. Jon Greenwood resigned as an Executive Director on 21 March 2024.

Section 172(1) Statement

The Board of Direct Line Insurance Group plc ("**Direct Line**") confirms that during the year under review, it has acted in the way it considers, in good faith, would be most likely to promote the long-term success of the Company for the benefit of its members as a whole, whilst having regard to the matters set out in Section 172(1)(a)-(f) of the Companies Act 2006 ("**Section 172(1)**").

Purpose and Vision

The matters set out in Section 172(1) underpin Direct Line's purpose and vision and form the foundation for the Board's considerations and decision making. Our purpose – to help people carry on with their lives, giving them peace of mind now and in the future – is centred on customers and their long-term interests. Our vision – to create a world where insurance is personal, inclusive and a force for good – reflects our desire to do business in a way that benefits all stakeholders, the environment and wider society.

Stakeholders

Information on Direct Line's key stakeholders is set out in the Sustainability section of the Strategic report on the following pages: Customers, pages 46 to 47; People, page 48; Society, pages 49 to 50; and the Planet, pages 51 to 54.

Engagement

The Board recognises that our stakeholders have diverse and sometimes competing interests that need to be finely balanced, and that these interests need to be heard and understood in order for them to be effectively reflected in decision making. Information about how the Board has engaged with stakeholders during the year and outcomes of that engagement can be found on pages 89 to 90 in the table titled "How the Board engages with stakeholders".

Board decisions and oversight

Examples of how stakeholder engagement and Section 172(1) matters have influenced Board discussion and decision making during the year can be found in the table titled "Consideration of Section 172(1) factors by the Board" on page 88. The table covers a number of key topics including: the takeover approaches from Ageas SA/NV ("**Ageas**") and Aviva; the return of capital to shareholders; the launch of a new strategy; and continuing compliance with the Consumer Duty rules. The metrics and processes which the Board looks at to ensure that business practices and behaviours reflect the Company's culture, purpose and values, including the impact of decisions on key stakeholders, are set out on page 88. Information about Board oversight of environmental matters can be found on pages 58 to 71 in the TCFD Report.

The table below sets out where key disclosures in respect of each of the Section 172(1) matters can be found.

Section 172(1) factor	Relevant disclosures
the likely consequences of any decision in the long-term	Mission, vision, purpose and strategic objectives (page 82) Consideration of Section 172(1) factors by the Board (pages 87 to 88)
the interests of the Company's employees	Key performance indicators – Colleague engagement scores (page 15) Outcome of employee engagement (pages 91 to 92) Diversity and Inclusion (pages 95 to 96) How the Board engages with stakeholders (pages 89 to 90) Employee Representative Body (page 91)
the need to foster the Company's business relationships with suppliers, customers and others	Key performance indicators – NPS and customer complaints metrics (pages 7 and 47) Customer support (pages 46 to 47) Supply Chain (page 54) How the Board engages with stakeholders (pages 89 to 90)
the impact of the Company's operations on the community and the environment	Community Fund 2024 (page 49) Science-Based Targets (page 52) External ratings, memberships and benchmarks (page 57) TCFD disclosures (pages 58 to 71) How the Board engages with stakeholders (pages 89 to 90) Customer and Sustainability Committee report (pages 111 to 112)
the desirability of the Company maintaining a reputation for high standards of business conduct	Our values (page 3) The role of the Board in the Company's culture (page 83) Internal controls (pages 98 and 99)
the need to act fairly between members of the Company	Capital management (page 24) How the Board engages with stakeholders (pages 89 to 90) Shareholder voting rights (page 143) Annual General Meeting (page 236)

Consideration of Section 172(1) factors by the Board

The table below sets out how factors under Section 172(1) of the Companies Act 2006 and engagement with stakeholders have fed into Board discussion and decision making on key topics. More information about Board engagement with stakeholders can be found in the table on pages 89 to 90.

Section 172(1)

The Directors must act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- **a** The likely consequences of any decision in the long term;
- **b** the interests of the company's employees;
- **c** the need to foster the company's business relationships with suppliers, customers and others;
- **d** the impact of the company's operations on the community and the environment;
- **e** the desirability of the company maintaining a reputation for high standards of business conduct; and
- **f** the need to act fairly between members of the company.

Topic	Section 172(1) considerations	Outcomes
Takeover Approach from Aviva plc	f Considered shareholders views on the value of the offer.	On 23 December 2024, the Board announced it had agreed to recommend a cash and share offer for the Group. More information on the offer can be found on page 9. The Board made the unanimous decision to recommend Aviva's offer as it delivered significant value and represented a substantial premium for Direct Line shareholders that allowed them to realise the value of their investment in the near term. Subject to regulator and shareholder approval, our customers and employees will join an established, successful business that is well-placed to deliver for its stakeholders.
	a Considered the long-term implications of combining the Group's business with Aviva's.	
	c Considered the impact on customers and Aviva's culture in respect of customer service.	
	b Considered the effect on the Group's workforce and Aviva's people culture.	
Takeover approach from Ageas SA/NV	f Considered shareholders views on the value of the offer.	Early in 2024, Ageas made an indicative proposal to purchase the Company. Following extensive consultation with the Group's investors, the Board unanimously rejected the proposal, believing it to be uncertain, unattractive and significantly undervaluing the future prospects of the business.
Return of Capital to Shareholders	f Considered shareholder expectations in respect of return of capital.	Based on the progress made on the turnaround of the business, the strong solvency capital ratio, and underlying capital generation over 12 months, the Board approved a dividend of 2.0 pence per share in respect of the first half of 2024. On 10 July 2024, the Board approved a revised dividend policy which targets a payout ratio of around 60% of post-tax operating profit for any regular dividend. More information on the Policy can be found on page 24. Based on the strength of the Group's capital position, taking into consideration regulatory and policyholder requirements and the long-term investment needs of the business, the Board recommended a final dividend for 2024 of 5.0 pence per share.
	a c Considered the Group's capital position as well as regulatory and policy holder requirements and the long-term investment needs of the business.	
	a Considered the macro-economic environment.	
New Strategy Launch	c Considered the needs of customers and what they want from their insurer both now and in the future.	The strategy is supported by a new Target Operating Model ("**TOM**") which aims to reduce our cost base to support the target of at least £100 million gross run-rate cost savings by 2025[1]. The Board approved the TOM programme and have overseen and monitored its implementation throughout the year. By making improvements in procurement, technology rationalisation and simplifying our operating model we expect to deliver £50 million against our cost savings target in 2025, with further work ongoing in respect of the rest of the targeted savings by the end of 2025. The delivery of the strategy is also underpinned by the introduction of strengthened performance management and a high-performance culture which the Board has supported. See pages 15, 16 and 83 for more information. More information on progress on the ongoing implementation of the strategy can be found on pages 4 to 5.
	f a Considered shareholder expectations in respect of return on investment.	
	b Considered feedback from employees about what we do well and where we have the potential to do better.	
	d Considered impact on communities and the environment and the Company's purpose of creating a world where insurance is a force for good.	
Consumer Duty Continuing Compliance	c Considered the extent to which work to implement Consumer Duty was translating into good outcomes for customers.	Following the implementation of the Consumer Duty in July 2023, during 2024 the Board reviewed how successfully the Duty had been implemented and embedded in the business and considered ways compliance could be enhanced. This resulted in the Board approving the Group's Customer Outcomes Improvement Plan ("**COIP**") which represents a programme of work that aims to deliver enhanced compliance with customer outcomes by the time the 2025 Consumer Duty Annual Board report is delivered. For more information, please see page 111.
	e Considered the level of compliance achieved under the Consumer Duty implementation programme and the importance of maintaining a reputation for high standards of business conduct.	
	a c e Considered the need to ensure compliance with Consumer Duty becomes embedded in in the business's operation in the long-term.	

Note:

1. The Group's total operating expenses, acquisition expenses and claims handling expenses, adjusted to exclude restructuring and one-off costs, commission expenses and costs associated with the Brokered commercial business, Motability and By Miles.

How the Board engages with stakeholders

The Board has identified the Company's key stakeholders and considers their opinions and needs to ensure that they are effectively reflected in decision making, while recognising that their diverse and sometimes competing interests need to be finely balanced. This approach aims to ensure that the decisions the Company makes are made having had regard to the matters set out in Section 172(1). The table below sets out how the Board has engaged with various stakeholders or received information about engagement with stakeholders throughout the year.

Our Customers

The Board closely monitors customer conduct and satisfaction. It considers a Customer Outcomes report at each of its scheduled meetings, which includes data in respect of a number of customer experience metrics including Net Promoter Scores and customer complaints data relating to sales, service and claims. It also reviews data in respect of digital service interactions.

During the year, the Board received detailed updates on the impact of various key strategic matters on customers, including the implementation of the new Consumer Duty Regulation.

Tracy Corrigan, Non-Executive Director, is the Consumer Duty Champion and acts as the voice of the customer in the boardroom.

In addition, the CEO has spent time with people across the business to see first hand how we support our customers. This included visits to repair centres in Barnsley, Edinburgh and Perth, and shadowing a Green Flag patrol technician in Glasgow to get an understanding of how the skill and commitment of our patrol technicians supports customers who are in vulnerable and often stressful situations.

Members of the Board also attended a Household Customer Outcomes Forum to participate in a deep-dive on complaints. Several Non-Executive Board Directors took part in a customer journey 'walkaround' to understand how customers' digital journeys were being improved.

Our People

Executive Directors host interactive sessions with colleagues throughout the year to receive feedback and answer questions.

These sessions are held in various formats, for example, town halls and live Q&A sessions, in order to encourage maximum participation from colleagues, allowing them to have a more informal discussion with senior managers.

During the year, Non-Executive Directors visited the Group's operations around the country. Between them the Non-Executive Directors visited sites in Birmingham, Bristol, Bromley, Glasgow, Doncaster, Leeds, Liverpool, Manchester and Stechford. All of the visits included informal Q&A sessions with colleagues. The CEO visited fifteen of our sites around the country, (including 5 Accident Repair Centres ("**ARCs**").

In addition, Adrian Joseph, Non-Executive Director, hosted a conversation with the CEO and the co-lead of the REACH strand to discuss the achievements and challenges experienced by ethnic minority colleagues in their careers and the importance of allyship and leadership in building an inclusive culture as part of our celebration of Black History Month. This was aligned to a two-day Bright Futures student business simulation event.

Employee Representative Body ("ERB")

The ERB meets on a quarterly basis and comprises colleagues from across the business areas and locations. Meetings are generally attended by Board members, including the CEO and one or two Non-Executive Directors per meeting, to discuss issues and proposals which may have an impact on our people. Attendance and information on the work of the ERB during the year can be found on page 91.

Motability

In September 2023, the Group welcomed 585 Motability colleagues to the business. People in this area are represented by the union Unite. The business leads meet fortnightly with representatives of Unite to discuss matters affecting colleagues.

The Group is intent on building and maintaining a positive relationship with Unite based on transparency and trust throughout the duration of the Motability partnership.

DiaLoGue

The Board receives regular updates on people matters from the Chief People Officer and reviews the results and key outcomes of the Group's colleague engagement survey, 'DiaLoGue', through which all colleagues are surveyed three times a year.

Findings provide both a snapshot and identify trends not only of all-colleague opinion but also findings for specific teams, allowing solutions to be tailored to specific needs. Response to these surveys has consistently been high (over 80%).

Diversity Network Alliance ("DNA")

There are seven employee networks, each of which are key drivers of diversity and inclusion across the business. They focus on the following areas: Belief, Life (families and carers), LGBTQ+, Neurodiversity & Disability, REACH (Race, Ethnicity and Cultural Heritage), Social Mobility and Thrive (gender).

Our Planet and Our Society

The Customer and Sustainability Committee is a key vehicle through which the Board receives updates on engagement with key community and environmental stakeholders. More information on the work of the Customer and Sustainability Committee can be found on pages 111 to 112. During the year, the CEO visited our Technology Centre in Stechford where the Group tests how the cars of the future, including Electric Vehicles ("**EVs**"), can be fixed in a greener way.

Our Shareholders

The Investor Relations team runs a comprehensive programme of engagement covering a broad range of the Company's shareholders and debt investors, which includes meetings with the Chair and Executive Directors, presentations and conference calls to discuss performance and strategy. During the year, the CEO met with investors from Europe and the United States of America.

The Remuneration Committee Chair engages with shareholders on remuneration-related matters (see page 116 of the Directors' Remuneration report for more information).

The AGM provides both institutional and retail shareholders with the opportunity to ask the Board questions either live or by submitting questions in advance.

Our Suppliers

The Board reviewed and approved the Group's annual Modern Slavery Statement. The Group's Ethical Code for Suppliers, which was last reviewed by the Board in 2023, states that the Company encourages and welcomes feedback from suppliers on the Group as a customer and on how policies and procedures can be improved. This feedback can be given as part of regular review meetings with management.

The Group is a long-standing signatory of the Prompt Payment Code. Key performance indicators in respect of prompt payment are reported internally, and there are mechanisms in place for any significant issues regarding prompt payment to be escalated to the Board.

During the year, the CEO visited key suppliers in South Africa and India.

Colleague Engagement

The Group has an established Employee Representative Body, meetings of which are attended by elected representatives from the different areas of the business and by the CEO, the Chief People Officer and members of the senior leadership team, to discuss issues and proposals which have, or may have, an impact on colleagues. Non-Executive Directors also attended meetings on a rotational basis (during the year, seven different Non-Executive Directors attended ERB meetings). Output from the meetings attended by Directors is reported to the full Board so they can consider relevant colleague views in their decision making.

The Board considers that this arrangement fulfils the recommendation under Provision 5 of the Code to provide a mechanism for engaging with the workforce, being an enhanced version of the "formal workforce advisory panel" method referred to in Provision 5. The Board considers this arrangement to be highly effective as it provides a formal framework through which a wide variety of views can be represented and provides colleagues the opportunity to express these views directly to both Executive and Non-Executive Directors. It also means Director attendance can be tailored so that colleagues can engage with the most appropriate Board member on a particular topic. For example, during the year, the Chair of the Remuneration Committee attended the meeting at which workforce pay was discussed, and the Chair of the Board attended the meeting at which effect of the Consumer Duty regulations were discussed.

Information about Board representation at ERB meetings can be found in the table below.

Meeting	March	June	September	December
Board Representation	Adam Winslow (CEO) Danuta Gray (Chair of the Board) David Neave (Non-Executive Director)	Adam Winslow (CEO) Tracy Corrigan (Non-Executive Director) Carol Hagh (Non-Executive Director)	Adam Winslow (CEO) Mark Lewis (Non-Executive Director)	Adam Winslow (CEO) Adrian Joseph (Non-Executive Director) Dr. Richard Ward (Senior Independant Director)

Examples of engagement with the ERB having resulted in business action include:

	Issue Discussed	Outcomes
Establishing a new Target Operating Model	We discussed the development and establishment of the new Target Operating Model with the ERB, focusing on communications and employee consultations.	ERB representatives have been engaged on the principles, design and implementation of the proposed Target Operating Model ("**TOM**"), and specifically on providing feedback on how this could be effectively communicated to our colleagues. This feedback was integral to the communications strategy and informed email, intranet and video content made available to all colleagues with the aim of providing clear and understandable information to our people via multiple channels. The ERB's recommendations led to the production of a video which was hosted on our intranet and presented by the Chief People Officer and Chief Operating Officer. The video outlined what was meant by the TOM, how it would be implemented and what it would mean for the business and our people in the longer term. The ERB was also subsequently engaged, or consulted as appropriate, on redundancy proposals in various functions within the business that had applicable people impact under the TOM proposals. Representatives were upskilled to ensure that people affected by consultations could be appropriately supported. Feedback from the ERB was used by our HR team as part of the consultation and communication process.
Takeover Approach from Aviva plc	We discussed the takeover approach from Aviva with the ERB, considering process and potential outcomes.	Following the offer from Aviva for the Company announced in December 2024, the CEO and members of the Board engaged the ERB in line with the Takeover Code, and additionally provided them with an overview of the timeline of a potential takeover, answering any questions they had at the time. The feedback and questions from ERB representatives, as the voice of the employee, was used as part of the communication strategy for the wider workforce. This included consideration of key employee outcomes that would follow if and when the acquisition was completed. The ERB will play an important role in the takeover process and will be regularly engaged with to enable them to provide support to our people in the coming weeks and months.
Hybrid Working	We discussed the Group's approach to Hybrid working with the ERB.	During the year, the Group set out plans to return to a two day per week cadence in each of our offices. The ERB was engaged and gave feedback in a number of areas including on the approach to anchor days, the review of possible exceptions individuals may need, the layout of redesigned office spaces, and ensuring that there was sufficient office space to support the cadence. This included feedback from the Diversity Network Alliance ("**DNA**") strands, most specifically the Neurodiversity and Disability Strand. The ERB feedback helped shape dedicated upskilling for people managers in respect of managing and communicating change and to ensure that there was a consistent and fair approach to colleagues' adherence to the Hybrid working policy and/or review of an exception being required.

DiaLoGue

DiaLoGue is our employee engagement tool that we use to survey our colleagues three times a year. Examples of outcomes resulting from DiaLoGue feedback include:

	Issue Raised	Outcome
The Future	Colleagues reported that they were excited about the Group's future but felt unclear or anxious about change.	We committed to keeping our colleagues regularly updated on decisions that affected them – from changes to the TOM to the takeover approach from Aviva plc. During the year we held a series of townhalls during which people had the opportunity to put their questions to management.
Transparency and Direction from Senior Leadership	While confidence in senior leadership had grown, Colleagues sought even more transparency and direction from senior leaders.	To improve transparency and direction and to build on confidence in leadership, we shared progress on strategy through regular townhalls; held monthly senior manager calls with the ExCo team; regularly engaged with the ERB to understand what was on people's minds; and held monthly 'spotlight' sessions, hosted by ExCo, to improve understanding of different business areas.
Building a high-performance culture	Colleagues fed back that they wanted greater clarity and consistency on priorities and objectives to support the delivery of a high-performance culture.	We took action to bring clarity, consistency and focus to how we set and track objectives by setting group objectives to ensure that all colleagues had clear priorities that align with the Group strategy. In addition, we made personal growth a mandatory objective as this is critical to building a high-performance culture. A series of practical tools were put in place to contribute to individual and Group success through the 'Evolve' all-colleague masterclass. People managers have also been set specific objectives around making time to support and develop people in their teams.

Division of responsibilities

Governance framework and structure

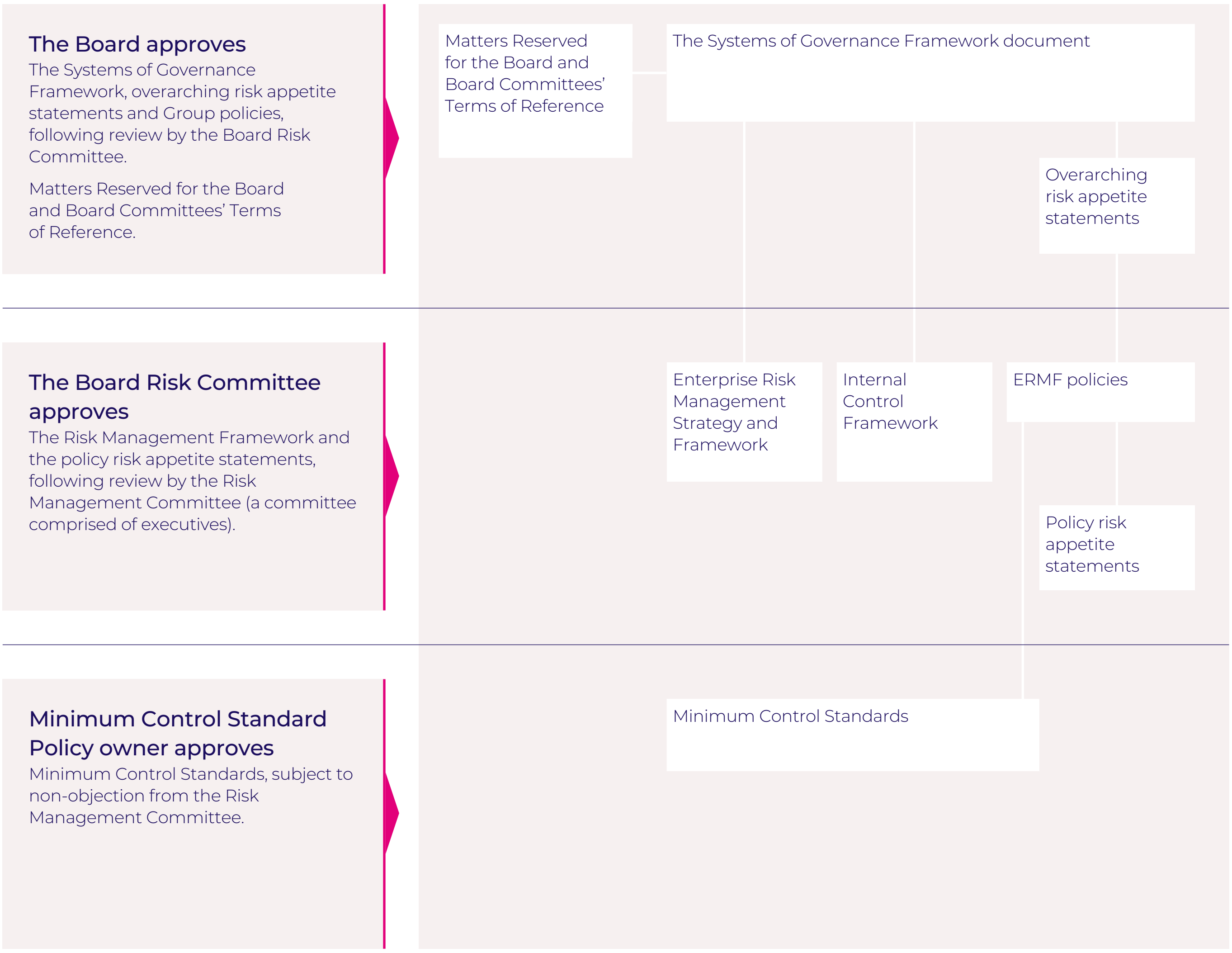
The Board oversees the system of governance in operation throughout the Group. This includes an effective Enterprise Risk Management Framework and system of internal control. The Board has established a risk management model that separates the Group's risk management responsibilities into three lines of defence. An explanation of these responsibilities can be found on page 38.

The Group's governance framework is detailed in the Group's Systems of Governance document. This document also details how the Group meets Solvency II requirements, as modified by the Prudential Regulation Authority's ("**PRA**") 2024 reforms, and the PRA requirements to identify key functions, and to have and maintain a Responsibilities Map in respect of the PRA and FCA's Senior Managers and Certification Regime requirements. The Board reviews this document annually.

The core elements of the governance framework are the:

- Matters Reserved for the Board and the Board Committees' Terms of Reference;
- Systems of Governance document;
- Risk appetite statements, which are described on page 38;
- Enterprise Risk Management Strategy & Framework and Internal Control Framework, which are described on page 38;
- Group policies, which address specific risk areas, are aligned to the Group's risk appetite, and inform the business on how it needs to conduct its activities to remain within risk appetite; and
- Minimum Control Standards, which interpret the Group's policies into a set of requirements that can be implemented throughout the Group.

The diagram below summarises the split of responsibilities for the different parts of the Group's governance framework.



