



Annual Report 2023





Management Board's report on the activity of the PZU Group and PZU SA
for the accounting year ended 31 December 2023

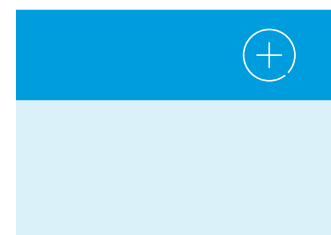
pzu.pl

We take care of what is
most important
in life.

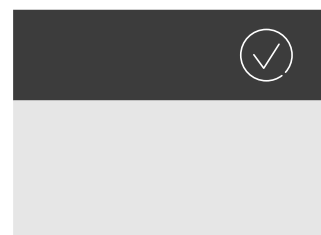
INSURANCE | HEALTH | INVESTMENTS | BANKING

Legend of iconographics used in the report

-  insurance
-  banking
-  health
-  policy
-  investments
-  innovations



Best practices in PZU and PZU Życie



Best practices in subsidiaries



GRI Standards



International Integrated Reporting Council – IIRC



ESRS Standards



materiality matrix



icons and buttons directing to links



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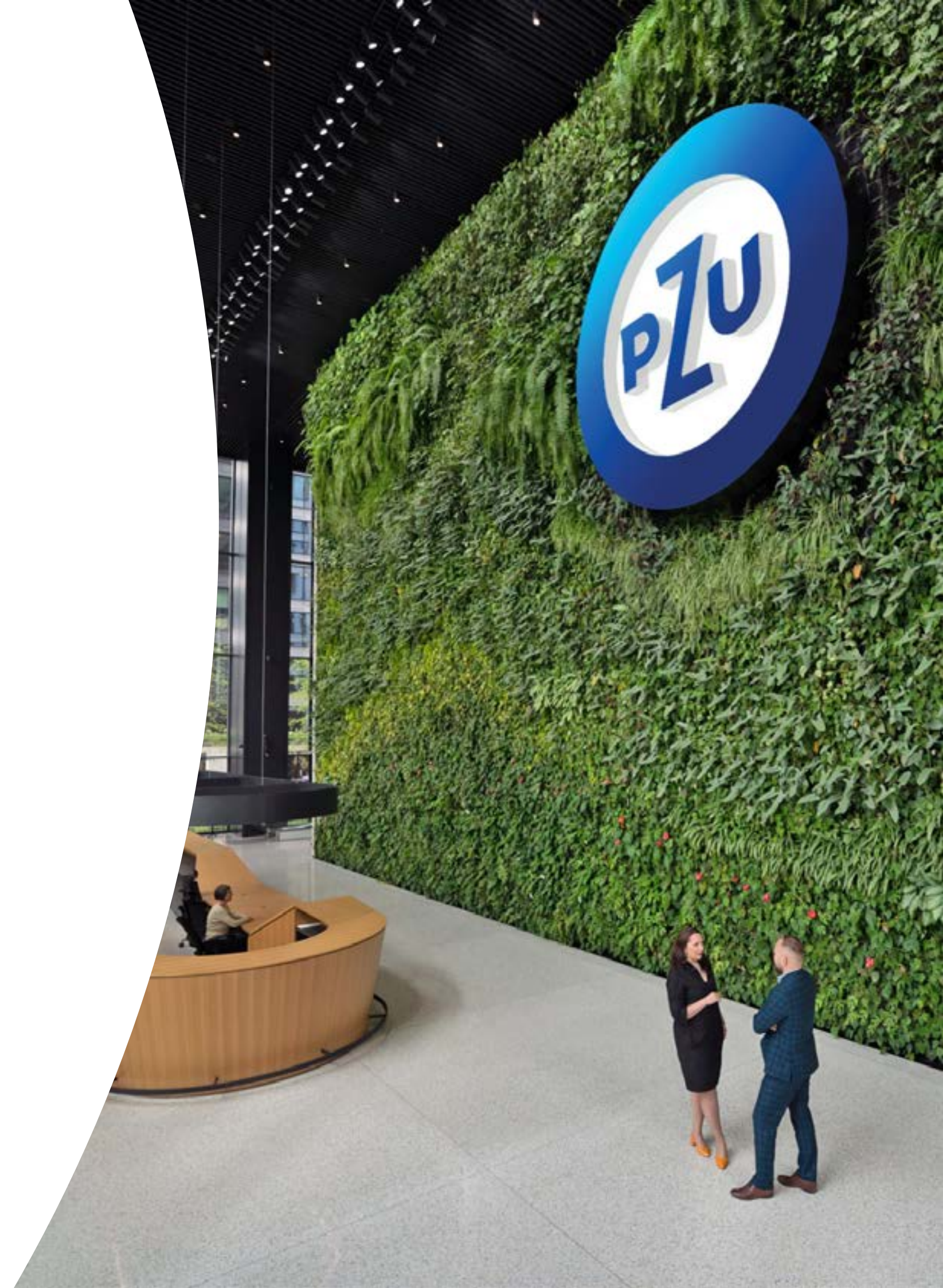