Structure of the Board, Board Committees and executive management

The following chart sets out the structure of the Board and its Committees and highlights the responsibilities of the Chair, the Senior Independent Director, the Non-Executive Directors, the Executive Directors, the Company Secretary and the Executive Committee. The role descriptions for the Chair and CEO are set out in writing; the profiles clearly define their respective roles and responsibilities, and ensure that no one person has unlimited powers of decision making.

The Board and Board Committees have unrestricted access to management and external advisers to help discharge their responsibilities. Each Committee plays a vital role in helping the Board to operate efficiently and consider matters appropriately.

The Board and Board Committees are satisfied that, in 2024, sufficient, reliable and timely information was received in order for them to perform their responsibilities effectively.

The reports by each Board Committee are given in this Annual Report and Accounts. The Terms of Reference for each Committee can be found on the corporate website at: www.directlinegroup.co.uk/en/who-we-are/leadership/board-committees

Roles and responsibilities of the Board

Board of Directors

Each Director brings different skills, experience and knowledge to the Company, and the NEDs contribute additional independent thought and judgement. Depending on the business needs, the NEDs and the Chair commit at least two days a month and two days a week respectively to discharging their duties effectively in accordance with their letters of appointment.

As at 31 December 2024, the Board comprised the Chair, nine independent NEDs, and two executive Directors (the CFO and the CEO). Biographies of the full Board can be found on pages 77 to 80.

Board Committees

Full details of membership, responsibilities and activity of each Committee throughout the year can be found on pages 101 to 118.

– Audit Committee.
– Board Risk Committee.
– Nomination and Governance Committee.
– Customer and Sustainability Committee.
– Investment Committee.
– Remuneration Committee.

The Executive Committee

The Executive Committee is the principal management committee that helps the CEO manage the Group's operations and supports the CEO in:

– Setting performance targets.
– Implementing Group strategy.
– Monitoring key objectives and commercial plans to help achieve the Group's targets.
– Evaluating new business initiatives and opportunities.

Chair

– Guides, develops and leads the Board.
– Plans and manages the Board's business.
– Oversees the Group's governance framework.

Senior Independent Director

– Acts as a sounding board for the Chair and an intermediary for the other Directors when necessary.
– Is available to shareholders if they have concerns that cannot be resolved through other channels.
– Leads the Chair's performance evaluation.

Non-Executive Directors

– Challenge management in an objective and constructive manner.
– Use their wider business experience to help develop the Group's strategy.

Executive Directors

– The CEO and CFO are members of the Board, with delegated responsibility for the day-to-day operation of the Group and delivering its strategy.
– The CEO delegates certain elements of their authority to the Executive Committee members to help ensure that senior executives are accountable and responsible for managing their business areas and functions.

Company Secretary

– Ensures the Directors receive accurate, timely and clear information.
– Assists the Chair in overseeing the Group's corporate governance arrangements.

Board composition

As at the date of this report, the Board comprised the Chair, who had previously served as an independent Non-Executive Director and was independent when appointed as Chair; two Executive Directors; and nine independent Non-Executive Directors, including the Senior Independent Director.

Adam Winslow joined the Group as CEO on 1 March 2024 and was appointed to the Board on 21 March 2024. Jane Poole joined the Group as CFO on 10 October 2024 and was appointed to the Board on the same day. Carol Hagh, an Independent Non-Executive Director, also joined the Board during the year on 1 April 2024.

Biographical details of the Directors of the Company as at the date of this report are set out on pages 77 to 80. Details of Directors who have served throughout the year can be found in the Directors' report on page 142.

Board succession

The Nomination and Governance Committee continues to review succession plans both for the Board and at executive level each year. Further information on our approach to succession planning and Board appointments can be found in the Nomination and Governance Committee's report on pages 109 and 110.

Board induction and training

All new Directors appointed to the Board undertake an induction programme aimed at ensuring they develop an understanding and awareness of our businesses, people and processes, and of their roles and responsibilities as Directors of the Company. The programmes are tailored to suit each Director and include provision of relevant current and historical information about the Company and the Group; visits to operations around the Group; induction briefings from Group functions; one-to-one meetings with Board members, Senior Management and the Company's advisers; and engagement with the Group's ERB.

The Board is committed to the training and development of Directors to improve their knowledge of the business and the regulatory environment in which it operates. The Company Secretary is responsible for helping the Chair identify and organise training for the Directors which is tailored to individual needs.

As part of Adam Winslow's CEO induction activity, he completed a busy schedule of site visits to fifteen of the Group's sites around the UK (including 5 ARCs). He also visited key suppliers in South Africa and India, and met with investors in Europe and the United States of America.

Carol Hagh was appointed to the Board in April 2024. Her induction programme has included site visits across the UK, introductory meetings with members of the Executive Committee and sessions with leadership across several business areas (including Legal, Compliance, Risk and Finance). In addition, she has attended Audit, Risk, Investment and Customer and Sustainability Committee meetings and has met with external advisers in respect of the Remuneration Committee.

The Company Secretary maintained the training agenda for the Board and its Committees during the year. During the year, the Board received technical briefings on Major Model Changes.

Non-Executive Director ("NED") independence

On behalf of the Board, the Nomination and Governance Committee assesses the NEDs' independence, skills, knowledge and experience annually. The Nomination and Governance Committee concluded that every current NED was independent, continued to contribute effectively, and demonstrated they were committed to the role. Each current Director will submit themselves for election or re-election at the 2025 AGM. You can find out more about the activities of the Nomination and Governance Committee's work during the year on pages 109 and 110.

External directorships

The Board keeps Directors' external commitments under ongoing review to ensure they continue to have sufficient time to dedicate to the Group. During the year, the Board reviewed, and approved in advance, Adrian Joseph's appointment as an Independent Non-Executive Director of Allwyn Entertainment Limited and Great Ormond Street Hospital. The Board also reviewed and approved Gregor Stewart's appointment as Chair of the Board of the Royal National Scottish Orchestra. The Board was satisfied that, in taking on these roles, both Adrian and Gregor would continue to have sufficient time to dedicate to their roles on the Board.

Information and support

The Board accesses assistance and advice from the Company Secretary. The Board, and each member of the Board, may seek external independent professional advice at the Company's expense, if required, to discharge its duties.

Board's approach to inclusion and diversity

Last year, the Company reported that the Board had met two out of three diversity targets set out in the UK Listing Rules, having at least one senior Board position being held by a woman and with at least one Board member being from a minority ethnic background (this was also consistent with Parker Review recommendations).

This year, as at 31 December 2024 and the date of this report, and following the appointments of Carol Hagh (from 1 April 2024) and Jane Poole (from 10 October 2024), the Board is pleased to report that it now meets all three diversity targets set out in the UK Listing Rules, including the target that at least 40% of Board members should be women.

Diversity, including gender diversity, is a key consideration in succession planning, though as the skills and experience of the Board are refreshed over time, the gender balance will be dependent on the availability of the best candidates for Board vacancies, with all appointments based on merit and objective criteria.

In 2023 the Group set ambitious new targets to continue to improve diversity in senior leadership. Our targets are aligned with the definitions of senior leadership used by the FTSE Women Leaders Review, Women in Finance review and Parker Review. We are aiming to increase representation of women to 40%, ethnic minority talent to 16%, and Black talent to 4% at senior leadership levels (defined as Executive Committee and direct reports, excluding direct reports in support or administrative roles).

	Current representation (end Dec 2024)	Targeted representation (end 2027)
Women	36%	40%
Ethnic minority	9%	16%
Black	–%	4%

The tables below set out data about the sex and ethnicity of the Board and senior management as at 31 December 2024, in the format prescribed by the UK Listing Rules.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management[1]	Percentage of executive management1
Men	7	58%	2	7	58%
Women	5	42%	2	5	42%
Not specified/prefer not to say	–	–	–	–	–

Note:

1. Executive management is the Executive Committee and Company Secretary.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management[1]	Percentage of executive management1
White British or other White (including minority-white groups)	8	67%	2	5	42%
Mixed/Multiple Ethnic Groups	1	8%	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group	–	–	–	–	–
Not specified/prefer not to say	3	25%	2	7	58%

Note:

1. Executive management is the Executive Committee and Company Secretary.

The Group recognises the importance of understanding diverse representation and the monitoring of differential outcomes. It collects diversity representation information on the basis of self-reporting across the categories of sex, gender identity, ethnicity, religion, sexual orientation, disability and socio-economic background, collected using our HR Information Systems as part of the onboarding process.

Senior management succession planning

The Board recognises that in order to maintain and improve on diversity levels, it must ensure that senior management succession planning is focused on promoting diverse leadership, and that workforce diversity is sought at all levels in order to seek to secure a diverse pipeline of talent.

The 2024 Annual Incentive Plan includes targets for Executive Directors, the Executive Committee and senior management in respect of improving the gender and ethnic diversity of the workforce in the context of leadership succession planning (more information on this can be found on pages 16, 48, 117 and 123).

Board appointments and Diversity Policy

The Board has in place a Diversity Policy which sets out the key principles to be followed in respect of the Board appointment process. More information on this can be found in the Nomination and Governance Committee report on pages 109 and 110.

Workforce diversity and inclusion

The Board encourages and supports equity, diversity and inclusion in the workplace and is committed to building an inclusive culture. It continues to support Group-wide diversity and inclusion activities and initiatives, many of which are outlined on page 48. This includes the work of the Company's Diversity Network Alliance ("**DNA**") which champions diversity and inclusion in the Group through its 'DNA strands': Race, Ethnicity and Cultural Heritage ("**REACH**"); Belief; LGBTQ+; Life (working families and carers); Neurodiversity and Disability; Social Mobility; and Thrive (gender). More information about the work of the DNA during the year can be found on page 16 of the Strategic report.

Board skills, experience and knowledge

The Nomination and Governance Committee assesses and monitors the skills, experience and knowledge of Board members with the aim of equipping the Board to challenge and support the executive team effectively, taking into consideration the Group's evolving strategy.

Board and Committee effectiveness review: three-year Board evaluation cycle

The Board conducts an annual review of the effectiveness of the performance of the Board, its Committees, the Chair and individual Directors, with the input of an external facilitator at least every third year. In 2024, the Board decided to reset the three-year cycle and engaged Promontory Financial Group ("**Promontory**"), which has no other connection with the Company or any Director, to facilitate the review externally. The Board recognises that a continuous and constructive review of its performance is a critical factor in achieving the Group's objectives, realising potential and promoting the long-term sustainable success of the Company.

Promontory conducted one-to-one interviews with Board members and senior managers who were regular attendees of Board and Committee meetings, reviewed samples of meeting agendas and papers and observed a meeting of the Board and each Committee. Promontory's findings and recommendations were considered by the Board and its Committees in January 2025.

Evaluation process

Step 1	The thematic priorities for the review were established by Promontory in discussion with the Chair and the Company Secretary.
Step 2	Promontory interviewed members of the Board and senior managers about Board and Committee performance and the Group's current and target culture, and reviewed sample agendas and papers. Promontory observed a Board meeting and one meeting of each of the Committees.
Step 3	A report, covering Board and Committee performance, was prepared and presented by Promontory and discussed at the Board's January 2025 meeting.
Step 4	An action plan was defined, based on the recommendations in Promontory's report.

2024 evaluation outcome

The results of the review were presented to the Board and its Committees in January 2025 and the recommendations form the basis of an action plan for 2025 as summarised in the table on page 98, along with an update on the action plan that resulted from the 2023 review. Themes emerging from the 2024 review included investment in leadership capability and culture change, a continuing focus on Board dynamics and materials and investment in regulatory relationships. Separately, the Senior Independent Director discussed the Chair's performance with the Directors (except the Chair) and provided constructive feedback to the Chair. No Director was involved in the review of their own performance.

2023 focus areas and action taken during 2024

Strategic Direction

The Board supported and challenged the new senior leadership team under Adam Winslow in setting out a new strategy focusing on the Group's core businesses, underpinned by the development of a high-performance culture and the delivery of a significant reduction in the cost base. The new strategy was presented at a Capital Markets Day in July 2024 and included a proposal to launch the Direct Line brand on a price comparison website for the Motor business.

Investment in Leadership

Following Adam Winslow's appointment as CEO in March 2024, a new and highly experienced senior management team was assembled, including the new CFO, Jane Poole, who joined the Group in October 2024. The Group also invested in high-performance training for its wider senior leadership team and started a comprehensive review of its target operating model based on design principles intended to streamline the organisation and foster a culture of accountability and performance.

Refreshing Culture

The Group has continued to invest in, and report at Board level on, its culture, including in relation to customer focus, risk-positivity and the control environment.

2024 focus areas and proposed action for 2025

Board Dynamics

The Board will continue to focus on the effectiveness of its support for, and challenge of, management, including through the continuous improvement of the quality of Board materials.

Leadership Capability and Culture

The Group intends to continue to invest in leadership capability and the culture change required to deliver its strategic aspirations.

Regulatory Relationships

The Board will focus on continuing to invest in strengthening the Group's relationships with its regulators.

Audit, Risk & Internal Control

An explanation of how the Board complies with the Code in relation to audit, risk and internal control is set out below, except for the following matters, which are covered elsewhere in the Annual Report and Accounts:

- how the Board has assessed the Group's longer-term viability and the adoption of the going concern basis in the financial statements is on page 74 and page 145; and
- the Board's delegated responsibility to the Audit Committee to oversee the management of the relationship with the Company's External Auditor.

You can find details of the Audit Committee's role, activities and relationship with the External Auditor in the Audit Committee report which starts on page 101.

Responsibility for preparing the Annual Report and Accounts

The Board's objective is to give shareholders a fair, balanced and understandable assessment of the Group's position, performance, business model and strategy. The Board is also responsible for maintaining adequate accounting records, and seeks to ensure compliance with statutory and regulatory obligations.

You can find an explanation from the Directors about their responsibility for preparing the financial statements in the Statement of Directors' responsibilities on page 146. The Group's External Auditor explains its responsibilities on page 155.

As noted in the responsibility statement on page 146, the Directors confirm that they consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, and provide the information that shareholders need to assess the Group's position, performance, business model and strategy. In arriving at this conclusion, the Board was supported by a number of processes, including the following:

- management drafted the Annual Report and Accounts to ensure consistency across sections, and a steering group comprising a team of cross-functional senior management provided overall governance and co-ordination;
- a verification process, to ensure the content was factually accurate;
- members of the Executive Committee reviewed drafts of the Annual Report and Accounts;
- the Company's Disclosure Committee reviewed an advanced draft of the Annual Report and Accounts; and
- the Audit Committee reviewed the substantially final draft of the Annual Report and Accounts, before consideration by the Board.

Assessing emerging and principal risks

The Board determines the nature and extent of the risks that it is willing to take to achieve its strategic objectives. The Directors robustly assessed the emerging and principal risks facing the Company, including risks that would threaten its business model, future performance, solvency or liquidity and reputation. You can find a description of these risks, and their management or mitigation, on pages 40 to 43.

This determination is based on the Board Risk Committee's review and challenge of the Group's Material Risk Assessment (the "**Assessment**"), and the Board's review and approval of the Group's risk appetite statements. The Assessment identifies risks quantified as having a residual risk impact of £30 million or greater. The quantifications are produced through stress and scenario analysis, and our capital model.

Risk management and internal control systems

The Board, with the assistance of the Board Risk Committee and the Audit Committee, and support from the Chief Controls Office and Risk function as appropriate, monitored the Company's risk management and internal control systems that have been in place throughout the year under review, and reviewed their effectiveness. The monitoring and review covered all material controls, including financial, operational and compliance controls.

During the year, the Group continued its work to improve its control environment through the Group-wide controls improvement programme that was commissioned in 2023. This was overseen by the Board Risk Committee. As part of this programme, a number of improvements were made during the year across the control environment and the three lines of defence model:

- Implementation of a new quarterly Risk & Control Self-Assessment ("**RCSA**") process which assessed all of the Group's critical risks and controls;
- Documentation of the Group's critical controls, including an assessment of the design adequacy and operating effectiveness of these controls;
- Introduction of clearer end to end ownership and accountabilities of principal risks and critical controls;
- Implementation of a new risk management system with improved functionality to track and monitor risks, control deficiencies, and risk events; and
- Improvements to the quality of control testing in the first line.

To accelerate this progress and to enable the proper embedding of these improvements, the CEO took the decision in 2024 to create a new Chief Controls Office ("**CCO**") in the first line. The primary responsibilities of the CCO includes:

- Ensuring consistency in the operation of the Group's Enterprise Risk Management Framework across the business;
- Facilitating the new RCSA process and assuring its outcomes through centralised control testing; and
- Supporting the business in capturing, monitoring and responding to risk events, control deficiencies and risk/ vulnerability management.

In addition, the Audit Committee has overseen a Control and Oversight Remediation Programme within Finance, the aim of which is to enhance the financial reporting control environment across the Group. More information in respect of these initiatives can be found in the respective Audit Committee and Board Risk Committee reports.

The CCO Function produced a new Annual Risk and Control Assurance ("**ARCA**") report to support the Board in monitoring the effectiveness of the Group's risk management and internal control systems. The CCO also facilitated a new quarterly RCSA process, where each principal risk owner completed a self-assessment of the key risks and controls across the Group's risk profile. The RCSA process is a key tool in assessing the inherent and residual operational risk within the Group's control environment and aims to identify, understand and manage these risks by reviewing the results of control assessments, risk events, and other relevant information. The RCSA requires the principal risk owners, which in most cases is a Senior Manager or Executive Sponsor, to attest to the status of the effectiveness of the risk management and internal controls across a range of different risk types. This is supported by centralised control testing within the CCO as well as through oversight and challenge by the Risk function. In addition, the Group Audit function provides an independent assessment of the overall effectiveness of the governance, risk and control framework of the Group.

The overall findings from the quarterly RCSA process, as well as from other assurance mechanisms, such as second or third line reviews, are combined into a Group-level assessment and reported to the Board Risk Committee in the ARCA report.

The 2024 ARCA report referred to the miscalculation identified within the Group's audited Solvency II Own Funds for the year ended 2023, and reported to the market on 23 August 2024, as a material control deficiency within the Group's financial controls. Underlying root causes of the miscalculation are considered to have included control deficiencies that arose in 2023. The Group has since remediated the relevant processes and controls such that the control deficiencies were resolved for the half year 2024 Solvency reporting and consequently by the year-end balance sheet date.

This miscalculation arose in the Solvency II treatment of the whole account quota share reinsurance arrangement (incepted 1 January 2023), and in particular the translation of the reinsurance debtors between IFRS and Solvency II Own Funds. This miscalculation had no impact on the IFRS figures. Correcting for the miscalculation, the solvency capital ratio (post-dividend) at year end 2023 was 188%, which was above the Group's risk appetite range of 140% to 180% (the previously reported solvency capital ratio was 197%).

The miscalculation was identified through the Group's half year results preparation, and the Group has taken a number of actions in 2024 to strengthen the control environment in relation to the specific area where the miscalculation occurred. These include, but were not limited to:

- Detailed root cause analyses and identification of corresponding management actions;
- Strengthening the change delivery framework around operational readiness, downstream financial reporting impact, risk acceptance and post implementation review;
- Strengthening the level of precision of the Financial Reporting Control Framework ("**FRCF**") preventative and detective controls related to the translation of the Group's financial results from IFRS to Solvency II;
- Simplification of the accounting transactions around key reinsurance arrangements; and
- Improved controls assurance more generally of the FRCF controls.

The 2024 ARCA report did not identify any further material financial, operating, or compliance control deficiencies during the year ended 31 December 2024, nor any further material control deficiencies that remained unresolved at the balance sheet date.

As discussed later in the Audit Committee report, the Group undertook further enhancement work over its wider financial control framework during the year.

The Group Audit function supports the Board by providing independent and objective assurance on the adequacy and effectiveness of the Group's controls. It brings a systematic and disciplined approach to evaluating and improving the effectiveness of the Group's risk management, control and governance frameworks and processes. Group Audit's 2024 annual assessment of the risk management, governance and control environment did not identify any matters that conflict with the 2024 ARCA report.

On behalf of the Board, the Board Risk Committee reviewed the 2024 ARCA report and was satisfied with the conclusion that the Group's risk management systems, including its internal control systems, were adequate for managing all material risks. The Board Risk Committee also regularly reviews significant risks and how they might affect the Group's financial position, comparisons to agreed risk appetites, and what the Group does to manage risks outside its appetite.

The Board confirms that there is an ongoing process for assessing the Company's risk management and internal control systems and identifying, evaluating and managing the significant risks faced by the Group, which has been in place throughout the period and up to the date of this report. The Board takes the view that, on the basis of the 2024 ARCA assessment carried out, it would be reasonable to conclude that the Group's risk management and internal control systems are effective. The Directors acknowledge that any internal control system can manage, but not eliminate, the risk of not achieving business objectives. It can only provide reasonable, not absolute, assurance against material misstatement or financial loss.

Remuneration

The Board is mindful at all times that remuneration policies and practices must be designed to support strategy and promote the long-term sustainable success of the Group. It delegates responsibility to the Remuneration Committee to ensure that there are formal and transparent procedures for developing policy on Executive remuneration and determining Director and senior management remuneration.

In his report on pages 115 to 118, the Remuneration Committee Chair provides an overview of the Committee's work in setting an appropriate framework for remuneration of the Executive Directors, Executive Committee and other senior managers, as well as the wider workforce, to ensure fair pay for all our colleagues.

For details on how the Company has applied Provision 40 of the Code in determining Executive Director remuneration policy and practices, see the summary on pages 136 to 137.

Audit Committee report

Gregor Stewart
Chair

Committee membership

- **Gregor Stewart**
  Chair and Independent Non-Executive Director
- **Mark Gregory**
  Independent Non-Executive Director
- **Fiona McBain**
  Independent Non-Executive Director
- **David Neave**
  Independent Non-Executive Director

Key responsibilities

- Oversee the integrity of the Group's financial statements.
- Oversee and challenge the effectiveness of the Group's systems of financial internal controls and regulatory reporting.
- Oversee Group Audit's annual assessment of the Group's risk management, control and governance frameworks and processes.
- Oversee the actuarial reserving process.
- Oversee the work and effectiveness of Group Audit and the Group's external auditors.
- Oversee the Group's financial and non-financial disclosures, including climate-related financial disclosures.

Areas of focus in the reporting period

- Financial reporting: reviewed and challenged the key accounting estimates and judgements made by management to support the financial statements.
- Insurance reserves: reviewed the Group's insurance reserves to obtain assurance that they remained appropriate for discharging expected liabilities.
- External Audit: oversaw the transition from Deloitte LLP to KPMG LLP.
- Oversaw the continuation of the CFO Control and Oversight Remediation Programme.
- Reviewed and challenged Group Audit's annual assessment of the Group's risk management, control and governance framework and processes.

Committee skills and experience

In line with the UK Corporate Governance Code 2018 (the "**Code**"), all members of the Audit Committee are independent, and the Committee as a whole is deemed to have competence relevant to the insurance and financial services sectors in which the Group operates.

The Committee Chair is a member of the Institute of Chartered Accountants of Scotland. Fiona McBain and Mark Gregory are members of the Institute of Chartered Accountants in England and Wales. David Neave is a Chartered Insurer and brings to the Committee 40 years of experience in senior general insurance positions including claims and underwriting.

Each member has recent and relevant financial experience gained in a number of different financial services businesses, including insurance, enabling them to contribute diverse expertise to the Committee's proceedings.

Main activities during the year

At each of its scheduled meetings, the Committee received reports on financial reporting, insurance reserves, internal controls and Group Audit.

Financial reporting

The Committee followed a review process before recommending the Annual Report and Accounts and Half Year report to the Board, and focused on the choice and application of significant accounting policies, emphasising those requiring a major element of estimation or judgement. Further information on the significant matters considered is provided in the table on page 102.

The Committee considered the estimates and judgements used to prepare the Group's capital position under Solvency II, including focusing on the level of technical provisions held. Specific matters considered included judgements made in respect of events not in data, and the risk margin. The Committee reviewed the Group's Solvency and Financial Condition report on behalf of the Board before submission to the PRA.

Insurance contract liabilities – liability for incurred claims

The Committee reviewed and challenged the key assumptions and judgements, emerging trends, movements, and analysis of uncertainties underlying the reserving estimates made for the liability for incurred claims. These assumptions and judgements were informed by actuarial analysis, wider commercial and risk management insights, and principles of consistency from period to period. After its review, the Committee recommended the liability for incurred claims to the Board.

The Committee also commissioned an external independent actuarial review of material risk areas of insurance liabilities, carried out for the Committee by PricewaterhouseCoopers LLP ("**PwC**").

Significant judgements and issues

Matter considered	Description	Action
Insurance liabilities valuation	The Committee reviewed the level of insurance liabilities of the Group. Insurance liabilities include the liability for remaining coverage and the liability for incurred claims at the statement of financial position date. By its nature, the liability for incurred claims requires analysis of trends and risks, and the application of management judgement, knowledge and experience. The measurement of the liability for remaining coverage is less judgemental than the liability for incurred claims as the Group applies the Premium Allocation Approach which simplifies the measurement of the Liability for Remaining Coverage, using an allocation of premiums over the coverage period. Further information on insurance liabilities is provided on pages 30 to 31.	During 2024, the Committee reviewed and challenged the approach, methodology and key assumptions used by management in setting the liability for incurred claims and monitored developing trends that could have a material impact on them. On an ongoing basis, it received updates from the interim Actuarial Director on emerging experience and how this compared to expectations. Particular points of discussion in 2024 were the developing trends in personal lines Motor, covering large bodily injury claims experience and damage claims, and in Home subsidence. The Committee was provided with updates on the necessary provisions held from year end 2023 for potential Ogden rate changes, updates to Labour Costs inflation ENID (Auto Body Professionals rates) and updates to the General Damages ENID (judicial court guidelines). The Committee discussed the judgements that underpinned the year end liabilities, including those based on current and prior-year development and settlement patterns. The Committee reviewed analysis of the matters that significantly impacted the booked reserves, alongside supporting data and diagnostics, and the potential range of outcomes. The Committee discussed the approach to identifying and recognising those events which were not yet reflected in data and reviewed and challenged the provisions proposed by management. Whilst headline inflation reduced during the year, the Committee continued to closely monitor the impact of inflation on the liabilities. Both economic and sources of excess inflation were considered which resulted in a reduction in the macro-ENID provisions. The Committee obtained insight and reviewed results from an independent actuarial review of material elements of insurance liabilities. Where there was divergence between the independent actuarial review and that of management, the Committee challenged the reasons for the divergence. The Committee was satisfied that management had exercised appropriate control and judgement in estimating insurance liabilities.
Valuation of investments not held at fair value and investment property	The Committee considered reports on the estimates and judgements applied to the carrying value of the Group's investments that are not held at fair value, and the basis for the valuation. These assets principally comprise infrastructure loans, commercial real estate loans and private placement bonds held within the investment portfolio. The Group also holds a portfolio of investment properties. Information was provided to the Committee on a regular basis to support the value recognised in the accounts.	In 2024, the Committee considered material accounting estimates and judgements in respect of assets not held at fair value, and the investment property portfolio, and was satisfied with the carrying value of investments and the basis for their valuation. The Committee considered the impact of the continuing challenging macro-economic environment on the investment property portfolio and noted the year end independent valuation resulted in a small decline overall in the portfolio value. The Committee concluded that the carrying values in the accounts were reasonably stated.

Task Force on Climate-related Financial Disclosures report

The Committee reviewed the financial disclosures in the Task Force on Climate-related Financial Disclosures ("**TCFD**")report on behalf of the Board as part of its review of the Annual Report and Accounts. The TCFD report can be found on page 58.

Going concern, viability and fair, balanced and understandable

The Committee considered the going concern assumptions and viability statement in the 2024 Annual Report and Accounts, valuation of assets and impairment reviews, non-recurring period-specific transactions and clarity of disclosures. The Committee reviewed and concluded that the Annual Report and Accounts taken as a whole were fair, balanced and understandable and provided sufficient information to enable the reader to assess the Group's position, performance, business model and strategy.

When considering the 2024 Annual Report and Accounts, the Committee considered the significant judgements and issues which could be material to the financial statements. These included the matters set out in the table on page 102. The Committee challenged the estimates and judgements being made and also discussed these matters with the External Auditor.

For more information on the viability statement see page 74.

Internal control

During the year, the Committee continued to monitor and review the adequacy and effectiveness of the controls that underpin the Group's Financial Reporting Control Framework ("**FRCF**"), which forms part of the Group's wider internal controls system. The Board delegates supervision of the framework to the Committee, while the CFO is responsible for the framework's operation on a day-to-day basis.

During 2024, the miscalculation identified within the Group's audited Solvency II own funds for the year ended 2023 was reported to the Audit Committee. This miscalculation arose in the Solvency II treatment of the whole account quota share reinsurance arrangement (incepted 1 January 2023), and in particular the translation of the reinsurance debtors between IFRS and Solvency II own funds. This miscalculation had no impact on the IFRS figures.

As discussed in the Risk Management and Internal Control Systems section of Corporate Governance Report on page 99, the Group has taken a number of actions in 2024 to strengthen the control environment in relation to the specific area where the miscalculation occurred. These measures helped to ensure that the underlying root causes of the miscalculation were remediated for the half year 2024 Solvency reporting such that they did not represent an unresolved material control deficiency at the year-end balance sheet date. Further, the underlying root causes of the miscalculation are considered to have been caused by control deficiencies in 2023.

There were no further material control deficiencies reported to the Committee.

In 2024, the Audit Committee continued to oversee the CFO Control and Oversight Remediation Programme (the "**Programme**"), the aim of which is to enhance the financial reporting control environment across the Group. During the year, the Programme, which is led by the CFO Control Steering Group and chaired by the CFO, reported back to the Committee on its progress. Targeted remediation activities relating to improvement in the financial reporting processes were completed.

The Committee reviewed and challenged Group Audit's annual assessment of the Group's risk management, control and governance frameworks and processes. The Committee also reviewed Group Audit's opinion on the overall effectiveness of the Group's internal control framework. This assessment did not identify any matters that conflict with the 2024 Annual Risk & Control Assurance ("**ARCA**") report as discussed in the Corporate Governance section (Risk Management and Internal Control Systems).

The Committee also considered management's processes and controls for identifying and responding to the risk of fraud. The Committee noted that there were no fraud-related events or actions to suggest that fraud might have a material impact on the financial statements.

The Committee monitored management's responses to the control insights and observations raised by the External Auditor in its annual management letter during the year and was satisfied that management was taking appropriate and timely action to resolve the issues raised.

Group Audit

The Committee is responsible for overseeing the work of Group Audit and for ensuring industry best practice is adopted appropriately. The Group Head of Audit's primary reporting line is to the Chair of the Committee. The secondary reporting line, for day-to-day administration, is to the CEO.

During 2023 the Committee oversaw the independent External Quality Assessment ("**EQA**") of the Group Audit function. This rated Group Audit 'generally conformant' with professional standards, with some improvements recommended against relevant Internal Audit professional standards. The Committee oversaw the development of the action plan to address the findings from the EQA and during 2024 these were completed. PwC continued to provide independent quality assurance activity with results reported to the Committee.

During the year, Group Audit provided the Committee with independent and objective reports on the adequacy and effectiveness of the Group's governance, risk management and internal controls. Group Audit completed a number of reviews of major programmes during the year. The Committee approved Group Audit's plan on a quarterly basis, and confirmed the audit plan coverage on an annual basis. The Committee received quarterly reports detailing internal audit activity, key findings, management responses, and proposed action plans.

Following the completion of the actions from the independent EQA and assessment by the Committee during the year, it was concluded that the Group Audit function was effective.

The Committee approved the Group Audit Charter, which is reviewed annually.

Additional information

The Committee has unrestricted access to management and external advisers to help discharge its duties. It is satisfied that in 2024 it received sufficient, reliable and timely information to perform its responsibilities effectively.

During the reporting period, the External Auditor and Head of Group Audit met privately with the Audit Committee, in the absence of management. The Chair of the Committee reported on matters dealt with at each Committee meeting to the subsequent scheduled Board meeting.

External Audit

The Committee is responsible for overseeing the work of the External Auditor and agreeing the audit fee, as well as approving the scope of the External Auditor's annual plan.

During the year Deloitte LLP stepped down as the Company's auditor following completion of the audit of the financial year 2023 in line with mandatory rotation requirements. As previously reported, the Board approved the appointment of KPMG LLP ("**KPMG**") as the Company's auditor for the financial year ending 31 December 2024 following a competitive tender process, undertaken in 2022, and this appointment was approved by shareholders at the Company's 2024 AGM. James Anderson is the lead Audit Partner for KPMG.

During the year, the Committee oversaw the transition from Deloitte to KPMG. The lead Audit Partner from KPMG regularly reported to the Committee on process against the transition plan and key transition milestones. Transition activities included KPMG shadowing Deloitte on the 2023 audit and performing dry runs and initial risk assessment activities.

The Company has complied, during the financial year under review and up to the date of this report, with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Auditor independence

The Group has in place a minimum standard in relation to the independence of the External Auditor, which is compliant with the Financial Reporting Council's ("**FRC**") review of its Ethical Standard for Auditors. This establishes parameters for preventing or mitigating anything that compromises the External Auditor's independence or objectivity. The minimum standard includes:

- a formal process for the pre-approval of certain non-audit services by the External Auditor;
- a requirement that any non-audit services are reviewed annually;
- restrictions on employees of the auditor working for the Group and vice-versa; and
- a requirement that key audit partners are rotated at least every 5 years.

The Committee reviews the standard annually.

The Committee's Terms of Reference require that the Committee meet at least once annually with the External Auditor in the absence of management.

In addition, the Committee reviews confirmation from the External Auditor that in its professional opinion, it is independent within the meaning of regulatory and professional requirements.

Therefore, the Committee is satisfied that the Group has adequate procedures to ensure that the External Auditor is independent and objective and that these procedures operated effectively during the year.

The Committee considers that KPMG established independence as incoming auditor from 14 June 2023. The Committee reviewed and reconfirmed KPMG's independence again ahead of their official appointment at the Company's AGM in May 2024.

Non-Audit Fees

During the year, the Committee approved non-audit fees in respect of agreed upon procedures in respect of Solvency Capital Ratios. The Company's policy for non-audit services is compliant with the FRC's 'Revised Ethical Standard 2019'. In line with regulation, the Group is required to cap the level of non-audit fees paid to its external auditor at 70% of the average audit fees paid in the previous three consecutive financial years.

The following is a breakdown of fees paid to KPMG for the year ended 31 December 2024 (excluding VAT).

	Fees £m	Proportion %
Audit fees	3.6	88%
Audit-related assurance services[1]	0.5	12%
Non-audit services[1]	–	0%
Total fees for audit and other services[2]	4.1	100%

Notes:

1. Fees of £0.5 million for audit-related assurance services have been provided in 2024 (2023: £0.4 million) in respect of reporting accountant services. Fees of £40,000 for non-audit services have been incurred in 2024 (2023: £1.6 million) relating to agreed upon procedures.
2. Total audit fees, excluding VAT.

Audit-related assurance services were in respect of the Group's Solvency II reporting and the review of the Half Year report 2024. Further information in respect of audit fees paid to KPMG is disclosed in note 5 to the consolidated financial statements.

Effectiveness of the external audit process

In 2024, the Committee conducted its annual review of the External Auditor's effectiveness. The Committee assessed the External Auditor through:

i. a detailed questionnaire completed by key stakeholders;
ii. discussing matters with the CFO;
iii. formally reviewing the External Auditor's independence;
iv. assessing the key risks identified by the External Auditor, the quality controls put in place to deliver the audit and whether the agreed audit plan was fulfilled; and
v. private meetings with the External Auditor in the absence of management.

In addition, through regular interaction with the External Auditor, the Committee was satisfied that the External Auditor demonstrated professional scepticism and challenged management's assumptions.

The quality of the audit was assessed through review and discussion of the External Auditor's report to the Committee at each meeting, and from the challenges and insights brought to significant areas of judgement in the Group's financial statements.

After taking into account all of the information available and considering FRC Audit Quality: Practice aid for audit committees, the Committee concluded that Deloitte had performed its obligations effectively and appropriately as External Auditor to the Group in respect of their audit of the 2023 financial year.

The Committee has closely monitored the performance of KPMG since its appointment, considers that there has been a smooth transition of the external audit and recommends KPMG for re-election by shareholders at the Company's 2025 AGM.

Committee effectiveness review

During the year, an evaluation of the effectiveness of the Committee was carried out as part of the wider review of the performance of the Board and the Board Committees which was externally facilitated by Promontory. The review found that the Committee operates effectively, has the right mix of skills and experience and the appropriate level of cross-over with the Board Risk Committee. Further information on the Board effectiveness review can be found on pages 97 to 98.

In addition, the Committee's terms of reference were reviewed against the activity of the Committee during the year. The Committee's Terms of Reference can be found on the corporate website: www.directlinegroup.co.uk/en/who-we-are/leadership/board-committees

The Board reviewed and approved this report on 3 March 2025.

Gregor Stewart
Chair of the Audit Committee and Independent Non-Executive Director

Board Risk Committee report

Mark Gregory
Chair

Committee membership

- **Mark Gregory**
  Chair and Independent Non-Executive Director
- **Fiona McBain**
  Independent Non-Executive Director
- **David Neave**
  Independent Non-Executive Director
- **Gregor Stewart**
  Independent Non-Executive Director
- **Dr. Richard Ward**
  Senior Independent Director

Key responsibilities

- Provide oversight and advice to the Board in relation to current and emerging risk exposures of the Group and the strategic approach to managing risk, including determination of risk appetite.
- Promote a risk-aware culture within the Group.
- Review the design and implementation of the Risk Management Framework, risk appetite and tolerances.

Areas of focus in the reporting period

- Monitored and reviewed the Group's top risks across its financial, operational and organisational resilience pillars.
- Regularly assessed the Group's emerging risks, including monitoring of the geopolitical landscape and its impacts on the Group.
- Reviewed and provided challenge and input into the Group's Consumer Duty Annual Board Report.
- Continued oversight of the Controls and Risk and Control Self-Assessment ("**RCSA**") Project ("**CRP**"), a Company-wide controls improvement programme aiming to set a new activity and assurance standard.
- Received regular updates on the Pricing Practices Regulation and Motor Total Loss past business reviews.

Further detail on these areas can be found in the body of the Committee report.

Chief Risk Officer's report

At each scheduled meeting, the Committee received a report from the Chief Risk Officer ("**CRO**") which outlined the challenges and risks being faced across the Group's financial, operational and organisational resilience pillars. The CRO's report provided an overview and status of the principal risks against the Group's appetite, as well as: key activities undertaken by the Risk function to further embed risk management across the Group; outputs of regular risk monitoring activities; and details of any current and specific financial, non-financial or regulatory and compliance risk matters. Alongside the CRO's report, the Committee regularly assessed the Group's emerging risks – defined as newly developing or changing threats or opportunities that are subject to a high degree of uncertainty but have the potential to materially impact the Group over the long-term. It challenged management on the identification of all possible significant emerging risks during the year and on the Risk function's role in ensuring that such emerging risks were being monitored and managed appropriately. The most notable emerging risks identified included those relating to geopolitical tension, the transition to Electric Vehicles ("**EVs**"), generative Artificial Intelligence ("**AI**"), climate change and granular pricing. In addition, the Committee reviewed the plan of risk assurance activities to be undertaken for each quarter and the year ahead to support the Group's key strategic objectives and to ensure adherence to prevailing legal and regulatory requirements, as well as the Group's enterprise and risk management framework.

Focused business and risk reviews

Set out below are some of the areas of focus and key reviews that the Committee carried out during the reporting period, to examine the risk profile of the business, and to challenge the robustness of frameworks in place to manage key risk exposures as well as regulatory requirements and expectations:

- oversaw and challenged progress and delivery of the 2024 Risk and Compliance Assurance Plan;
- review of the annual Consumer Duty Board report as part of the Group's considerations of fair pricing and customer outcomes across all Direct Line Group products. The Group's pricing strategy and pricing governance and control framework were also reviewed;
- reviewed the Group's operational resilience self-assessment, including important business services and associated impact tolerances;
- reviewed the effectiveness of the Group's risk management and internal control systems and environment, including material financial, operational and compliance risks, the Group's residual risk position, associated mitigating actions and compensating controls. This included oversight and challenge of the Group's quarterly RSCA process;
- reviewed the Group's adherence to privacy and data protection legislation;
- reviewed the stability, security and capability of the Group's IT systems;
- reviewed and approved the Group's Risk Taxonomy, forming part of the Risk Management Framework.; and
- oversaw risks arising from corporate plan implementation.

Risk appetite

The Committee undertakes an annual review of the Group's risk appetite framework, which includes the overarching risk appetite and policy risk appetite statements. It monitors the Group's exposure against these statements, considers key risk indicators and assesses the key drivers that affect status against risk appetite. In line with regulatory requirements, the Committee scrutinises and approves the Group's overall affirmative and non-affirmative cyber insurance underwriting strategy, associated risk appetite statements and relevant management information.

Committee members also reviewed and challenged the Own Risk Self-Assessment ("**ORSA**") process and key content before submission to the Board for approval. Committee challenges on elements of the ORSA during the year included: whether the language in the ORSA relating to changes in the control environment was appropriately consistent with wider assessments discussed at the Audit and Remuneration Committees; and whether the offer from Aviva had as yet led to any adjustments in ORSA processes. In addition, the Committee monitored and challenged the stress and scenario testing plan and outputs. The Committee also reviewed the potential Contingent Management Actions to possibly be taken in times of stress to restore the Group's capital strength to within an acceptable risk appetite range.

Compliance and regulatory risk

During the year, the Committee considered the Group's compliance with a number of regulatory requirements, including those relating to conduct, financial crime and anti-bribery and corruption. The Committee also received regular reports (alongside the Customer and Sustainability Committee) that provided oversight of customer outcomes and how the Consumer Duty had been implemented and embedded into the business. This included review and challenge of the Group's Consumer Duty Annual Board Report ahead of its submission to the FCA in July 2024.

The Committee received regular updates in respect of the delivery of the Group's past business reviews on Pricing Practices Regulation and Motor Total Loss valuations, to the point of being materially complete. In January 2025, the FCA confirmed that the voluntary requirements ("**VREQs**") in relation to both of these matters had been satisfied and removed from the Financial Services Register. The Committee also received regular updates on Periodic Summary Meeting ("**PSM**") and Firm Evaluation ("**FE**") Letters that the Group had received in January 2024 from the PRA and in December 2023 from the FCA respectively.

The Committee also approved the Risk and Compliance assurance plan which set out assurance activities to be undertaken in the coming year, with a view to ensuring compliance with various regulations, and supporting the Board and colleagues to understand their regulatory responsibilities.

Internal control

During the year, the Committee continued to oversee the control improvement programme commissioned in 2023 to improve the Group's control environment. As part of this programme, a number of improvements were made during the year across the control environment and the three lines of defence model:

- implementation of a new quarterly RSCA process which assessed all of the Group's critical risks and controls;
- documentation of the Group's critical controls, including an assessment of the design adequacy and operating effectiveness of these controls;
- introduction of clearer end to end ownership and accountabilities of principal risks and critical controls;
- implementation of a new risk management system with improved functionality to track and monitor risks, control deficiencies, and risk events; and
- improvements to the quality of control testing in the first line.

To accelerate this progress and to enable the proper embedding of these improvements, the CEO took the decision in 2024 to create a new Chief Controls Office ("**CCO**") function in the first line. The primary responsibilities of the CCO function include:

- Ensuring consistency in the operation of the Group's Risk Management Framework in the business.
- Facilitating the new RCSA process and assuring its outcomes through centralised control testing.
- Supporting the business in capturing, monitoring and responding to risk events, control deficiencies and risk/vulnerability management.

This work is supported by further activity across the Group, overseen by the Board and its relevant Committees, designed to carry out control remediation, improve risk culture, and develop the required capability across the first line of defence.

The Committee received updates from the CCO function on the control improvement programme at each of its scheduled meetings from the CCO, where it monitored and challenged progress. Although the programme was concluded at the end of 2024, the creation of the new CCO function will enable the underlying improvements in risk and control to further formalise and embed across the Group in 2025.

Climate change

The Committee regularly received updates on climate change. In particular, the Committee reviewed the climate-related risk management roadmap that was in place and considered the plan to take the Group to a position whereby it could demonstrate credible progress towards Net-Zero. There are two key areas for development: climate change scenario modelling and the management of financial risk from climate change and plans are in place to address these via the roadmap. As previously reported, the Group's Net Zero targets have been accepted by the Science Based Targets initiative.

Internal capital model

The Committee regularly reviewed and challenged reports on the Group's partial Internal Economic Capital Model for determining regulatory capital requirements during the year, including key assumptions, methodologies and areas of expert judgement used within the model, activities undertaken to validate model outputs, model changes and future management actions. During Q4 2024, the services of Willis Towers Watson Limited were retained to perform a review of the Internal Economic Capital Model used to model the Group's Solvency Capital Ratio: the Committee will receive and discuss their findings in early 2025.

Whistleblowing

As delegated by the Board, the Committee routinely reviewed the Group's whistleblowing arrangements. The Committee Chair oversees the independence, autonomy and effectiveness of the Group's policies and procedures on whistleblowing, including the procedures for protection from detrimental treatment for staff who raise concerns. The Committee challenged management and was satisfied that the whistleblowing process met the necessary standards and that it was adequately designed, operated effectively, and adhered to regulatory requirements.

The Committee received updates on actions agreed by management to enhance existing whistleblowing policies and processes. The actions are underway and will be materially complete by June 2025.

Financial crime and anti-bribery and corruption

The Group has an overarching fraud and financial crime policy, which includes the requirement that all employees of the Group comply with the anti-bribery and corruption, anti-money laundering, fraud and payment security and sanctions minimum control standards. The aim of the anti-bribery and corruption minimum control standard is to ensure compliance with applicable anti-bribery and corruption legislation and regulation and to ensure that employees act responsibly and ethically at all times when conducting business.

The Committee considered the Group's actions to prevent financial crime through its review of the annual financial crime report and noted the progress made against the agreed actions throughout 2024 following the quarterly Risk and Control Self-Assessments. The Committee also considered the annual anti-bribery and corruption report, which sets out the Group's procedures and controls in place to prevent bribery. The committee noted the Group's arrangements in place and actions being taken to ensure effective oversight of bribery risk.

The Economic Crime and Corporate Transparency Act 2023 ("**ECCTA**") introduces a corporate offence called "failure to prevent fraud." Under this law, which comes into force in September 2025, firms can be held criminally liable if an employee or person associated with the firm commits a fraud offence with the intention of benefiting the firm (either directly or indirectly) and the firm did not have reasonable procedures in place to prevent it. The Group is working to implement the necessary procedures and arrangements to comply with the new legislation.

The continued conflict between Russia and Ukraine has seen continued sanctions against the Russian regime throughout 2024. The Group continues to monitor the sanctions situation and screen against the most up-to-date key sanctions lists on a daily basis in order to mitigate this risk.

Risk governance

During the reporting period, the Committee received assurance from management on the process for review of the Group's policies and reviewed material changes to the Group's most significant policies. The Committee reviewed and challenged each of these policies and recommended them for approval by the Board as appropriate.

The Committee has unrestricted access to management and external advisers to help discharge its duties. It is satisfied that in 2024 it received sufficient, reliable and timely information to perform its responsibilities effectively. In addition to one-to-one meetings with the Chair, the CRO also met with the Committee in the absence of the Executive Directors. The Chair reported on matters dealt with at each Committee meeting to the subsequent scheduled Board meeting.

Committee effectiveness review

During the year, an external evaluation of the effectiveness of the Committee was conducted with assistance from Promontory, as part of the wider review of the performance of the Board and its Committees. The review found that the skills and experience of the Committee were appropriate, that its interaction with the Board and other Committees was constructive and that its level of challenge was effective, reflecting current priorities. The review found that the Committee has strong technical skills and has a highly effective crossover with the Audit Committee. The Committee received positive feedback, though it was noted that improvements could be made to Committee papers in order to further support constructive discussion and challenge, Further information on the Board effectiveness review can be found on pages 97 to 98.

In addition, the Committee's Terms of Reference were reviewed against the activity of the Committee during the year. The Terms of Reference were found to be suitable, comprehensive and of appropriate scope.

The Committee's Terms of Reference can be found on the corporate website:

www.directlinegroup.co.uk/en/who-we-are/leadership/board-committees

The Board reviewed and approved this report on 3 March 2025.

Mark Gregory
Chair of the Board Risk Committee and Independent Non-Executive Director

Nomination and Governance Committee report

Danuta Gray
Chair

Committee membership

- **Danuta Gray**
  Chair and Independent Non-Executive Director
- **Tracy Corrigan**[1]
  Independent Non-Executive Director
- **Mark Gregory**[1]
  Independent Non-Executive Director
- **Carol Hagh**[2]
  Independent Non-Executive Director
- **Adrian Joseph**[1]
  Independent Non-Executive Director
- **Mark Lewis**[1]
  Independent Non-Executive Director
- **Fiona McBain**[1]
  Independent Non-Executive Director
- **David Neave**[1]
  Independent Non-Executive Director
- **Gregor Stewart**[1]
  Independent Non-Executive Director
- **Dr Richard Ward**
  Senior Independent Non-Executive Director

Key responsibilities

- Review the composition of the Board and its Committees.
- Lead the process for Board appointments and make recommendations to the Board.
- Oversee executive succession planning at a high level to seek to ensure the development of a diverse senior management talent pipeline.
- Set diversity objectives and strategies.
- Oversee and monitor the corporate governance framework of the Group.
- Monitor developments in governance and investor ESG expectations.

Areas of focus in the reporting period

- Led the search for the new Chief Financial Officer.
- Recommended appointments to the Board and to the Board's Committees.

Main activities during the year

Board and senior management succession planning

The Committee continuously keeps the composition of the Board under review, with the objective of preserving and refreshing the Board's collective experience, expertise and diversity to enable it to oversee the execution of the Group's long-term strategy effectively.

During the year, the Committee finalised the search for a new Group Chief Financial Officer ("**CFO**"). The international executive search firm, Odgers Berndtson (a signatory to the voluntary code of conduct for executive search firms which has no other connection to the Company or any individual director) was engaged to assist with the search. Shortlisted candidates underwent a psychometric assessment and a deep interview process, including interviews by the Chair of the Board, the Chairs of the Audit and Board Risk Committees and the Chief People Officer, resulting in the selection of Jane Poole as the preferred candidate. We announced on 10 April 2024 that Jane would join the Group as CFO, and the Board as an Executive Director, subject to regulatory approval. Jane joined the Group as CFO and was appointed to the Board, and as a member of the Investment Committee, on 10 October 2024.

The Committee led a search in 2023 that culminated in the appointment of Carol Hagh as a Non-Executive Director with effect from 1 April 2024. The Committee was assisted by Teneo, the global executive search and advisory firm (and a signatory to the voluntary code of conduct for executive search firms, which has no other connection to the Company or any individual director). Fuller details about that search were reported in the 2023 Annual Report. In 2024, the Committee commenced a further search for a new Independent Non-Executive Director with the assistance of Odgers Berndtson. Shortlisted candidates were interviewed by members of the Committee. The search has been put on hold following the Board's recommendation of the offer by Aviva to acquire the Group and is expected only to be reactivated should it become clear that the transaction will not successfully complete.

Composition of Board Committees

During the year, the Committee considered the effect of changes in the Board's composition on the skills and experience available to the other Committees of the Board and recommended that Tracy Corrigan be appointed as Chair of the Customer and Sustainability Committee with effect from 1 March 2024 and that Carol Hagh be appointed as a member of the Remuneration Committee with effect from 1 November 2024.

Notes:

1. Tracy Corrigan, Mark Gregory, Adrian Joseph, Mark Lewis, Fiona McBain, David Neave and Gregor Stewart were appointed to the Committee with effect from 1 January 2024.
2. Carol Hagh was appointed to the Committee with effect from 1 April 2024, the date of her appointment to the Board.

Electing and re-electing Directors

Before recommending the proposed election or re-election of Directors at the 2024 AGM, the Committee reviewed the independence of the Non-Executive Directors and concluded that all Non-Executive Directors remained independent in judgement and character and met the criteria for independence set out in the UK Corporate Governance Code. The Chair of the Board was independent on appointment.

The Committee also carefully considered Directors' external responsibilities and concluded that all Directors had sufficient time to dedicate to their respective roles. All current Directors will submit themselves for election or re-election at the Company's 2025 AGM.

Diversity and inclusion

The Committee believes that diversity of skills and experience equips the Board better to take a broad strategic perspective and the management team better to lead a diverse workforce and serve a diverse customer base.

The Board has in place a Diversity Policy, the objective of which is to seek to ensure that individual differences, which contribute to the success of the Company and represent the diversity of our customers and colleagues, are reflected at Board level. The policy underpins appointments that are made to both the Board and its Committees and is monitored and reviewed by the Nomination and Governance Committee. It is made available to any executive search firm engaged to assist with the selection and appointment process for Board positions. The Board Diversity Policy is available to view on the Company's website at www.directlinegroup.co.uk/en/sustainability/reports-policies-and-statements.

Further information on the Board's approach to diversity, and the progress made towards senior management gender targets, can be found in the Corporate Governance report on pages 95 to 96, which includes progress against key external targets.

The Committee also oversees the Group's talent development and succession planning, focusing on future skills needed by the business. More information on senior management diversity can found on pages 81 and 95.

Corporate governance

The Committee monitors arrangements made by the Company and its subsidiaries to comply with the UK Corporate Governance Code and other relevant governance standards. It also considers emerging governance matters, observance of ESG standards and developments, and reforms which may affect the Group's adherence to corporate governance best practice.

Committee effectiveness review

During the year, an evaluation of the effectiveness of the Committee was facilitated by Promontory as part of their wider review of the performance of the Board. The review found that the Committee had led the searches for the new CEO and CFO effectively and that it should review its composition and the frequency and formality of its meetings and consider renewing its focus on executive succession planning. Further information about the Board performance review can be found on page 94.

The Committee also reviewed its activity against its Terms of Reference and determined that its Terms of Reference remained comprehensive and of appropriate scope.

The Committee's Terms of Reference can be found on the corporate website: www.directlinegroup.co.uk/en/who-we-are/leadership/board-committees.

The Board reviewed and approved this report on 3 March 2025.

Danuta Gray
Chair of the Nomination and Governance Committee

Customer and Sustainability Committee report

Tracy Corrigan
Chair

Committee membership

- **Tracy Corrigan**
  Chair and Independent Non-Executive Director
- **Adrian Joseph OBE**
  Independent Non-Executive Director
- **Mark Lewis**
  Independent Non-Executive Director

Key responsibilities

- Provide oversight and advice to the Board on conducting its business in a responsible and sustainable manner.
- Monitor the progress of the Group under its five sustainability pillars.

Areas of focus in the reporting period

- Monitored the Group's activity under the five pillars of the Group's sustainability strategy.
- Oversaw the Group's improvements to reporting and monitoring of customer outcomes.
- Oversaw the Group's sustainability-related initiatives and tracked progress against the Group's Science-Based Targets.
- Reviewed the Group's refined approach to diversity and inclusion.
- Reviewed ethical matters, including the Group's Modern Slavery Statement.

Main activities during the year

Customer

Following a review of its remit, the Committee increased its oversight of customer outcomes, conduct and experience in 2024. An additional six Committee meetings were scheduled to enable the Committee to review customer-related metrics and track progress across a total of ten meetings during the reporting period. The Committee placed particular emphasis on identifying root causes of customer complaints and overseeing the Group's embedding of the Consumer Duty (the "**Duty**".)

Together with the Board Risk Committee, the Committee carefully reviewed the business's first annual Consumer Duty report.

In addition, the Committee oversaw the development of the Group's Customer Outcomes Improvement Plan to further enhance compliance with and implementation of the Duty. The Committee also reviewed the Risk Mitigation Plan ("**RMP**") that was developed in conjunction with PwC with the aim of improving the Group's compliance with monitoring and reporting requirements under the Duty. The Committee encouraged management to further develop the approach to tracking progress of the RMP using metrics and a supporting timeframe.

Planet

During the year, the Committee oversaw the Group's engagement with, and delivery of, its climate- and sustainability-related commitments. In order to further integrate sustainability into business decisions and strategic choices, the Committee reviewed plans to assign responsibility for key sustainability workstreams across senior management.

Progress updates from the Climate Executive Steering Group, in relation to the Group's five Science-Based Targets ("**SBTs**"), were reviewed, with an emphasis on the importance of delivering the Group's carbon emissions reduction plan.

People

Over the course of 2024, the Committee reviewed the business's initiatives to promote a culture that helps all colleagues thrive and celebrates difference.

During the year, the Committee oversaw the refinement of the scope of the People Pillar. Updates were received on diversity and inclusion ("**D&I**") initiatives, as well as themes that arose from the all-employee 'DiaLoGue' engagement surveys and other engagement with colleagues.

Society

The Committee oversaw the business's work to use its expertise to improve outcomes for society and the communities that the Group serves.

In the latter part of the year, the Committee reviewed Management's proposed new approach for the Community Fund (the "**Fund**"), which has donated £6.9m to charities and good causes since 2020. The Committee supported the intention to align the Fund with the business's wider strategic vision and to further enhance colleagues' emotional connection with the Group's charitable initiatives.

Modern Slavery Statement

In February 2024, the Committee reviewed the Group's policy on compliance with the Modern Slavery Act 2015 (the "**MSA**") and how third-party suppliers complied with the Act's requirements.

The Committee reviewed the Procurement function's activity in relation to the MSA and concluded that processes and policies in connection with the MSA were robust, effectively embedded in supply chain processes, and reflected the Procurement function's updated sustainability processes.

The Modern Slavery Statement is available to view on the corporate website:

https://www.directlinegroup.co.uk/en/sustainability/reports-policies-and-statements

Governance

The Board is focused on ensuring that ethical and sustainable business practice is embedded throughout the business.

During the year, the Chair of the Customer and Sustainability Committee reported on matters dealt with at each meeting to the subsequent scheduled Board meeting. The Board, recognising the growing strategic significance of sustainability matters, received additional, dedicated reports on the Group's approach to Customer, People and Culture.

Committee effectiveness review

During the year, an external evaluation of the effectiveness of the Committee was conducted with assistance from Promontory, as part of the wider review of the performance of the Board and its Committees. The review noted that during the year, the Committee had further deepened its focus on the Consumer Duty and customer outcomes. Further information on the Board effectiveness review can be found on pages 97 to 98.

In addition, the Committee's Terms of Reference were reviewed against the activity of the Committee during the year. The Terms of Reference were found to be suitable, comprehensive and of appropriate scope.

The Committee's Terms of Reference can be found on the corporate website:

www.directlinegroup.co.uk/en/who-we-are/leadership/board-committees

The Board reviewed and approved this report on 3 March 2025.

Tracy Corrigan
Chair of the Customer and Sustainability Committee and Independent Non-Executive Director

Investment Committee report

Fiona McBain
Chair

Committee membership[1]

- **Fiona McBain**
  Chair and Independent Non-Executive Director
- **Mark Gregory**
  Independent Non-Executive Director
- **Jane Poole[2]**
  Chief Financial Officer

Key responsibilities

- Provide oversight of the Group's investment strategy.
- Oversee the management and performance of the Group's investment portfolio.

Areas of focus in the reporting period

- Monitored closely the changes in valuations and resilience of the Group's investment assets.
- Oversaw phases of implementation of the refreshed target Strategic Asset Allocation exercise, including review of adjusted recommendations and strategies across asset classes.
- Ensured the investment portfolio held appropriately matched assets and liabilities and remained within agreed aggregate risk and exposure limits.
- Ensured the investment portfolio maintained sufficient liquidity to meet a stress insurance or financial market event in a 1 in 200-year insurance, market, or credit risk event.
- Received progress updates on the calibration of Science-Based Targets ("**SBTs**") for each asset class in scope within the investment portfolio.

Oversight of market developments

During the year, the Committee considered trends in economic growth, employment figures, credit spreads, inflation and interest rates, and wider geopolitical contexts and took these into account when providing oversight of, and challenge to, the Group's investment strategy.

At each scheduled meeting, the Committee received reports on key financial market developments from the Director of Investments and Capital Management.

Monitoring investment activity and performance

Throughout the year, the Committee carefully reviewed the performance of the Group's investments. It received presentations from representatives of its managed portfolios at each meeting. In 2024, attendees from Rothschild & Co., BlackRock Inc., Neuberger Berman and Goldman Sachs Asset Management L.P. shared their views of relevant market performance, market outlook and wider economic context. The Committee discussed the performance of the Group's various assets under management, and carefully considered the balance between flexibility, investment return and alignment with the Group's risk appetite for each mandate.

Management shared recommendations for the Group's in house portfolios, which were reviewed and challenged by the Committee to ensure the investment strategy remained appropriate and well-positioned. During the year, the Group's investment strategy was reviewed and compared to a peer group, and the Group's portfolio was found to be performing well.

Reviewing investment strategy and liquidity

Early in 2024, the Committee conducted its annual review of the business's asset liability management, which was undertaken to ensure that the Group's asset and liability matching, along with stressed liquidity requirements, remained appropriate. The Committee reviewed Management's recommendations for the Group's overnight liquidity requirements, ensuring an improved balance was struck between the business's performance and the Group's ability to access sufficient liquidity if it were to meet a 1 in 200-year stress risk event.

In the second half of the year, the Committee reviewed both interim and end solutions for improved hedging against interest rate risk. It made recommendations for key areas to be brought back for review and challenge in 2025.

Strategic Asset Allocation ("SAA")

During the year, the Committee oversaw the phasing of implementation of the refreshed SAA. A detailed action point plan and corresponding timeline was produced to the Committee, and progress carefully monitored by the Committee.

Throughout the year, the Committee reviewed amendments to the target SAA as and when these occurred.

Notes:

1. Neil Manser was a member of this Committee until he stepped down from the Board of Directors on 10 October 2024.
2. Jane Poole was appointed as a member of this Committee with effect from 10 October 2024.

Risk management

During 2024, a Risk and Control Self-Assessment was carried out in conjunction with PwC and covered three risk areas: asset and portfolio management; investment counterparty credit and default; and liquidity management. No control gaps were identified for the Investment and Treasury ("**I&T**") team in any of the three risk areas and the two documentation enhancements for liquidity management made by PwC were implemented.

The Risk function was engaged throughout the relevant decision-making processes and a representative from Risk attended each meeting of the Committee.

During the second half of the year, the Risk function carried out a review of the I&T team's existing key risk indicators and made some suggestions for adjustment.

Oversight of responsible investment

The Committee monitored the Group's externally managed mandates for compliance with the Group's responsible investment framework. The Committee was pleased to learn that the Group achieved its targeted 50% reduction in Weighted Average Carbon Intensity in its corporate bond portfolio ahead of schedule.

During the year, a gap analysis against PRA SS3/19[1] requirements was performed and the Group updated its climate change roadmap.

Governance

The Chair reported on matters dealt with at each Committee meeting to the subsequent scheduled Board meeting.

Committee effectiveness review

Towards the end of the year, an external evaluation of the performance of the Committee was conducted with assistance from Promontory, as part of the wider review of the performance of the Board and its Committees. The review found that the Committee was highly organised and well-structured, benefiting from a very active Chair. In addition, the quality of materials available to the Committee was good. Further information on the Board effectiveness review can be found on pages 97 to 98.

In addition, the Committee's Terms of Reference were reviewed against the activity of the Committee during the year. The Terms of Reference were found to be suitable, comprehensive and of appropriate scope. Updates were made regarding the Committee's oversight of climate and sustainability.

The Committee's Terms of Reference can be found on the corporate website:

www.directlinegroup.co.uk/en/who-we-are/leadership/board-committees

The Board reviewed and approved this report on 3 March 2025.

Fiona McBain
Chair of the Investment Committee and Independent Non-Executive Director

Note:

1. The Prudential Regulation Authority's Supervisory Statement SS3/19: Enhancing banks' and insurers' approaches to managing the financial risks from climate change.

Directors' Remuneration report

Dr Richard Ward
Chair of the Remuneration Committee

Committee membership

- **Dr Richard Ward**
  Chair and Senior Independent Director
- **Tracy Corrigan**
  Independent Non-Executive Director
- **Danuta Gray**
  Chair of the Board
- **Mark Gregory**
  Independent Non-Executive Director
- **Carol Hagh**[1]
  Independent Non-Executive Director
- **Mark Lewis**
  Independent Non-Executive Director

Note:

1. Carol Hagh was appointed to the Committee effective 1 November 2024.

Key responsibilities

- Determine the policy for rewarding Executive Directors and senior leadership for results that are generated within the risk appetite set by the Board and oversee how the Group implements its Remuneration Policy.
- Oversee the level and structure of remuneration arrangements for senior executives, approve share incentive plans, and recommend them to the Board and shareholders.
- Review workforce remuneration and related policies and the alignment of incentives and rewards with culture, ensuring all our colleagues are paid fairly.

Areas of focus in the reporting period

- Adam Winslow was appointed as CEO on 1 March 2024 and the Committee approved the grant of buyout awards to compensate him for awards forfeited from his previous employer, in accordance with the remuneration arrangements approved in 2023.
- Jane Poole was appointed as CFO on 10 October 2024 and the Committee carefully considered and approved the appropriate remuneration package for this role.
- The Committee also considered the remuneration arrangements for the departing CFO, Neil Manser, in accordance with the Directors' Remuneration Policy and incentive plan rules, contractual obligations and shareholder expectations.
- Remuneration packages for senior hires below the main Board were reviewed and approved by the Committee.
- The Committee approved the measures and targets for the 2024 AIP awards, which were subsequently reviewed in July 2024.
- The Committee approved the measures and targets for the 2024 LTIP awards to align with the new strategy.
- The Committee reviewed the potential remuneration implications associated with a change of control, including in the context of the Ageas non-binding offer and subsequent Aviva offer.
- Reviewed and approved risk adjustments in relation to the solvency capital ratio misstatement.
- The Committee (and Board) continued to be updated on wider workforce actions, including employee feedback, voluntary turnover and salary increase decisions.

Dear Shareholders,

On behalf of the Remuneration Committee ("**the Committee**"), I am pleased to introduce the Directors' Remuneration Report for the 2024 financial year.

In 2024, we welcomed a new senior leadership team, led by Adam Winslow, and the Group made significant progress on our strategic objectives following the priorities set out at the Capital Markets Day in July 2024. This performance has been delivered in the context of a number of additional unanticipated activities, including an approach from Ageas in early 2024 and an agreement on the terms of a recommended offer for Direct Line Group by Aviva, as announced in December.

The Committee has continued to make remuneration decisions on a "business as usual" basis wherever possible, carefully considering a range of factors in ensuring that 2024 remuneration outcomes are consistent with our broader employee and shareholder experience (as outlined in detail in the remainder of this report).

The Report is set out in the following sections:

Performance and incentive outcomes for 2024

As noted above, the Group has delivered on the strategic objectives set out by Adam Winslow at our Capital Markets Day in July. Strong growth in our core product areas has driven improved trading performance, further supported by bringing Direct Line Motor onto price comparison websites for the first time. During this transitional year, the Group has delivered ongoing operating profit of £205m (2023: (£189.5m)) and Net Insurance Margin from ongoing operations of 3.6% (2023: (8.3%)) whilst making excellent progress on managing costs. Our capital position remains strong – we announced a 2024 interim dividend of 2.0p per share (2023: Nil) and are proposing a final year dividend of 5.0p per share (2023: 4.0p).

The Group has also placed significant focus on the experience of our colleagues and our customers, with an improved employee engagement score despite the challenging business landscape, launching two new apps which have been downloaded almost 300,000 times and delivering an improved overall Net Promoter Score.

2024 AIP

As outlined in last year's report, the Committee decided to delay setting the 2024 LTIP targets until a strategic review had taken place following Adam Winslow's appointment as CEO. However, given the shorter nature of the AIP performance period, the Committee set the majority of the AIP targets at the start of the year (with the exception of the strategic objectives (20% weighting), which were finalised following Adam's appointment and split equally between Cost and Risk objectives). These targets were set prior to this business wide review, which culminated in the Capital Markets Day in July and included a full financial re-forecast.

In this context, following the strategic review, the Committee reviewed the original targets in light of the new strategic plan, with particular focus on the operating profit targets (55% weighting). The key consideration for the Committee was that it considered it essential to have an incentive that supported the critical work to be done in delivering the strategy over the balance of 2024, especially given that the AIP scorecard targets are applicable to many colleagues participating in the AIP across the Group. The Committee considered the updated internal financial forecasts as well as consensus performance expectations (although the Committee noted that the consensus forecasts at that time varied significantly, primarily due to the way some analysts had treated investment income from the sale of our Brokered commercial insurance business).

The Committee discussed potential options to improve the alignment between the AIP and the new strategy, in particular whether to amend the operating profit targets during the year or leave them unchanged but consider the exercise of discretion at the end of the year. Whilst the Committee recognised the challenges around the appropriateness of changing targets at the mid-year, ultimately we decided that it was the right thing to do to amend the targets – in order to provide greater clarity to participants, to ensure that the AIP remained incentivising and motivating to all colleagues and to drive the right outcomes for the business. The Committee was also mindful of the truly exceptional circumstances faced by the Group at the time, with a new CEO and senior leadership team, challenging insurance market landscape and business uncertainty following the Ageas approach earlier in 2024. Taking all of these factors into account, the Committee approved amended Ongoing Operating Profit targets. Full details of the original and amended Operating Profit targets are set out on page 122.

As noted in the introduction to this letter, the Group delivered rapidly on key strategic priorities, particularly during the second half of the year. In particular, we saw strong premium growth in both Motor and Non-Motor, with a return to profitability in Motor alongside a strong result in Non-Motor. As a result, ongoing operating profit (£205m) exceeded the revised maximum level for this element of the AIP (55% weighting).

At our Capital Markets Day, we set out an ambition to deliver at least £100m cost savings by the end of 2025 on an annualised run-rate basis. Over 2024 we made excellent progress towards this target by making improvements in procurement, rationalising technology and simplifying our operating model. As a result, 2024 cost performance exceeded the maximum level for this element (10% weighting).

The 2024 AIP also included targets related to Risk (10% weighting), Customer (15% weighting) and People (10% weighting). Performance under the Risk and Customer elements were assessed to be around the target level and slightly below the target level respectively, whilst performance in relation to the People element was determined to be at the maximum level. Further details are set out on page 123.

Based on the Committee's assessment against the performance targets, the overall 2024 AIP outcome was 86.4% of maximum.

The Committee debated the appropriateness of this outcome, recognising the broader context in which the performance was delivered. The Committee's view was that our 2024 performance was particularly impressive given the relatively short period that the new senior leadership team had been in place, as well as the significant time spent during the year in relation to the Ageas approach and subsequent Aviva offer, which could easily have impacted the Group's ability to deliver on our key priorities.

Following extensive discussion, the Committee determined that the 86.4% overall outcome appropriately reflects the performance of the Executive Directors, senior leadership team and wider employees in delivering in an extremely challenging environment and unprecedented year for the Group, and therefore did not exercise discretion to adjust this outcome. In line with the Policy, 40% of any AIP for the Executive Directors will be deferred for three years under the Deferred Annual Incentive Plan ("**DAIP**").

As noted above, the AIP outturn also impacts around 3,400 employees below Board level and the Committee was pleased to be able to recognise the performance of all of our colleagues in delivering our 2024 results, noting that the 2022 and 2023 AIP outturns were 0% and 15% respectively. Full details on the outcomes for the year are included on pages 122 to 123.

2021 and 2022 LTIP

The 2021 LTIP awards were granted in two tranches in March and August 2021 and were subject to RoTE (60% weighting) and relative TSR (40% weighting) performance. The performance period for the RoTE element of the awards ended on 31 December 2023 was disclosed in last year's report (0% vesting). The performance period of the TSR element of the 2021 LTIP awards ended on 26 March 2024 and 31 August 2024. Performance was below the threshold performance level (median) for both awards, and therefore these elements lapsed in full. This means that the overall outcome of the March and August 2021 LTIP awards was 0% vesting.

The 2022 LTIP awards were also granted in two tranches in March and August 2022, and were subject to RoTE (50% weighting), relative TSR (40% weighting) and Emissions (10% weighting) performance. The performance period for the RoTE and emissions elements of the 2022 LTIP awards ended on 31 December 2024, with performance as follows:

- RoTE (50% weighting): Average RoTE for the three-year performance period ending 31 December 2024 was minus 3.63%. This is below the threshold target level of 17.5%, and therefore this element will lapse in full.
- Emissions (10% weighting): All of the 3 emissions metric targets were met and therefore this element will vest at 100%.

The performance period of the TSR element of the 2022 LTIP awards (40% weighting) ends on 28 March 2025 and 29 August 2025 (or shortly before completion of the potential Aviva acquisition if earlier) respectively and is therefore not yet known. The outcome of these elements, and therefore the overall outcome of the 2022 LTIP awards (including the RoTE and emissions outcomes as above) will be disclosed in next year's report (subject to the status of the Aviva acquisition) once the performance period is complete.

Committee decisions on remuneration outcomes

As noted above, the overall AIP outcome was considered appropriate and therefore no discretion to adjust the outcome was exercised.

The 0% vesting outcomes for the 2021 LTIP awards were considered appropriate in the light of the Group's performance over the three-year performance period, and therefore no discretion to adjust the outcome was exercised in relation to these awards.

Although the RoTE element (50% weighting) of the 2022 LTIP awards will lapse, the full vesting in relation to the emissions metric (10% weighting) reflects the strong progress on our environmental targets and commitment to sustainability.

The extent to which the TSR elements (40% weighting) vest will be considered by the Committee in March and August 2025 (or shortly before completion of the potential Aviva acquisition if earlier), as the TSR performance period continues until the vesting date.

Taking the points above into account, the Committee believes the Policy has delivered an appropriate quantum of reward for the corporate performance achieved. The Committee was therefore satisfied that the Group's Remuneration Policy has operated as intended.

Wider workforce pay considerations and engagement for 2024

The Committee regularly and carefully considers wider employee pay as context for the decisions it makes.

As part of the wider Committee oversight on all-employee pay matters, the Committee is pleased to confirm that the Group will apply an increase to the Group's minimum salary of 5% from 1 April 2025, to align with the Living Wage Foundation's Real Living Wage. This will result in the Group-wide minimum salary increasing to £24,570 on a full-time basis (for a 37.5hr working week).

For employees who earn above the minimum salary, all eligible employees will receive a salary increase of between 3.5%-4.0% effective 1 April 2025.

As Chair of the Committee, I have attended at least one meeting of the Group's Employee Representative Body ("**ERB**") each year since 2018. The Group's ERB is a valued forum for having a two-way dialogue on many important matters. I attended the ERB meeting in December 2024, where I discussed executive remuneration with colleagues and took questions. The Q&A session covering topics such as the alignment of pay and performance and the possible impacts of the potential Aviva acquisition. Feedback was shared on how people are experiencing the level of ongoing change in the business as well as the response to the enhanced communication strategy.

The outcome of our DiaLoGue People Survey is an important factor for the Committee to reflect on and it has been kept abreast of matters by the Chief People Officer and Chief Executive Officer throughout the year.

Our existing workforce engagement is strengthened through "town halls" and other forums. To supplement this, the Committee receives papers setting out details of all-employee pay and workforce policies across the Group at each meeting. For 2024 this included information on the Group's gender and ethnicity pay gaps, the approach to 2025 salary increases for the wider workforce, as well as reward design changes to support in driving a high-performance culture. This standing agenda item provides valuable insight and context for framing executive pay and policies.

Directors' Remuneration Policy (the "Policy")

The Company is required to submit the Directors' Remuneration Policy to a shareholder vote by 31 December 2026 (and ordinarily at the 2026 AGM) in accordance with the Companies Act 2006.

In the context of the potential Aviva acquisition, the Committee will keep under review the appropriate approach given the current uncertainty in the precise timing of completion.

A summary of the current Policy is set out on pages 138 to 141.

Executive Director changes

As explained in last year's report, Adam Winslow was appointed to the Board as Chief Executive Officer on 21 March 2024. Acting CEO Jon Greenwood stepped down from the Board on the same date and returned to a non-Board role.

As announced on 10 April 2024, Jane Poole was appointed to the Board as Chief Financial Officer on 10 October 2024. In setting Jane's remuneration, the Committee considered her wealth of experience in general insurance, market data in respect of FTSE51-150 companies and other FTSE350 insurers, the previous CFO's remuneration package, our Directors' Remuneration Policy and the pay and conditions of the wider workforce. Taking these factors into account, Jane's salary was set at £550,000, broadly in line with the previous CFO.

In accordance with the Directors' Remuneration Policy, Jane receives pension contributions (or cash in lieu) in line with the wider workforce (9% of salary) and her variable remuneration opportunities (AIP and LTIP) are in line with the current Directors' Remuneration Policy. Jane also received buyout awards to compensate for awards forfeited from her previous employer in connection with her appointment at DLG. Further details are set out on page 134.

Neil Manser stepped down as CFO and from the Board on 10 October 2024 and commenced his 12-month notice period. He completed a handover period to the new CFO to assist with an orderly transition and was then placed on garden leave for the remainder of his notice period. His employment will cease on 9 October 2025.

Neil will retain his 2022 DAIP and LTIP awards, which will vest on the normal vesting dates and (in the case of the LTIP) subject to the relevant performance conditions and a two-year post-vesting holding period. In light of the Company's announcement on 23 August 2024 relating to the misstatement of the Company's Solvency Ratio for the 2023 financial year, and following a review process conducted with external support and advice, the Committee considered whether any actions in relation to variable pay were appropriate. The Committee determined that the malus provisions under the DAIP rules should be applied in relation to Neil's DAIP award granted in 2024 in respect of the deferred element of the 2023 AIP, and therefore this award has lapsed in full. In addition, Neil's LTIP awards granted in 2023 and 2024 will lapse on cessation of employment. He will not receive a payment under the AIP in respect of the financial year ended 31 December 2024 and will not be eligible to participate in the 2025 AIP or LTIP awards.

Further details of Neil's terms in relation to his departure are provided on page 133.

Potential Aviva acquisition

In the context of the Aviva offer announced on 23 December 2024, the Remuneration Committee has been discussing the impact that the transaction would have on our remuneration arrangements for Executive Directors, senior leadership and the wider workforce. This will continue to be an area of focus for the Committee during 2025 as we work towards completion. The agreed principles for the treatment of remuneration in connection with the transaction are set out in the co-operation agreement agreed by Direct Line and Aviva in December 2024, but do not impact the 2024 outcomes set out in this report.

Executive Director remuneration for 2025

The Committee carefully considered salary increases for the Executive Directors (and the Executive Committee) for 2025 and determined that Adam Winslow and Jane Poole should receive an increase of 3.5% (below the wider workforce level) from 1 April 2025.

Over the summer, (and prior to the Aviva approach), the Committee undertook a review of our remuneration arrangements, taking into consideration the new strategy outlined at the Capital Markets Day in July. The Committee concluded that it is critical that our new CEO and CFO and newly appointed wider management team have a meaningful incentive that aligns with delivering the key transformation objectives over the next 1-3 years, recognising that the performance required to achieve this transformation goes far beyond "business as usual" and the need to ensure the remuneration package is competitive in this context.

In view of the exceptional circumstances, the Committee therefore proposed to use the exceptional 300% of salary limit for LTIP awards in the Policy for Executive Directors (above the normal grant level of 200% of salary). We were part way through a consultation with our major shareholders and proxy agencies when the initial Aviva announcement was made. Up to that point, shareholders had been broadly supportive of the proposal to grant awards at this level, with differing views on the appropriate performance measures to be used. However, given the Aviva approach, it was appropriate to pause the consultation.

Although agreement has been reached on the terms of an offer by Aviva for Direct Line, the Committee strongly believes that the 2025 LTIP awards must operate effectively in all scenarios, noting that the acquisition is still subject to shareholder and regulatory approval. The Committee determined that the 2025 LTIP awards would be granted at 300% of salary for the Executive Directors, in line with the Committee's original intention.

Further details on the approach for the 2025 AIP and LTIP awards are set out on pages 136 to 137.

Committee performance

During the year, an evaluation of the effectiveness of the Committee was facilitated by Promontory, as part of their wider review of the Board's effectiveness. The review found the Committee to be well structured with a good awareness of the remuneration of the wider workforce. Further information about the Board effectiveness review can be found on pages 97 to 98.

The Committee's terms of reference can be found on the corporate website: www.directlinegroup.co.uk/en/who-we-are/leadership/board-committees

Your AGM vote

The Committee welcomes investor feedback on an ongoing basis and this report seeks to describe and explain our remuneration decisions clearly. I hope that having read the information in this report, you will vote in support of the Remuneration Report resolution at the upcoming AGM.

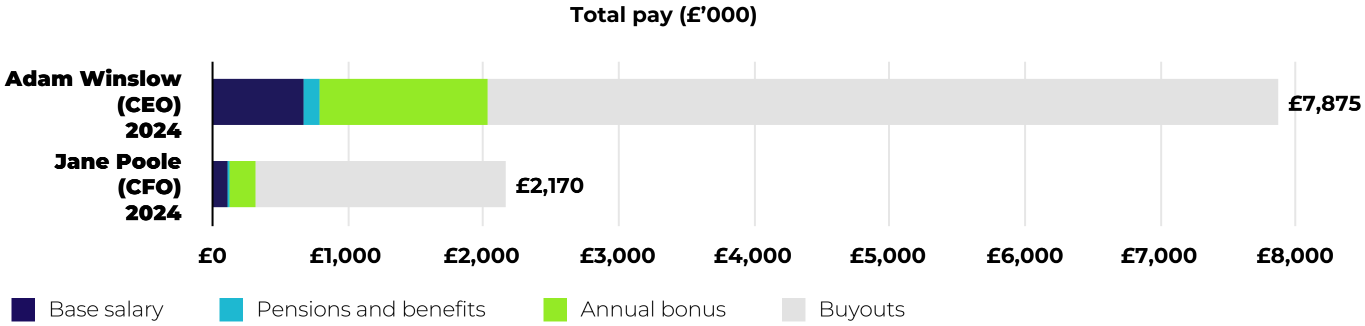
Should you have any questions about the Committee's Report please email our AGM email address shareholderenquiries@directlinegroup.co.uk and I or one of my colleagues at Direct Line Group will respond to you.

Yours sincerely,

Dr Richard Ward
Chair of the Remuneration Committee and Senior Independent Director

Remuneration at a glance

Remuneration outcomes for 2024



Find out more on page 121.

Notes:

1. Adam Winslow was appointed as CEO effective 21 March 2024. His remuneration has been pro-rated accordingly for this period.
2. Jane Poole was appointed CFO effective 10 October 2024. Her remuneration has been pro-rated accordingly for this period.

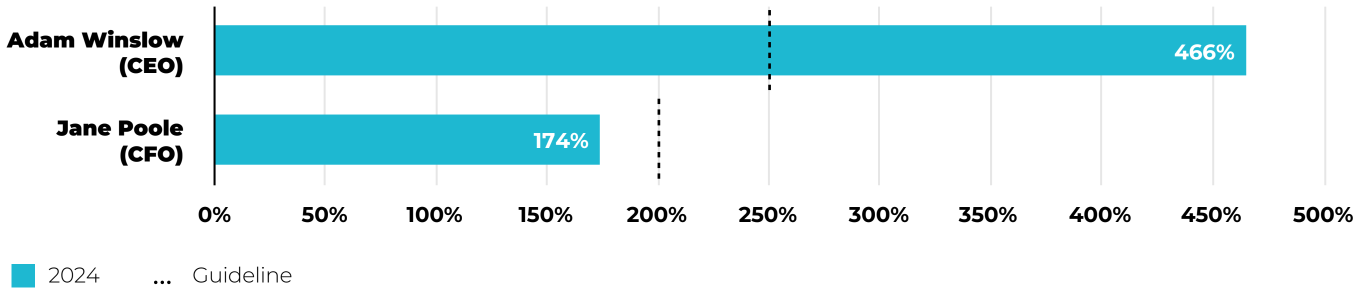
AIP achievement

This chart illustrates the actual amounts earned from the AIP reflecting performance in 2024. 60% of the amount is payable in March 2025 and 40% will be deferred into shares for three years.

Find out more on page 122 to 123.

Shareholding at 31 December 2024

This chart illustrates the number of shares held at the end of 2024 by the Executive Directors against the share ownership guidelines of 250% of salary for the CEO and 200% of salary for the CFO.



Find out more on page 129.

Annual Report on Remuneration

Introduction

We have prepared this Report in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) (the "**Regulations**"). The Report also meets the relevant requirements of the Listing Rules of the FCA and describes how the Board has complied with the principles and provisions of the Corporate Governance Code 2018 relating to remuneration matters. Remuneration tables subject to audit in accordance with the relevant statutory requirements are contained in this report and stated to be audited. Unless otherwise stated, the information within the Report is unaudited.

Committee members and governance

The following list details members of the Committee during 2024. You can find information about each member's attendance at meetings on pages 84-85. You can find their biographies on pages 77 to 80.

Committee Chair
Dr Richard Ward
Non-Executive Directors
Danuta Gray
Tracy Corrigan
Mark Gregory
Carol Hagh (from 1 November 2024)
Mark Lewis

Advisers to the Committee

The Committee consults with the Chief Executive Officer, the Chief Financial Officer, the Chief People Officer, and senior representatives of the HR, Risk and Finance functions on matters relating to the appropriateness of all remuneration elements for Executive Directors and Executive Committee members. No Director or other attendee is present when their remuneration is discussed. The Committee works closely with the Chair of the Audit Committee, and the Board Risk Committee Chair is a member of the Remuneration Committee. Input was received regarding target-setting and payouts under incentive plans, and whether it is appropriate to apply malus and/or clawback. The Remuneration and Board Risk Committees can also hold joint meetings to consider matters of common interest.

The Committee appointed PricewaterhouseCoopers LLP ("**PwC**") as its independent adviser from 1 January 2019 following a competitive tender process.

During the year, PwC advised on market practice, corporate governance and regulations, incentive plan design and target-setting, recruitment, and other matters that the Committee was considering. PwC supported the Group in several ways, including the provision of internal audit, risk and controls, tax and actuarial services during 2024. PwC is a member of the Remuneration Consultants Group and a signatory to its Code of Conduct and the Committee is therefore satisfied that the advice PwC provided was objective and independent from the Group and its Directors.

PwC's total fees for remuneration-related advice in 2024 were £198,650 excluding VAT. PwC charged its fees on a time and expenses basis.

Implementing Policy and pay outcomes relating to 2024 performance

Single figure table (Audited)

£'000		Salary[1]	Benefits[2]	Annual bonus[3,5,7]	Long-term Incentives	All-employee share plans	Pension	Buyout awards[8,9]	Other[12]	Fixed pay and benefits sub-total	Variable remuneration sub-total	Total
Adam Winslow[4]	2024	683	55	1,240	–	1	62	5,835	–	800	7,075	7,875
	2023	–	–	–	–	–	–	–	–	–	–	–
Jane Poole[6]	2024	124	1	187	–	0	11	1,848	–	135	2,035	2,170
	2023	–	–	–	–	–	–	–	–	–	–	–
Jon Greenwood[10]	2024	160	32	240	–	0	14	–	–	206	240	446
	2023	668	125	177	0	1	60	–	–	854	177	1,031
Neil Manser[11]	2024	419	2	0	–	1	38	–	(55)	460	(55)	405
	2023	527	2	138	0	1	47	–	–	577	138	715

Notes:

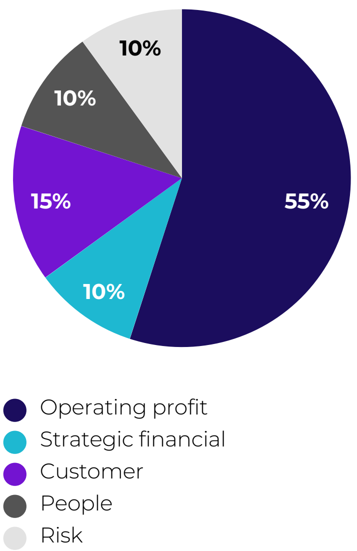
1. Salary – the Company operates a flexible benefits policy, and salary is reported before any personal elections are made.
2. Benefits – include a private medical insurance, life assurance, income protection, health screening and discounted insurance. The CEO uses a car service for travelling on journeys between home and office; the Group also paid for any associated tax liability on this benefit. Jon Greenwood's benefits also included a car allowance. Whilst Acting CEO, Jon Greenwood received reimbursement of reasonable travel and accommodation expenses between his home in the North of England and the Group's London office to reflect the interim nature of this role; the Group also paid for any associated tax liability on this benefit. The total cost to provide this travel and accommodation benefit in 2024 to 21 March 2024, being the date he stepped down from the Board, was £23,467. The Acting CEO also received an allowance of £25,000 per annum (payable monthly, £5,511 received in respect of 2024) to reflect the significant disturbance to Jon and his family as a result of spending the majority of his time in London.
3. Annual bonus – includes amounts earned for performance during the year but deferred for three years under the DAIP. For more information, see pages 122 to 123. These deferred awards are normally subject to continuous employment. Awards remain subject to malus and clawback.
4. Adam Winslow joined DLG on 1 March 2024 and was appointed to the Board on 21 March 2024. In accordance with the reporting regulations, his fixed pay and benefits shown above relate to his services as the CEO from 1 March 2024.
5. As agreed as part of his recruitment terms, Adam Winslow was eligible for a full-year bonus for 2024, as no buyout award in respect of the 2024 bonus forfeited from his previous employer was made.
6. Jane Poole joined the Board on 10 October 2024. Her fixed pay and benefits shown above reflect this period.
7. The annual bonus figure for Jane Poole is pro-rated from the date she joined DLG and was appointed to the Board.
8. Buyout awards – this relates to the value of the buyout awards made to Adam Winslow as compensation for awards forfeited from his previous employer upon joining DLG. This includes compensation for his 2023 bonus which was delivered, 50% in cash and 50% deferred into shares, in 2024. Also included are the share awards granted as compensation for the share awards Adam forfeited. These buyout awards are detailed on page 128.
9. Buyout awards – this relates to the value of the buyout awards made to Jane Poole as compensation for awards forfeited from her previous employer upon joining DLG. This includes an estimated payment in lieu of the 2024 bonus forfeited, pro-rated to the date she joined DLG, assumed for these purposes to be at the maximum level (£510,328). The actual payment will be confirmed in next year's report (subject to the status of the Aviva acquisition). Also included are the share and cash awards granted as compensation for the share awards Jane forfeited. These buyout awards are detailed on page 128.
10. Jon Greenwood stepped down from the Board effective 21 March 2024 and returned to a below-Board role. His remuneration has been pro-rated accordingly for this period.
11. Neil Manser stepped down from the Board on 10 October 2024. His remuneration has been pro-rated accordingly for this period. Details of Neil's exit arrangements can be found on page 133.
12. Other – this relates to the value of the malus adjustment applied to Neil Manser's 2024 DAIP award in respect of the deferred element of the 2023 AIP which has lapsed in full as detailed on page 133.

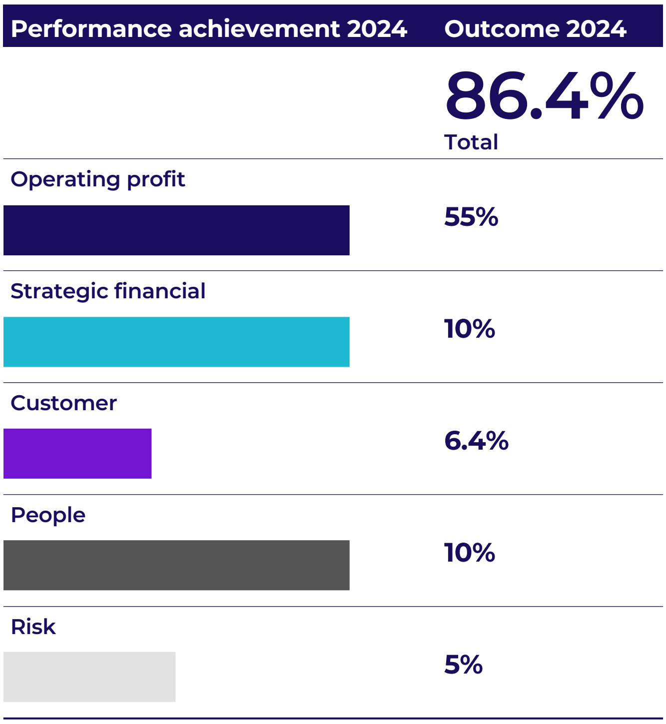
Each Executive Director has confirmed they have not received any other form of remuneration from the Group in relation to their services as a Director, other than that already disclosed in the single figure table.

Annual Incentive Plan outcomes for 2024 (Audited)

The chart illustrates the final assessment, performance measures and weightings under the AIP.

Performance measures and weighting





Executive Director	Achievement under the 2024 AIP	2024 AIP payment
Adam Winslow	86.4%	£1,239,840
Jane Poole	86.4%	£186,809
Jon Greenwood	86.4%	£239,607
Neil Manser	–	–

Notes:

1. The AIP for Jon Greenwood is pro-rated to reflect the period to 21 March 2024, being the date he stepped down from the Board.
2. 40% of any AIP award is deferred into shares under the DAIP, vesting three years after grant.

Operating profit (55% weighting)

The primary financial performance measure for 2024 was operating profit for ongoing operations. The Committee established threshold and maximum performance levels at the start of the year considering internal budgets and analysts' consensus forecasts. The original targets were £179.1m for threshold and £268.7m for maximum. As outlined in the Chair's statement, the Committee reviewed the original targets, conscious of the updated Strategic Plan that was now in place following Adam Winslow's appointment. The Committee determined that the original targets were no longer appropriate or incentivising, noting that the targets are applicable to all AIP participants. The Committee therefore approved an amended set of performance targets, as outlined in the table below. Further details on this decision are set out in the Chair's Statement.

The approach taken to assessing financial performance against this measure was based on a straight-line outcome between 10% for threshold performance and 100% for achievement of maximum performance.

The table below sets out the threshold and maximum performance targets for the year, and the actual performance achieved.

Measure	Threshold 10%	Maximum 100%	2024 Actual	2024 Achievement
Operating Profit	£160m	£200m	£205m	100%

Cost savings

(10% weighting)

Achieve at least £100m gross cost savings by the end of 2025 on an annualised run-rate basis.

- The Group's cost saving programme aimed at simplifying the organisation and achieving the cost savings ambition set out at the Capital Markets Day has made strong progress over 2024. Noting the 2025 nature of the £100m ambition, the Committee set a cost target for 2024 as follows:

Threshold (0%)	Target (55%)	Maximum (100%)	2024 Actual	2024 Achievement
<£949m	£949m	£929m	£891m	100%

- This has been delivered by:
  - **Refining procurement:** By making improvements in our procurement processes.
  - **Digitalisation:** We have invested in digital distribution channels to improve customer accessibility, streamline our operations and enhance the overall customer experience. This includes the launch of two apps which have been downloaded almost 300,000 times to date.
  - **Rationalising technology:** Reduction in costs by removing legacy technology systems and leveraging our existing platforms.
  - **Simplifying our operating model:** Our drive to create a leaner, less complex, and more efficient operating model is well advanced, with consultations now complete as part of a reduction of 550 roles.

2024 outcome: 100% (10% out of 10%)

Customer

(15% weighting)

To better align focus of our leadership teams on delivery of customer experience

Net promoter score (10% weighting)

- The Committee set a target to achieve a Group NPS score of 52 by the end of 2024 and a stretch target of 53 – end of year Group NPS was just above the target level a 52.1.
- Underlying NPS score targets by brand are considered commercially sensitive, but strong performance was delivered in Rescue and in Churchill, with weaker performance in Direct Line.

Complaints (5% weighting)

- The Committee set a target performance level of 4.5 complaints per 1000 in force policies (based on 2024 as a whole). Actual performance was in excess of this level (5.4 per 1000), although the Committee noted a positive trajectory in reducing complaints during H2 2024.
- The Committee recognised that the outcome against the complaints metric was impacted by lower levels of capacity across the motor repair industry and high inflation which drove price related complaints. The impact of both led to higher resulting call volumes, leading to longer wait times.
- Nevertheless, the Committee concluded that the overall performance did not warrant any payout in respect of this element of the AIP.

2024 outcome: 43% (6.4% out of 15%)

People

(10% weighting)

A range of indicators around employee engagement, reflecting the importance of this agenda to the success of the Group

Performance was assessed based on two key areas:

- **Employee engagement:** Employee engagement score of 72 (target: 72, 2023: 70). Overall engagement among colleagues rose by 2 points since February 2024. The response rate has remained fairly consistent in 2024, with a slight increase from 81% to 82% between February and September. The Committee considered this an exceptional result given the uncertainty for colleagues following the Ageas non-binding offer in March 2024 and the proposed changes to the business operating model. It should also be noted that the DiaLoGue surveys occurred prior to the Aviva announcement, however the feedback about the engagement programme and communication that has taken place with colleagues post-announcement continues to be extremely positive.
- **Confidence in Senior Leadership:** Score of 71 (target: 69, 2023: 61). Given DLG's ongoing period of transformation and turnaround, highly effective leadership remains critical. In 2024, we focused on uplifting leadership capability, specifically focusing on the Enterprise Leaders Network ("**ELN**") and ExCo populations. Our September 2024 DiaLoGue survey reported a significant 10-point increase in confidence in our senior leadership since February 2024, reflecting the significant efforts taken by the new Executive Committee team to foster a culture of open, honest engagement and communication.

2024 Outcome: 100% (10% out of 10%)

Risk

(10% weighting)

Continuously strengthen risk and controls

- In 2024, we sought to further embed a sustainable risk culture and promote continuous strengthening of the risk & controls.
- Performance was assessed based on 5 indicator metrics:
  - % of planned RCSAs completed – Outcome: Fully achieved
  - % of planned 'Controls Assurance' activities completed – Outcome: Partially achieved
  - Timely recording of Risk Events on the Group's risk management system – Outcome: Broadly achieved
  - Timely raising of MAPs and subsequent closure – Outcome: Partially achieved
  - Timely closure of Line 2 risk recommendation – Outcome: Fully achieved

2024 outcome: 50% (5% out of 10%)

Note:

1. Group total operating expenses, acquisition expenses, and claims handling expenses, adjusted to exclude restructuring and one-off costs, commission expenses and costs associated with the Brokered commercial business, Motability and By Miles.

LTIP outcomes for 2024 (Audited)

2021 LTIP awards (vesting in 2024)

Awards under the LTIP granted in March and August 2021 vested during 2024. They were subject to relative TSR performance over the three-year period from the date of grant, and average RoTE performance over 2021, 2022 and 2023.

Consistent with the Regulations, the expected RoTE vesting outcomes for the year ended 31 December 2023 (together with the TSR elements from the 2020 awards) were disclosed last year and included in the 2023 LTIP column of the single figure table because the performance period for these elements ended in 2023. The performance outcomes of these elements are included in the table below. Jon Greenwood and Neil Manser were participants in the 2021 LTIP awards (although Jon Greenwood's awards were granted prior to his appointment as Acting CEO).

The TSR elements of the 2021 awards (and the RoTE and emissions elements of the 2022 LTIP awards – see below) are included in the 2024 single remuneration figure because the performance period for those elements ended in 2024. Details of the targets and performance achieved are set out in the table below. As above, Jon Greenwood and Neil Manser were participants in the 2021 LTIP awards, but the performance period ended after Jon Greenwood stepped down from the Board (and therefore the outcome is not included in the 2024 LTIP column of single figure table for him in accordance with the Regulations, albeit the outcome was zero).

The performance achieved against the targets was as follows:

Award	Performance measure	Weighting	Threshold (20% of maximum)	Maximum (100% of maximum)	Actual performance	Achievement	Outcome
March 2021	RoTE (2023 single figure)	60%	17.5%	20.5%	0.9%	0.0%	0.0%
	Relative TSR (2024 single figure)	40%	Median	Upper quintile	Below median	0.0%	0.0%
August 2021	RoTE (2023 single figure)	60%	17.5%	20.5%	0.9%	0.0%	0.0%
	Relative TSR (2024 single figure)	40%	Median	Upper quintile	Below median	0.0%	0.0%

2022 LTIP awards (vesting in 2025)

Awards under the LTIP granted in March and August 2022 are subject to relative TSR performance over the three-year vesting period, and average RoTE performance over 2022, 2023 and 2024 and progress on our emission targets to 31 December 2024. The performance in respect of the RoTE and emissions elements are set out in the table below. Performance under the relative TSR measure will be assessed at the end of the vesting periods in March 2025 and August 2025 respectively (or shortly before completion of the potential Aviva acquisition if earlier) and will be disclosed in the 2025 Directors' Remuneration Report. Vesting is subject to the Committee's satisfaction that the financial and risk underpins have been met at the end of the vesting period.

Consistent with the Regulations, the expected RoTE and emissions vesting outcomes for the 2022 LTIP awards (together with the TSR elements from the 2021 awards above) are included in the 2024 single remuneration figures. You can find details of this on page 121.

Jon Greenwood and Neil Manser were participants in the 2022 LTIP awards (although Jon Greenwood's awards were granted prior to his appointment as Acting CEO). As the performance period ended after Jon Greenwood and Neil Manser stepped down from the Board, in accordance with the Regulations, the outcome is not included in the 2024 LTIP column of single figure table.

Award	Performance measure	Weighting	Threshold (20% of maximum)	Maximum (100% of maximum)	Actual performance	Achievement	Outcome
March 2022	RoTE (average) (2024 single figure)	50%	17.5%	20.5%	(3.6%)	0.0%	0.0%
	Emissions	10.0%	1 out of 3	3 out of 3	3 out of 3	100.0%	10.0%
	Relative TSR (2025 single figure)	40%	Median	Upper quintile	Performance period not yet complete		
August 2022	RoTE (average) (2024 single figure)	50%	17.5%	20.5%	(3.6%)	0.0%	0.0%
	Emissions	10.0%	1 out of 3	3 out of 3	3 out of 3	100.0%	10.0%
	Relative TSR (2025 single figure)	40%	Median	Upper quintile	Performance period not yet complete		

LTIP awards granted during 2024 (Audited)

The table below shows awards granted under the LTIP to Executive Directors in 2024 in the form of nil-cost options. Prior to granting the awards, the Committee considered the potential for windfall gains and determined that it would not be appropriate to make an adjustment at the time of grant, and will instead review whether there has been a "windfall gain" at the time of vesting (to the extent that the performance conditions have been met).

		Awards granted in 2024 under the LTIP[1]		
Director	Position	Award as % of salary	Number of shares granted	Face value of awards (£)
Adam Winslow	Chief Executive Officer	200%	858,638	£1,640,000
Jane Poole	Chief Financial Officer	200%	668,693	£1,100,000
Neil Manser	Chief Financial Officer	200%	572,108	£1,092,728

Notes:

1. The number of shares awarded was based on the average share price in the three-day period prior to grant. This was £1.91 for the award granted to Adam Winslow and Neil Manser on 5 April 2024, and £1.65 for the award granted to Jane Poole on 11 November 2024.
2. Neil Manser's LTIP award will lapse on cessation of his employment. Further details are set out on page 133.

The performance conditions that apply to the LTIP awards granted in 2024 are set out below:

	Performance conditions for awards granted in 2024 under the LTIP		
Performance Measure	Proportion of award	Performance for threshold vesting (20%)	Performance for maximum vesting (100%)
RoTE (2026)	25%	15.0%	22.0%
Operating earnings per share (2026)	25%	24.0p	30.0p
Expense ratio (2026)	20%	27.0%	23.9%
TSR vs. FTSE 51-150 (excluding Investment Trusts)	20%	Median	Upper quintile
Emissions	10%	1 out of 3 targets are met	All 3 targets are met

Note:

1. Emissions targets are:
   a. Operational Scope 1 and 2: Reduce Scope 1 emissions by 38% by 2026 versus the 2019 baseline.
   b. Corporate bonds (Scope 1 and 2): Reduce Scope 1 + 2 portfolio temperature score by invested value within corporate bonds portfolio from 2.44°C in 2019 to 2.16°C in 2026.
   c. Corporate bonds (Scope 1, 2 and 3): Reduce Scope 1 + 2 + 3 portfolio temperature score by invested value within corporate bonds portfolio from 2.80°C in 2019 to 2.40°C in 2026.

A straight-line interpolation occurs from threshold to maximum performance.

The performance period for the awards granted on 5 April 2024 will end on 31 December 2026 for all performance measures.

DAIP awards granted during 2024 (Audited)

The table below shows the deferred share awards granted under the DAIP to Executive Directors on 5 April 2024 in respect of 40% of the 2023 AIP. Awards will vest after three years, normally subject to continued service, and were granted in the form of nil-cost options.

		Awards granted in 2024 under the AIP[1]	
Director	Position	Number of shares granted	Face value of deferred bonus (£)
Jon Greenwood[2]	Acting Chief Executive Officer	38,560	73,651
Neil Manser[3]	Chief Financial Officer	289,482	55,292

Notes:

1. The number of shares awarded was based on the average share price in the three-day period prior to grant, which was £1.91. In accordance with the DAIP rules, dividends in respect of the deferred shares are reinvested in additional shares, which vest when the deferred shares vest.
2. The face value of the DAIP represents the deferred element (40%) of Jon Greenwood's full year 2023 AIP. The 2023 AIP value in the single figure table on page 121 represents the pro-rated AIP for the period from 27 January 2023 from which he was Acting CEO.
3. As outlined in the Chair's Statement and on page 133, the Committee determined that the malus provisions under the DAIP rules should be applied in relation to Neil's DAIP award granted in 2024 in respect of the deferred element of the 2023 AIP, and therefore this award has lapsed in full.

Direct Line Group 2012 Share Incentive Plan ("SIP") (Audited)

During 2024, all employees, including Executive Directors, were eligible to invest from £10 to £150 a month from their pre-tax pay into the scheme, and receive one matching share for every two shares they purchased in the form of a conditional share award. The matching shares vest after 3 years subject to continued employment and continuing to hold the purchased shares. This table details the number of shares held by the current and former Executive Directors under the SIP.

	Matching shares granted during the year	Matching shares cancelled during the year	Value of matching shares granted (£)[1]	Total number of matching shares at 31 December 2024[2,3]
Adam Winslow	312	–	600	312
Jane Poole	29	–	73	29
Jon Greenwood	90	–	150	1,268
Neil Manser	360	–	674	1,362

Notes:

1. The total market value of matching shares granted at the time of each award. Purchase of the matching shares takes place within 30 days of the contributions being deducted from salary.
2. Matching shares which are subject to forfeiture.
3. Jon Greenwood stepped down from the Board on 21 March 2024 and Neil Manser stepped down from the Board on 10 October 2024. The interests shown here are as at those dates respectively.

Directors' share interests (Audited)

Executive Directors commit not to hedge their exposure to outstanding awards under these plans or in respect of shares they are reporting to the Company within their ownership for the purposes of any share ownership guidelines. They also agree not to pledge as collateral their participation under any of the plans or any shares which they are required to hold in the Company for any purposes, including for share ownership guidelines. The table below sets out details of the Executive Directors' share interests exercised whilst serving as a Director in the year to 31 December 2024.

	At 31 December 2024				Share plan interests exercised whilst serving as a Director during the year to 31 December 2024	
	Share plan awards subject to performance conditions[1,2,3]	Share plan awards subject to continued service[1]	Share plan awards vested but unexercised[1]	Shares held outright[4]	Number of options exercised[1]	Share price on date of exercise (£)[5]
Adam Winslow	858,638	1,830,090	–	516,799	965,619	2.03
Jane Poole	668,693	708,537	–	59	–	–
Jon Greenwood[6]	1,318,972	76,883	–	169,232	–	–
Neil Manser[7]	433,683	100,480	–	366,794	50,476	1.98

Notes:

1. These awards take the form of nil-cost options over the Company's shares. Such awards accrue dividend entitlement from the grant date to the date on which an award vests, or the end of the applicable holding period. Dividends added post vesting are shown to 31 December 2024 but are not realised until exercise.
2. LTIP awards granted to Executive Directors include an additional two-year holding period before awards may be released.
3. Unvested awards subject to performance conditions represent LTIP awards.
4. Shares held outright include beneficial share interests acquired under the SIP. At 3 March 2025, the number of shares beneficially held by Adam Winslow has increased to 516,910, and the number of shares held by Jane Poole has increased to 169. There are no other changes in the Directors' interests as set out above between 1 January 2025 and 3 March 2025.
5. Neil Manser exercised options on 28 March 2024. Adam Winslow exercised options on 21 May 2024.
6. The above share plan interests for Jon Greenwood are as at 21 March 2024 being the date he stepped down from the Board.
7. The above share plan interests for Neil Manser are as at 10 October 2024 being the date he stepped down from the Board, and exclude awards which have lapsed in connection with his departure.

The table below shows the Non-Executive Directors' beneficial interests in the Company's shares[1].

Director	**Shares held at 31/12/2024**	Shares held at 31/12/2023
Danuta Gray	**26,500**	26,500
Tracy Corrigan	**–**	–
Mark Gregory	**–**	–
Carol Hagh	**10,000**	–
Adrian Joseph	**–**	–
Mark Lewis	**–**	–
Fiona McBain	**–**	–
David Neave	**–**	–
Gregor Stewart	**2,925**	2,925
Richard Ward	**–**	–

Notes:

1. This information includes holdings of any connected persons, as defined in section 253 of the Companies Act 2006.
2. There were no changes to the above between 1 January 2025 and 3 March 2025.

Buyout awards (Audited)

Adam Winslow

The table below details the awards made to Adam Winslow, granted on 5 April 2024, as compensation for awards forfeited from his previous employer (Aviva), as set out in last year's report. The awards were made in the form of restricted stock options. The awards granted to replace forfeited deferred bonus awards are not subject to performance conditions, in line with the terms of the original awards. For the remaining awards, which were subject to performance assessment, the 2021 LTIP was based on the performance disclosed in the 2023 Aviva Directors' Remuneration Report, and the 2022 and 2023 LTIPs were based on an estimated performance outturn. The final values shown here have been updated from the estimated values given last year. All awards will accrue dividend equivalents, in line with the original award terms.

Award	Three-day average share price for grant of awards £	Face value award £	No. of share options granted	Vesting date
Deferred bonus 2021	1.913	162,515	84,953	8/4/2024
Deferred bonus 2022	1.913	160,169	83,726	8/4/2024
LTIP 2021	1.913	1,524,548	796,940	8/4/2024
Deferred bonus 2021	1.913	162,515	84,953	21/3/2025
Deferred bonus 2022	1.913	160,169	83,726	21/3/2025
LTIP 2022	1.913	1,204,839	629,816	21/3/2025
Deferred bonus 2023	1.913	162,500	84,945	28/3/2025
Deferred bonus 2022	1.913	160,169	83,727	20/3/2026
LTIP 2023	1.913	1,325,177	692,721	20/3/2026
Deferred bonus 2023	1.913	162,500	84,945	27/3/2026
Deferred bonus 2023	1.913	162,500	84,945	25/3/2027

In addition to the above, as disclosed in last year's Directors' Remuneration Report, Adam was compensated for the 2023 bonus he forfeited from his previous employer. The value was determined by the Committee with reference to the Aviva Group CEO 2023 annual bonus outcome (prior to any personal performance adjustment) following publication of Aviva's 2023 annual report. The Committee also considered the performance of the business unit Adam led, and considered that this would have led to an upwards adjustment to his bonus. On this basis, the Committee approved an outturn at the maximum level. The resultant value of this award (£975,000) was delivered 50% in cash and 50% deferred into shares (i.e. an award of 254,835 DLG shares in three equal tranches, made on 5 April 2024, which are detailed in the table above).

Jane Poole

The table below details the awards made to Jane Poole, granted on 11 November 2024, as compensation for awards forfeited from her previous employer (Aviva). The awards were made in the form of restricted stock options, and are not subject to performance conditions, in line with the terms of the original awards. The awards will accrue dividend equivalents, also in line with the original award terms.

Award	Three-day average share price for grant of awards £	Face value award £	No. of share options granted	Vesting date
Deferred bonus 2022	1.645	50,081	30,444	21/3/2025
Deferred bonus 2023	1.645	73,867	44,903	21/3/2025
LTIP 2022	1.645	246,996	150,149	21/3/2025
Deferred bonus 2024	1.645	67,991	41,332	28/3/2025
LTIP 2022	1.645	41,199	25,044	11/8/2025
LTIP 2024	1.645	125,791	76,468	22/9/2025
Deferred bonus 2023	1.645	73,872	44,906	20/3/2026
LTIP 2023	1.645	223,931	136,128	20/3/2026
Deferred bonus 2024	1.645	67,991	41,332	27/3/2026
LTIP 2024	1.645	125,791	76,468	22/9/2026
Deferred bonus 2024	1.645	67,996	41,334	25/3/2027

In addition to the above, Jane received cash payments of £46,183 and £125,791 in November 2024 as compensation for forfeited share awards which would have vested before her start date.

As outlined further on page 134, Jane will also be compensated for the 2024 bonus she forfeited from her previous employer on a pro-rata basis, delivered two thirds in cash and one third in shares (vesting in equal tranches on the anniversary of grant over a three-year period consistent with the original award). The maximum value of this award is £510,328. The final value of this award will be determined after the publication of the 2024 Aviva Directors' Remuneration Report and will be set out in next year's report (subject to the status of the Aviva acquisition). However, for the purpose of the estimate in the 2024 single figure table on page 121, we have included the maximum value (£510,328).

Non-Executive Directors (Audited)

Non-Executive Directors receive a basic fee plus additional fees for specific Board responsibilities and time commitments. The Chair of the Board receives a single fee. Non-Executive Directors may also claim for reasonable travel and subsistence expenses, in accordance with the Group's travel and expenses policy, and, where these are classified as taxable by HMRC, they are shown under 'Taxable benefits' below. The Non-Executive Directors receive no other benefits.

	Fees		Taxable benefits[2,3,4]		Total	
Director	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000
Danuta Gray	**350**	350	**19**	10	**369**	360
Tracy Corrigan	**103**	90	**–**	–	**103**	90
Mark Gregory	**135**	130	**–**	–	**135**	130
Carol Hagh[5]	**62**	–	**–**	–	**62**	–
Adrian Joseph	**85**	80	**1**	–	**86**	80
Mark Lewis[6]	**95**	68	**2**	4	**97**	72
Fiona McBain	**115**	110	**8**	14	**123**	124
David Neave[6]	**100**	29	**6**	3	**106**	32
Gregor Stewart	**120**	115	**15**	22	**135**	137
Richard Ward	**150**	150	**1**	–	**151**	150

Notes:

1. Non-Executive Directors are not eligible to participate in any of the Group's bonus or share incentive schemes or to join any Group pension scheme.
2. The values shown under 'Taxable benefits' above comprise the value of taxable travel and subsistence expenses reimbursed by the Company (including any gross-up for tax and national insurance contributions due).
3. The value of taxable benefits for Danuta Gray for 2024 reflects expenses incurred due to her increased presence in the London office during 2024.
4. The value of benefits for Tracy Corrigan, Mark Gregory and Carol Hagh in 2024, and for Tracy Corrigan, Mark Gregory, Adrian Joseph and Richard Ward in 2023, were all less than £500. The values have been rounded to 0 for consistency in the table above.
5. Carol Hagh joined the Board on 1 April 2024. Her fees and expenses for 2024 reflect this period.
6. Mark Lewis and David Neave joined the Board on 30 March 2023 and 19 October 2023 respectively. Their fees and expenses for 2023 reflect these periods.

Shareholdings (Audited)

This table sets out the Executive Directors' share ownership guidelines and actual share ownership levels:

Director	Position	Share ownership guideline[1] (% of salary)	Value of shares held at 31 December 2024[2,3,4] (% of salary)
Adam Winslow	Chief Executive Officer	250%	466%
Jane Poole	Chief Financial Officer	200%	174%

Notes:

1. Executive Directors are normally expected to retain all the 'after tax' Ordinary Shares they obtain from any of the Company's share incentive plans until they achieve a shareholding level that is equal to 250% of base salary for the CEO and 200% of base salary for the CFO respectively.
2. For these purposes, holdings of Ordinary Shares will be treated as including unvested DAIP awards, all vested but unexercised awards, or awards unvested but after the performance period and in the holding period. Holdings of Ordinary Shares are valued on a basis that is net of applicable personal taxes payable on acquiring such Ordinary Shares.
3. Shares held also include Partnership Shares, Matching Shares and Dividend Shares under the SIP, and share interests of connected persons.
4. Shareholding as a percentage of salary has been calculated based on the 31 December 2024 share price of £2.55.

As at the date he stepped down from the Board (21 March 2024), Jon Greenwood had not met the share ownership guideline applicable to the CEO (250% of salary), but the Committee noted that the interim nature of the role means that this would not be expected.

As at the date he stepped down from the Board (10 October 2024), Neil Manser had met his share ownership guideline (200% of salary). As set out on page 133, he is subject to a post-employment share ownership requirement.

Service agreements and letters of appointment

The Executive Directors are employed under service contracts with no fixed term, and are subject to annual re-election at the AGM. The Non-Executive Directors do not have service contracts and instead are appointed under letters of appointment.

CEO pay ratio

The table below compares the single total figure of remuneration for the CEO since 2019 with that of the Group employees who are paid at the 25th percentile (lower quartile), 50th percentile (median) and 75th percentile (upper quartile) of its employee population.

Director	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2024[1]	Option A	270:1	187:1	132:1
2023[2]	Option A	36:1	27:1	19:1
2022	Option A	35:1	27:1	18:1
2021	Option A	122:1	95:1	65:1
2020	Option A	132:1	108:1	73:1
2019[3]	Option A	123:1	101:1	67:1

Notes:

1. As required by the regulations, the CEO single figure used to determine the 2024 pay ratios is based on the sum of the total single figures of remuneration for Jon Greenwood and Adam Winslow.
2. As required by the regulations, the CEO single figure used to determine the 2023 pay ratios is based on the sum of the total single figures of remuneration for Penny James and Jon Greenwood.
3. As required by the regulations, the CEO single figure used to determine the 2019 pay ratios is based on the sum of the total single figures of remuneration for Paul Geddes and Penny James, but with remuneration in respect of Penny's service as CFO excluded.

The UK employees included are those full-time employees employed on 31 December 2024 for the full financial year, and remuneration figures are determined with reference to the financial year ending on 31 December 2024.

Option A, as set out under the reporting regulations, was used to calculate remuneration for 2024 as we continue to believe that that is the most robust methodology for calculating these figures. The value of each employee's total pay and benefits was calculated using the single figure methodology consistent with the CEO. No elements of pay have been omitted.

The table below sets out the salary and total pay and benefits of the employee at the lower quartile, median and upper quartile for the 2024 financial year:

Director	25th percentile (P25)	Median (P50)	75th percentile (P75)
Salary	£28,553	£41,475	£53,819
Total pay and benefits	£30,828	£44,513	£62,979

Base salaries of all employees, including our Executive Directors, are set with reference to a range of factors including market practice, experience and performance in role. In reviewing the ratios, the Committee also noted that the CEO's remuneration package is weighted more heavily towards variable pay (including the AIP and LTIP) than the wider workforce due to the nature of the role, and this means the ratio is likely to fluctuate depending on the performance of the business and associated outcomes of incentive plans in each year.

The 2024 ratios have increased significantly versus 2023 levels, driven primarily by a higher AIP outcome for 2024 compared to recent years and the value of buyout awards granted to Adam Winslow to replace awards forfeited from his previous employer, which are included within the 2024 single figure (but vest over several years). Pay and benefits across the organisation reflect a combination of salary increases and bonus outturns across the incentive schemes we operate.

The Group's employees are fundamental to the Group's strategy and to ensuring a high level of service to our customers. We are proud that a high number of consultants in our customer service centres are employed by the Group (rather than being outsourced) and note that the impact of these lower paid roles is reflected in the ratios above. Further details on the remuneration of Executive Directors and the wider workforce are set out on page 117. The Committee notes that the pay ratios for 2024 reflect the nature of the CEO's package being more heavily weighted towards variable pay compared to more junior colleagues, consistent with our reward policies. Furthermore, the Committee is satisfied that these policies drive the right behaviours and reinforces the Group's values which in turn drives the correct culture, and for the reasons outlined above, believes that the ratios are consistent with the Group's reward policies.

Percentage change in Executive Directors' and Non-Executive Directors' pay for 2020 to 2024

The table below shows the year-on-year percentage change in salary, taxable benefits, and bonus (where applicable) of the Executive Directors and Non-Executive Directors, compared to the average pay for all other employees.

	Salary/Fees[1]					Benefits[2]					Bonus (including deferred amount)[3]				
Director	**2024**	2023	2022	2021	2020	**2024**	2023	2022	2021	2020	**2024**	2023	2022	2021	2020
Executive Directors															
Adam Winslow	**–**	–	–	–	–	**–**	–	–	–	–	**–**	–	–	–	–
Jane Poole	**–**	–	–	–	–	**–**	–	–	–	–	**–**	–	–	–	–
Jon Greenwood	**0%**	0%	0%	–	–	**30 %**	0%	–	–	–	**473 %**	–	–	–	–
Neil Manser	**3 %**	2%	0%	–	–	**22 %**	7 %	4 %	–	–	**(100)%**	–	(100)%	–	–
Non-Executive Directors[4,5,6]															
Danuta Gray	**0%**	0%	0%	67%	90%	**91 %**	56%	–	0%	(100%)	**–**	–	–	–	–
Tracy Corrigan	**14 %**	2%	18%	–	–	**(4)%**	0%	–	–	–	**–**	–	–	–	–
Mark Gregory	**4 %**	1%	3%	15%	7%	**173 %**	0%	0%	0%	(100%)	**–**	–	–	–	–
Carol Hagh	**–**	–	–	–	–	**–**	–	–	–	–	**–**	–	–	–	–
Adrian Joseph	**6 %**	0%	0%	–	–	**462 %**	0%	–	–	–	**–**	–	–	–	–
Mark Lewis	**6 %**	–	–	–	–	**(54)%**	–	–	–	–	**–**	–	–	–	–
Fiona McBain	**5 %**	1%	7%	7%	15%	**(40)%**	26%	–	(100%)	(80%)	**–**	–	–	–	–
David Neave	**33 %**	–	–	–	–	**97 %**	–	–	–	–	**–**	–	–	–	–
Gregor Stewart	**4 %**	0%	0%	0%	0%	**(31)%**	92%	–	(100%)	(87%)	**–**	–	–	–	–
Richard Ward	**0%**	0%	5%	19%	0%	**32 %**	(4%)	105%	193%	(6%)	**–**	–	–	–	–
All employees (average)															
Average employee	**6 %**	9%	6%	3%	4%	**53 %**	0%	57%	(19%)	(1%)	**51 %**	34%	(41%)	9%	4%

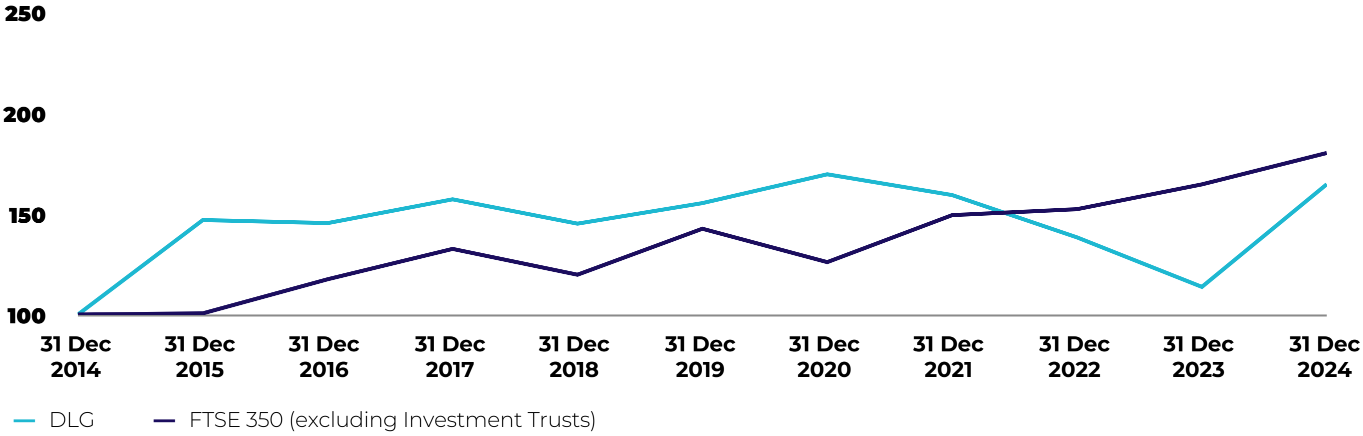
Notes:

1. Based on the change in average pay for employees employed in the year ended 31 December 2024 and the year ended 31 December 2023. Adam Winslow and Jane Poole both joined the Board during 2024 and therefore there is no comparison to prior year. Non-Executive Director fee levels were unchanged between 2023 and 2024.
2. For all employees, there were no changes in benefits provision between 2023 and 2024. For Non-Executive Directors, benefits comprise taxable travel and subsistence expenses reimbursed by the Company (including any gross-up for tax and national insurance contributions due).
3. This includes average amounts earned under the AIP, and other variable incentive schemes, including monthly incentive schemes operated in certain parts of the Group. Non-Executive Directors are not eligible to participate in any of the Group's bonus or incentive schemes.
4. Carol Hagh joined the Board during 2024.
5. The value of taxable benefits for Danuta Gray for 2024 reflects expenses incurred due to her increased presence in the London office during 2024.
6. The value of benefits for Mark Gregory and Adrian Joseph in 2023 was less than £500. The percentage increase therefore appears significant, but the actual value of increase is minimal, at less than £500 for Mark, and less than £1,000 for Adrian.

Chief Executive Officer's pay between 2015 and 2024 and historical performance of TSR

The table below shows historical levels of the CEO's pay between 2015 and 2024. It also shows vesting of annual and long-term incentive pay awards as a percentage of the maximum available opportunity. The graph reflects the TSR for the Company and the FTSE 350 index (excluding Investment Trusts) on a cumulative basis over the period from 31 December 2014 to 31 December 2024, as the Company is a constituent of this index.

Total Shareholder Return (%)



	2015	2016[1]	2017	2018	2019[2]	2019[2]	2020	2021	2022	2023[3]	2023[3]	2024[4]	2024[4]
Director	Paul Geddes					Penny James					Jonathan Greenwood		Adam Winslow
CEO single figure of remuneration (£'000s)	4,795	4,071	4,039	3,250	774	2,773	3,286	3,137	940	63	1,031	446	7,875
Annual bonus payment (% of maximum)	83%	43%	88%	68%	76%	76%	82%	84%	0%	n/a	15%	86%	86%
LTIP vesting (% of maximum)[1]	96%	86%	99%	71%	0%	100%	80%	75%	0%	n/a	0%	10%	n/a

Notes:

1. The 2016 single figure and annual bonus payment reflect an adjustment to the original award, made in 2019, of 20% of maximum opportunity related to the Ogden discount rate change.
2. The 2019 single figure reflects part of the year for the outgoing CEO, Paul Geddes, and the entire year for the newly appointed CEO, Penny James.
3. The 2023 single figure reflects part of the year for the outgoing CEO, Penny James, and part of the year for the Acting CEO, Jon Greenwood.
4. The 2024 single figure reflects part of the year for the outgoing Acting CEO, Jon Greenwood, and part of the year for the CEO Adam Winslow.

Payments for Loss of Office (Audited)

Neil Manser

Neil Manser stepped down from the Board on 10 October 2024 and commenced his 12-month notice period. His contractual salary, pension and benefits will continue to be paid in the normal way until the end of his employment on 9 October 2025.

The table below sets out the total value of the amounts paid (or which are due to be paid) to Neil in relation to his departure, as outlined above:

		Salary (£'000)	Benefits (£'000)	Pension (£'000)	Total (£'000)
Total pay and benefits	£	546	3	49	598

Neil also had legal fees paid on his behalf (£24,500) and was eligible to receive outplacement support (up to £50,000) in connection with the termination of his employment.

The Committee carefully considered the appropriate leaving arrangements for Neil, including in relation to the timing of commencing the notice period. The Committee acknowledged typical market practice and investor expectations that notice periods should commence immediately once a decision has been made and announced. However, the Committee felt strongly that this would not be appropriate in these circumstances because Jane Poole could only join DLG on 10 October 2024 due to existing contractual obligations and the regulatory approvals process. In the event of any unforeseen circumstances where Jane did not join the Board as planned, noting the significant business challenges and Ageas takeover bid, it would have been critical to ensure continued business stability in the CFO role. In this context, if Neil's notice period ended before a new CFO joined DLG, the Remuneration Committee concluded (in collaboration with the Nomination Committee) that there would be no sufficiently experienced internal interim CFO candidates available. The Committee therefore determined that it would not be in the best interests of shareholders to commence Neil's notice period until the new CFO had joined the Board.

The Committee also considered the treatment of variable remuneration awards for Neil, as set out below.

2022 awards

The 2022 DAIP award (in respect of the 2021 AIP) will continue to vest on the third anniversary of grant and remain subject to the scheme rules, including malus and clawback provisions. The award will be exercisable for 12 months after vesting.

No DAIP award was granted in 2023, as no payment was made under the AIP in respect of 2022.

The 2022 LTIP awards will continue to vest on the normal vesting dates, subject to the relevant performance measures. The final outcome will be set out in next year's report (subject to the status of the Aviva acquisition). The awards are subject to a two-year post-vesting holding period and will be exercisable (to the extent performance targets are met and the awards vest) for 12 months after the end of the holding period. As Neil will be in employment on the normal vesting dates (March and August 2025 respectively), no time pro-rating will be applied. These awards will remain subject to all scheme rules, including malus and clawback provisions.

2023 and 2024 awards

In light of the Company's announcement on 23 August 2024 relating to the misstatement of the Company's Solvency Ratio for the 2023 financial year, and following a review process conducted with external support and advice, the Committee considered whether any actions in relation to variable pay were appropriate. The Committee determined that the malus provisions under the DAIP rules should be applied in relation to Neil's DAIP award granted in 2024 in respect of the deferred element of the 2023 AIP, and therefore this award has lapsed in full. This amount is shown as a negative value in the "single figure table" on page 121.

In addition, awards granted under the LTIP in 2023 and 2024 will lapse on cessation of Neil's employment and he will not receive a payment under the AIP in respect of the financial year ended 31 December 2024.

2025 awards

Neil will not be eligible to participate in the 2025 AIP and will not be granted any further LTIP awards.

All-employee share schemes

Neil's shares held under the DLG SIP will be treated in accordance with the rules of the SIP. Any shares subject to forfeiture provisions under the rules will be forfeited.

Share Ownership Guidelines

Neil will comply with the post-employment shareholding guidelines outlined under the Directors' Remuneration Policy, maintaining a shareholding of the lower of 200% of salary or his actual shareholding on cessation of employment for a period of two years post employment. Neil's current shareholding includes shares owned outright, unvested DAIP awards (excluding the 2024 DAIP as outlined above) and all-employee share scheme awards. Neil will be permitted to sell sufficient shares to cover any tax liability on exercise of any awards as applicable.

Payments to Past Directors (Audited)

Jon Greenwood

Jon Greenwood stepped down as Acting Chief Executive Officer and an Executive Director effective 21 March 2024, at which point Jon returned to a non-Board role. The AIP award in relation to Jon's tenure as an Executive Director has been included in the single figure of remuneration table on page 121.

New Executive Director

Jane Poole

Jane Poole was appointed as Chief Financial Officer effective from 10 October 2024 and was appointed to the Board on the same date.

In setting Jane's remuneration, the Committee considered her experience in general insurance, market data in respect of FTSE 51-150 companies and other FTSE 350 insurers, the previous CFO's remuneration package, our Directors' Remuneration Policy and the pay and conditions of the wider workforce. Taking these factors into account, Jane's salary was set at £550,000, broadly in line with the previous CFO.

Pension and variable remuneration opportunities have been set in line with the Directors' Remuneration Policy.

On joining, Jane received an LTIP award of 200% of salary on the same terms as the April 2024 grant (except that the three-year vesting period will commence from the date of grant on 11 November 2024). This award was made at the same level as her standard annual LTIP award as no buyout award was made to compensate her for the loss of her 2024 award from her previous employer.

The Committee also approved share awards to compensate Jane for awards forfeited from her previous employer in connection with her appointment, as disclosed on page 128. These awards were made in the form of nil-cost options, and are not subject to performance conditions, in line with the terms of the original awards. The awards will vest on the original timescales and accrue dividend equivalents (also in line with the original award terms).

Jane received two payments in cash, £46,183 and £125,791 in November 2024, to compensate for two tranches of shares forfeited where the vesting date preceded her joining DLG.

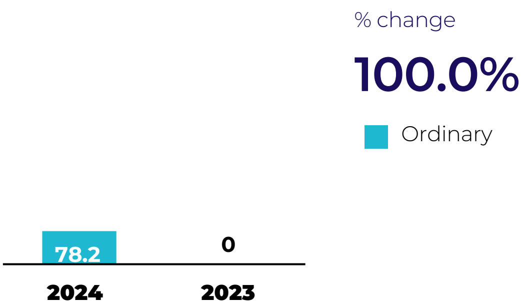
Jane will also receive an amount in lieu of the bonus forfeited from her previous employer for the period 1 January to 9 October 2024. In order to mirror the original award as far as possible, the final value will be determined based on the published Aviva Group CEO 2024 annual bonus outcome, prior to any personal adjustment. The Remuneration Committee will then consider the performance of the business unit for which Jane was the CFO, based on published information, and may adjust the outcome upwards or downwards accordingly. The award will be delivered two thirds in cash and one third in shares, vesting in equal tranches on the anniversary of grant over a three-year period, in line with the original award terms. The single figure disclosures on page 121 include an estimated amount of £510,328, which is based on the maximum level. This will only be paid once the Committee has made a final determination of the amount due and any change to the estimated amount will be confirmed in next year's report (subject to the status of the Aviva acquisition).

Full details of the (share) awards bought out are set out in the relevant section on page 128.

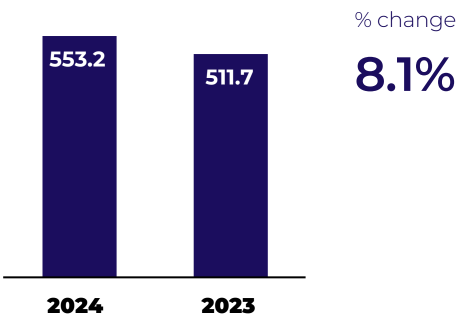
Distribution statement

This chart shows the overall pay expenditure across all Group employees compared with the total dividend value paid to shareholders in 2023 and 2024.

Dividend (£m)



Overall expenditure on pay (£m)



Note:

1. The dividends paid information has been taken from note 11 to the Consolidated financial statements. The overall expenditure on pay has been taken from note 6 and therefore, consistent with market practice, it has not been calculated in a manner consistent with the single figure in this report.

AGM voting outcomes

The table below shows the percentage of shareholders' votes which were for or against, and the percentage of votes withheld, relating to the resolutions to approve the 2023 Directors' Remuneration Report (which was put to shareholders at the 2024 AGM) and the Policy (which was put to shareholders at the 2023 AGM).

	For		Against		Number of votes withheld (abstentions)
	Number	Percentage	Number	Percentage	
Approval of Directors' Remuneration Policy (2023 AGM)	1,030,959,263	98.1%	19,918,567	1.9%	1,356,094
Approval of Directors' Remuneration Report (2024 AGM)	998,020,044	98.6%	14,387,945	1.4%	5,070,730

Implementing the Policy in 2025

Base salary

Key features

- Reviewed annually with any increases taking effect on 1 April
- The Committee considers a range of factors when determining salaries, including pay increases throughout the Group, individual performance, and market data

Implementation in 2025

- The CEO's salary will increase by 3.5% to £848,700 from 1 April 2025
- The CFO's salary will increase by 3.5% to £569,250 from 1 April 2025
- These increases are in line with the average increase for the wider workforce

Pensions

Key features

- Pension contributions are paid only in respect of base salary
- The Executive Directors' pension is set in line with the pension level received by the employee population

Implementation in 2025

- Pension contributions remain at 9% (in line with the workforce)

Annual Incentive Plan

Key features

- Maximum opportunity of 175% of salary for the CEO and the CFO
- At least 50% of the AIP is based on financial measures. The Committee considers various non-financial performance measures such as strategic measures for the remainder
- The outcome is assessed at the end of the performance period with reference to targets agreed at the start of the year
- Any payment is subject to an additional gateway assessment, including assessing risk factors
- Malus and clawback provisions apply

Implementation in 2025

- No change to the maximum opportunity
- There will be a straight-line vesting between AIP threshold and maximum performance
- Operating Profit (55% weighting)
- Customer (15% weighting)
- People (10% weighting)
- Cost (10% weighting)
- Risk (10% weighting)
- The performance targets are considered commercially sensitive and will therefore be disclosed in next year's report (subject to the status of the Aviva acquisition).

Deferred Annual Incentive Plan

Key features

- 40% of the AIP is deferred into shares
- Typically vesting after three years, normally subject to continued employment
- Malus and clawback provisions apply

Implementation in 2025

- No further performance conditions apply

Implementing the Policy in 2025 *continued*

Long-Term Incentive Plan

Key features

- Awards typically granted as nil-cost options
- Awards granted once per year
- The LTIP allows for awards with a maximum value of 200% of base salary per financial year
- Performance is measured over three years
- Awards vest subject to financial underpin and payment gateway
- Malus and clawback provisions apply
- Awards are subject to an additional two-year holding period following the end of the three-year performance period

Implementation in 2025

- As outlined in the Chair's Statement, the Committee intends to use the exceptional circumstances provision set out in the approved 2023 Remuneration Policy to grant Adam Winslow and Jane Poole LTIP awards at 300% of salary opportunity
- Single grant intended in March 2025
- No change from the performance conditions or weightings used for the 2024 LTIP, being RoTE (25%), EPS (25%), Expense Ratio (20%), TSR (20%) and Emissions (10%)
- A RoTE target range of 15% to 23.5% (2027) is required for the awards to vest under this element
- The target for EPS is based on Threshold 25.5p and Maximum 31.9p (2027)
- Vesting under the Expense Ratio will be based on Threshold 27.8% and Maximum 25% (2027)
- The relative TSR comparator group will be vs. FTSE 51-150 (excluding Investment Trusts)
- The emissions targets for the 2025 LTIP awards will be set based on the SBTi certified targets with the targets being:
  - Operational emissions (Scope 1 and 2): Reduce Scope 1 and 2 emissions by 62% by 2027 versus the 2019 baseline
  - Corporate Bonds (Scope 1 and 2): Reduce Scope 1 + 2 portfolio temperature score by invested value within corporate bonds portfolio from 2.44°C in 2019 to 2.01°C in 2027
  - Corporate Bonds (Scope 1, 2 and 3): Reduce Scope 1, 2 + 3 portfolio temperature score by invested value within corporate bonds portfolio from 2.80°C in 2019 to 2.31°C in 2027

Non-Executive Directors' fees

The fees for the Chair and Non-Executive Directors for 2025 are set out below (unchanged from 2024).

Position	Fees for 2025 £'000
Board Chair fee	350
Basic Non-Executive Director fee	75
Additional fees	
Senior Independent Director fee	30
Chair of Audit, Board Risk and Remuneration Committees	30
Chair of Sustainability and Investment Committees	15
Member of Board Committee (Audit, Board Risk or Remuneration)	10
Member of Board Committee (Sustainability, Investment or Nomination)	5

Directors' Remuneration Policy

The following is a copy of the main table from the Policy approved by shareholders at the 2023 AGM on 9 May 2023. The full Policy is available in the Directors' Remuneration report of the 2022 Annual Report and Accounts, which is available on the Direct Line Group website, under the 'Results and Reports' heading in the Investors page. You can find further details regarding the operation of the Policy for 2025 on pages 136 and 139.

Policy table

Base salary

- This is the core element of pay that reflects the individual's role and position within the Group
- Staying competitive in the market allows us to attract, retain and motivate high-calibre executives with the skills to achieve our key aims while managing costs

Operation

- Base salaries are typically reviewed annually and set in April of each year, although the Committee may undertake an out-of-cycle review if it determines this to be appropriate
- When reviewing base salaries, the Committee typically takes the following into account:
  - general base salary movements across the Group;
  - level of skill, experience and scope of responsibilities, individual and business performance, economic climate, and market conditions; and
  - the appropriate benchmarking peer group(s) that reflects the Group's size and industry focus, the corresponding market pay range(s) and the relevant positioning within the market pay range(s).
- The Committee does not follow market data in isolation, and instead uses it as a reference point when considering, in its judgement, the appropriate salary level, while regarding other relevant factors, including corporate and individual performance, and any changes to an individual's role and responsibilities
- The principles for setting base salary are like those applied to other employees in the Group. However, the specific benchmarking groups used to review external market relativities may differ across employee groups
- Base salary is typically paid monthly

Maximum opportunity

- When determining salary increases, the Committee will consider the factors outlined in this table under 'Operation'

Performance measures

- Not applicable

Pension

- To remain competitive within the marketplace
- To encourage retirement planning and retain flexibility for individuals

Operation

- Pension contributions are paid only in respect of base salary
- Executive Directors are eligible to participate in the defined contribution pension arrangement or alternatively they may choose to receive a cash allowance in lieu of pension
- The Executive Directors' pension will be set in line with the pension level for the wider workforce

Maximum opportunity

- The maximum pension percentage contributions are set at the wider workforce level (currently 9% of salary)

Performance measures

- Not applicable

Policy table *continued*

Benefits

- A comprehensive and flexible benefits package is offered, emphasising individuals being able to choose the combination of cash and benefits that suits them

Operation

- Executive Directors receive a benefits package generally set by reference to market practice in companies of a similar size and complexity. Benefits currently provided include a Company car, use of a car or car allowance, private medical insurance, life insurance, health screening, and income protection
- The Executive Directors are eligible to receive such additional benefits as the Committee considers appropriate having regard to market norms
- In line with our approach to all employees, certain Group products are offered to Executive Directors at a discount
- Executive Directors are eligible to participate in any of the employee share plans operated by the Company, in line with HMRC guidelines (where relevant) and on the same basis as other eligible employees. Currently, this includes our HMRC-approved SIP, which has been used to provide an award of free shares to all employees (including Executive Directors) and permits employees to purchase shares with a corresponding matching award
- Where an Executive Director is required to relocate to perform their role, they may be offered appropriate relocation benefits. The level of such benefits would be determined based on the circumstances of the individual and typical market practice and be consistent with the relocation arrangements available to the workforce generally. In normal circumstances, relocation benefits will only be paid for a period of up to 12 months

Maximum opportunity

- The costs of benefits provided may fluctuate from year to year, even if the level of provision has remained unchanged
- Additionally, the limit for any employee share plans in which the Executive Directors participate will be in line with the caps permitted by HMRC from time to time
- The Executive Directors may be entitled to retain fees received for any directorships held outside the Group
- Similarly, while not benefits in the normal usage of that term, certain other items such as hospitality or retirement gifts may also be provided

Performance measures

- Not applicable

Element and purpose in supporting the Group's strategic objective

AIP

- To motivate executives and incentivise delivery of performance over a one-year operating cycle and enable a stronger focus and alignment with the short to medium-term elements of our strategic aims
- Deferral delivers further alignment with shareholders and aids retention of key executive talent

Operation

- The AIP is measured based on performance over the financial year against performance targets which the Committee considers to be appropriate
- At least 40% of the AIP is deferred into shares (typically in the form of nil-cost options or conditional share awards) under the DAIP
- This typically vests three years after grant (with deferred awards also capable of being settled in cash at the discretion of the Committee, for example, when it gives rise to legal difficulties to settle in shares). The remainder of the award is paid in cash following the year-end
- The Committee will keep the percentage deferred and terms of deferral under review. This will ensure levels are in line with regulatory requirements and best practice and may be changed in future years but will not, in the Committee's view, be changed to be less onerous overall
- Dividends will accrue during the deferral period
- Malus and clawback provisions apply to the cash and deferred elements of the AIP

Maximum opportunity

- The maximum bonus opportunity under the AIP is 175% of base salary per year
- The current maximum bonus opportunity applying for each individual Executive Director is shown in the statement of implementation of Policy
- Threshold and maximum bonus levels for Executive Directors are set by considering annual bonus practice throughout the organisation and referring to practice at other insurance and general market comparators
- Outcomes for performance between threshold and maximum will be determined on a straight-line basis
- No more than 10% of the bonus is paid for threshold performance
- However, the Committee retains flexibility to amend the pay-out level at different levels of performance for future bonus cycles. This is based on its assessment of the level of stretch inherent in the set targets, and the Committee will disclose any such determinations appropriately

Performance measures

- Performance measures for the AIP may be financial and non-financial (Group, divisional, business line or individual)
- Each year, at least 50% of the AIP is based on financial measures. The remainder of the AIP may be based on a combination of, for example, strategic, operational, ESG, shared or individual performance measures
- The Committee sets targets at the beginning of each financial year
- Before any payment can be made, the Committee will perform an additional gateway assessment (including in respect of any risk concerns). This will determine whether the amount of any bonus is appropriate in view of facts or circumstances which the Committee considers relevant. This assessment may result in moderating (positively or negatively) each AIP performance measure, subject to the individual maximum bonus levels
- The AIP remains a discretionary arrangement. In line with the Code requirements, the Committee maintains discretion to override formulaic outcomes where those outcomes are not reflective of the overall Group performance. DAIP awards vest subject to continued employment only

Element and purpose in supporting the Group's strategic objective *continued*

LTIP

- Aligning executives' interests with those of shareholders to motivate and incentivise delivering sustained business performance over the long term
- To aid retaining key executive talent long term and deliver market competitive remuneration

Operation

- Awards will typically be made in the form of nil-cost options or conditional share awards, which vest to the extent performance conditions are satisfied over a period of at least three years. Under the Plan rules, awards may also be settled in cash at the discretion of the Committee. This may be appropriate, for example, if legal difficulties arise with settling in shares
- Vested options will remain exercisable for up to the tenth anniversary of grant
- Malus and clawback provisions apply to the LTIP.
- Executive Directors will be subject to an additional two-year holding period following the vesting period, during which time awards may not normally be exercised or released
- During the vesting period and additional holding period (during which time awards cannot be exercised) the awards will continue to accrue dividends. Following the holding period, awards will cease to accrue dividends if not exercised

Maximum opportunity

- The maximum LTIP award in normal circumstances is 200% of salary
- Awards of up to 300% of base salary are permitted in exceptional circumstances, for example relating to recruiting or retaining an employee, as determined by the Committee

Performance measures

- The Committee will determine the performance conditions for each award made under the LTIP, measuring performance over a period of at least three years with no provision to retest
- Performance is measured against targets set at the beginning of the performance period, which may be set by referring to the time of grant or financial year
- Awards vest based on performance against financial and/or such other measures (including share return), as set by the Committee, to be aligned with the Group's long-term strategic objectives. The Committee may alter the precise measures used for future awards
- Not less than 50% of the award shall be subject to one or more financial measures
- Awards will be subject to a payment gateway, such that the Committee must be satisfied that there are no material risk failings, reputational concerns or regulatory issues
- 20% of the award vests for threshold performance, with 100% vesting for maximum performance
- The Committee reserves the right in respect of future awards to lengthen (but not reduce) any performance period and/or amend the terms of any holding period; however, there is no intention to reduce the length of the holding period
- In line with the Code requirements, the Committee maintains discretion to override formulaic outcomes where those outcomes are not reflective of the overall Group performance

Share ownership guidelines

- To align the interests of Executive Directors with those of shareholders

Operation

- Executive Directors are expected to retain all the ordinary shares vesting under any of the Company's share incentive plans, after any disposals for paying applicable taxes, until they have achieved the required shareholding level; unless earlier sale, in exceptional circumstances, is permitted by the Chair of the Board
- Shares considered will include those held by the director and their connected persons, vested awards subject to holding requirements and unvested awards not subject to performance conditions (on a net of tax basis). Executive Directors are also expected to retain their in-employment shareholding requirement (or actual shareholding, if lower) post their employment for a period of two years
- In exceptional circumstances, earlier sale is permitted subject to the Chair's discretion

Maximum opportunity

- 250% of salary for the CEO and 200% for the CFO
- The Committee reserves the discretion to amend these levels in future years

Performance measures

- Not applicable

Directors' report

The Board of Directors present their report for the financial year ended 31 December 2024 as required by the Companies Act 2006.

The Board would like to draw your attention to the forward-looking statements disclaimer which can be found on page 254.

Directors' report disclosures

The Board takes the view that some of the matters required to be disclosed in the Directors' report are of strategic importance and these are, therefore, included in the Company's Strategic report which is on pages 1 to 74 as permitted by the Companies Act 2006. These matters, and all matters referenced in the table below, are incorporated into this Directors' report:

Subject	Pages
Use of financial instruments	28 to 30
Important events since the financial year end	8 to 14
Likely future developments in the business	12
Employee engagement	15, 89, 91 and 92
Engagement with suppliers, customers and other business relationships	44, 89 and 90
Research and development	3 to 5
Greenhouse gas emissions, energy consumption and energy-efficient action	61, 64 to 65, 70 to 72 and 73
Branches outside the UK	233

Disclosure of information required by Disclosure Guidance and Transparency Rule 7.2

The FCA's Disclosure Guidance and Transparency Rule 7.2 requires a Corporate Governance statement in the Directors' report to include certain information. You can find information that fulfils the Corporate Governance statement's requirements in this Directors' report, the Corporate Governance report, the Committee reports and the Directors' Remuneration report, all of which are incorporated into the Directors' report by reference.

Disclosure of information under UK Listing Rule 6.6.1

In accordance with UK Listing Rule 6.6.1, the table below sets out the location of the information required to be disclosed under LR 6.6.1, where applicable:

Subject	Pages
Interest capitalised by the Group	Not applicable
Unaudited financial information	Note 1.4
Details of long-term incentive schemes	140 to 141
Directors' waivers of emoluments	Not applicable
Directors' waivers of future emoluments	Not applicable
Non pro-rata allotments for cash (issuer)	Not applicable
Non pro-rata allotments for cash (major subsidiaries)	Not applicable
Listed company is a subsidiary of another company	Not applicable
Contracts of significance involving a Director	Not applicable
Contracts of significance involving a controlling shareholder	Not applicable
Details of shareholder dividend waivers	143
Controlling shareholder statement	Not applicable

Dividends

As explained in the Chair's statement on page 8, the Board is recommending a final dividend of 5.0 pence per share for 2024. More information on dividends and capital management can be found in the Group financial performance section on page 21.

Directors

The names of all current Directors and their biographies are set out on pages 77 to 80.

All Directors will retire and those wishing to continue to serve will be submitted for election or re-election at the 2025 AGM. This is in accordance with the UK Corporate Governance Code and the Articles of Association of the Company, which govern appointing and replacing Directors.

Changes in the composition of the Board during the year under review and up to the date of this report were as follows:

- Adam Winslow was appointed to the Board with effect from 21 March 2024.
- Jon Greenwood stepped down from the Board with effect from 21 March 2024.
- Carol Hagh was appointed to the Board with effect from 1 April 2024.
- Jane Poole was appointed to the Board with effect from 10 October 2024.
- Neil Manser stepped down from the Board with effect from 10 October 2024.

The Company's Articles of Association set out the Directors' powers. You can view these on the Company's website at www.directlinegroup.co.uk. The Directors' powers are also subject to relevant legislation and, in certain circumstances, including in relation to the issuing or buying back of shares, authority from the Company's shareholders. You can find details of the Directors' remuneration, service contracts, employment contracts and interests in the shares of the Company in the Directors' Remuneration report on pages 115 to 141.

The Articles of Association of the Company permit it to indemnify the Company's officers, and officers of any associated company, against liabilities arising from conducting Company business, to the extent permitted by law. As such, the Company has executed deeds of indemnity for each Director's benefit regarding liabilities that may attach to them in their capacity as Directors of the Company or associated companies.

These indemnities are qualifying third-party indemnities as defined by Section 234 of the Companies Act 2006. No amount was paid under any of these indemnities during the year. The Company maintains directors' and officers' liability insurance. This provides appropriate cover for legal actions brought against its Directors. The Company has also provided the Directors of DLG Pension Trustee Limited with qualifying pension scheme indemnities. This is in accordance with Section 235 of the Companies Act 2006. During 2024, DLG Pension Trustee Limited acted as trustee for two of the Company's occupational pension schemes.

Secretary

Roger Clifton is the Company Secretary of Direct Line Insurance Group plc and can be contacted at the Company's Registered Office, details of which are on page 255.

Share capital

The Company has an Equity Shares (Commercial Companies) listing on the London Stock Exchange. As at 31 December 2024, the Company's share capital comprised 1,311,388,157 fully paid Ordinary Shares of 10 $^{10}/_{11}$ pence each.

At the Company's 2024 AGM, the Directors were authorised to:

- allot shares in the Company or grant rights to subscribe for or convert any security into shares, up to an aggregate nominal amount of £47,686,842, and to allot further shares up to a total aggregate nominal amount of £95,373,684 for the purpose of a rights issue or other pre-emptive offer;
- allot shares having a nominal amount not exceeding in aggregate £14,306,052 for cash, without offering the shares first to existing shareholders in proportion to their holdings, and with the possibility of a follow-on offer as described in the Statement of Principles published by the Pre-emption Group in November 2022 (the 'Statement of Principles');
- allot additional shares having a nominal amount not exceeding in aggregate £14,306,052 for the purposes of financing a transaction which the Board of the Company determines to be an acquisition or other capital investment, without offering the shares first to existing shareholders in proportion to their holdings, and with the possibility of a follow-on offer as described in the Statement of Principles;
- make market purchases of up to 131,138,815 shares in the Company, representing 10% of the Company's issued share capital at the time; and
- allot shares (with the disapplication of pre-emption rights) up to an aggregate nominal amount of £23,250,000 in relation to the issue of Restricted Tier 1 Instruments.

To date, the Directors have not used these authorities granted in 2024. At the 2025 AGM, shareholders will be asked to renew these authorities. The Company has not held any shares in treasury during the period under review. You can find out more about the Company's share capital and shares under option as at 31 December 2024 in notes 6 and 27 of the consolidated financial statements.

Under the Company's Share Incentive Plan, Trustees hold shares on behalf of employee participants. The Trustees will only vote on those shares, and receive dividends that a participant beneficially owns, in accordance with the participant's wishes. An Employee Benefit Trust also operates which has discretion to vote on any shares it holds as it sees fit, except any shares participants own beneficially, in which case the Trustee will only vote on such shares as per a participant's instructions.

The Trustee of the Employee Benefit Trust has waived its right to dividends on all shares within the Trust. You can find out more about the number of shares held by the employee share plan trusts in note 27 from page 226. The Company is not aware of any other dividend waivers or voting restrictions in place.

Shareholder voting rights and restrictions on transfer of shares

All the Company's issued Ordinary Shares rank equally in all respects. The Company's Articles of Association set out the rights and obligations attaching to the Company's Ordinary Shares.

Employees of the Company and Directors must comply with the UK Market Abuse Regulation and the Company's share dealing rules. These rules restrict particular employees' and Directors' ability to deal in the Company's shares at certain times, and require the employee or Director to obtain permission to deal before doing so. Some of the Company's employee share plans also include restrictions on transferring shares while the shares are held within the plans.

Each general meeting notice will specify a time, not more than 48 hours before the time fixed for the meeting (which may exclude non-working days), for determining a shareholder's entitlement to attend and vote at the meeting. To be valid, all proxy appointments must be filed at least 48 hours (which may exclude non-working days) before the time of the general meeting.

Where the Company has issued a notice under Section 793 of the Companies Act 2006, and the person interested in the relevant shares has been in default of the notice for at least 14 days, they shall not be entitled to attend or vote at any general meeting until the default has been corrected or the shares sold.

There is no arrangement or understanding with any shareholder, customer or supplier, or any other external party, which provides the right to appoint a Director or a member of the Executive Committee, or any other special rights regarding control of the Company.

Articles of Association

Unless expressly specified to the contrary in the Articles of Association, the Articles may only be amended by a special resolution of the Company's shareholders at a general meeting.

Significant agreements affected by a change of control

A number of agreements may take effect, alter or terminate upon a change of control of the Company. None of these agreements is considered significant in terms of its impact on the Group's business as a whole. All the Company's employee share incentive plans contain provisions relating to a change of control. Outstanding awards would typically vest and become exercisable. This is subject to satisfying any performance conditions, and normally with an additional time-based pro-rata reduction where performance conditions apply, and with approval from the Remuneration Committee.

Substantial shareholdings

The table below shows the holdings of the major shareholders in the Company's ordinary issued share capital, as at 31 December 2024 and as at 15 March 2025, as notified in accordance with the provisions of Chapter 5 of the FCA's Disclosure Guidance and Transparency Rules. It should be noted that these holdings may have changed since the Company was notified. However, notification of any change is not required until the next notifiable threshold is crossed. Information provided by the Company pursuant to the FCA's Disclosure Guidance and Transparency Rules is publicly available via the regulatory information services and on the Company's website.

Subject	31 December 2024	28 February 2025	Nature of Holding
abrdn plc	4.57%	4.57%	Indirect
Ameriprise Financial Inc.	4.99%	4.99%	Indirect
APG Asset Management N.V.	2.99%	2.99%	Direct
Ariel Investments, LLC	4.90%	4.90%	Direct/ Indirect
Artemis Investment Management LLP	4.82%	4.82%	Indirect
BlackRock, Inc.	3.76%	3.76%	Direct/ Indirect
FIL Limited	4.81%	4.81%	Indirect
FMR LLC	7.11%	7.11%	Indirect
Majedie Asset Management Limited	4.99%	4.99%	Indirect
Norges Bank	4.17%	2.33%	Direct
RWC Asset Management LLP	4.86%	4.86%	Direct
Schroders plc	4.96%	4.96%	Indirect
Société Générale	0.00%	5.86%	Direct
T.Rowe Price Associates, Inc.	4.68%	4.68%	Indirect

Political donations

The Group made no political donations during the year (2023: £nil).

Disabled and neuro-divergent colleagues

The Group is committed to supporting those who are neuro-divergent or have a disability and recognises the benefits that diversity of thought or body brings to an organisation.

For recruitment purposes, we adjust and enhance our application and selection process, and guide and provide additional training for interviewers where necessary. We reasonably adjust colleagues' working environments and equipment, and roles and role requirements (including for colleagues who become disabled during their time working in the Group). We also seek to ensure that everyone can access the same opportunities.

The Neuro-Diversity & Disability strand of our Diversity Network Alliance ("**DNA**") works to celebrate and support those who are neuro-divergent or disabled with the aim of ensuring that all our colleagues feel understood, fully appreciated, and empowered to be their best selves. More information about the work of the DNA strand can be found on page 48 of the Strategic report.

Going concern

As a standalone business, the Directors believe that the Group and Company have sufficient financial resources to meet their financial needs, including managing a mature portfolio of insurance risk. The Directors believe the Group and Company are well positioned to manage its business risks successfully in the current economic climate. The Chief Financial Officer Review describes the Group's capital management strategy, including the capital actions taken to ensure the continued strength of the balance sheet. The Group's financial position is also covered in that section, including a commentary on cash and investment holdings, claims reserves and management of insurance liabilities, and the Group's financial leverage. This covers insurance, market, credit, liquidity and operational risk; and the Group's approach to monitoring, managing and mitigating exposures to these risks.

Having made due enquiries, the Directors believe they can reasonably expect that the Group and Company has adequate resources to continue in operational existence on a standalone basis for at least 12 months from 3 March 2025 (the date of approval of the consolidated financial statements). Accordingly, the Directors have adopted the going concern basis in preparing the consolidated financial statements.

Material uncertainty in relation to going concern`

On 23 December 2024, the Boards of the Company and Aviva plc ("Aviva") reached an agreement pursuant to which Aviva agreed to purchase the entire share capital of the Company, subject to regulatory and shareholder approval. Although the Directors cannot be certain about the actions of Aviva should a deal complete, they consider that the ability of the Group to continue as a going concern should not be adversely affected by the transaction should it proceed. In making this assessment, they have considered many factors, including the strategic fit of Aviva for the Group as well as Aviva's record of executing transactions, including integrating a number of acquisitions, and of delivering profitable growth. While the Directors would expect Aviva to continue to deliver long term value from the Group's ongoing operations they note however, that it is beyond their control as to whether Aviva would undertake any restructuring of the Group's legal entities. Therefore, given the potential change in control, the Directors consider these conditions to constitute a material uncertainty (as defined under IAS 1) which may cast significant doubt over the Company's and therefore, the Group's ability to continue as a going concern. The Directors would not expect this to impact the continued operation of the Group's core insurance activities.

Notwithstanding this uncertainty, the Directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements.

Disclosing information to the Auditor

Each Director at the date of approving these Annual Report and Accounts confirms that: as far as they are aware, there is no relevant audit information of which KPMG, the Company's External Auditor, is unaware; and they have taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information, and to establish that KPMG is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

A resolution to re-appoint KPMG will be proposed at the forthcoming 2025 AGM. You can find more information about the External Auditor in the Audit Committee report on page 101.

Conflicts of interest

Each Director has a duty to avoid conflicts of interest and must declare any conflict of interest that could interfere with their ability to act in the Group's best interests. In accordance with the Companies Act 2006, the Company's Articles of Association allow the Board to authorise matters where there is, or may be, a conflict between the Group's interests and the direct or indirect interests of a Director, or between a Director's duties to the Group and another person. As a matter of course, the Board authorises certain potential conflicts of interest in this way, including Directors' external directorships and their interests in securities of other financial service institutions. The Company Secretary maintains a register of potential conflicts which the Board reviews at each scheduled Board meeting.

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare such financial statements for each financial year in accordance with UK-adopted international accounting standards.

The Directors have elected to prepare the Parent Company financial statements in accordance with FRS 101 'Reduced Disclosure Framework'. Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the Company's state of affairs and profit or loss for that period.

In preparing these financial statements, IAS 1 requires that Directors: properly select and apply accounting policies; present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and to assess the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that: are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy, the Company's financial position at any time; and enable them to ensure the financial statements comply with the Companies Act 2006. Additionally, the Directors are responsible for safeguarding the Company's assets and, hence, taking reasonable steps to prevent and detect fraud and other irregularities. The Directors are responsible for maintaining and ensuring the integrity of the corporate and financial information included on the Company's website at: www.directlinegroup.co.uk.

Legislation in the UK governing preparing and disseminating financial statements may differ from legislation in other jurisdictions.

Each of the Directors in office as at the date of this report, whose names and functions are listed on pages 77 to 80 confirms that, to the best of their knowledge:

- the financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company, and the undertakings included in the consolidation taken as a whole;
- the Strategic report (on pages 1 to 74) and Directors' report (on pages 142 to 146) include a fair review of: (i) the business's development and performance; and (ii) the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face; and
- the Annual Report and the financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

This report was approved by the Board on 3 March 2025 and signed on its behalf by:

Roger C. Clifton
Company Secretary

Registered address: Churchill Court, Westmoreland Road, Bromley, BR1 1DP

Registered number: 02280426