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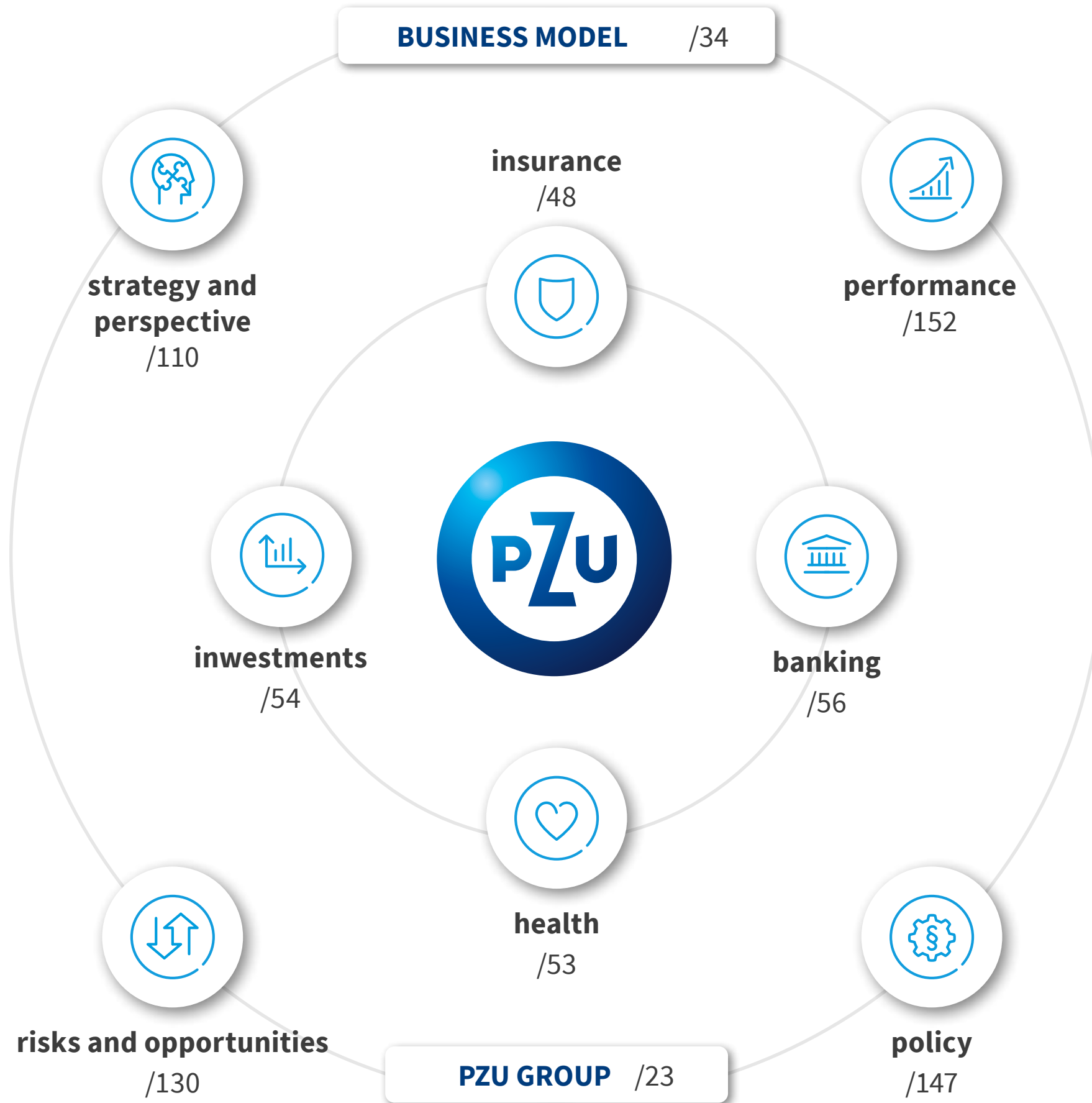


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Anita Elżanowska

Member of the PZU Supervisory Board delegated to temporarily perform the function of the PZU CEO

Letter from the CEO to Shareholders

[GRI 2-22]

Together with the Management Boards of the Companies that make up the PZU Group, I am providing you with the Annual Report for 2023. This was a period in which we operated under conditions of gradual recovery from the pandemic crisis, but still under pressure from the consequences of the war in Ukraine. We also must not forget about long-term trends, such as climate change, demographics, labor market transformations and technological advances, which also bring great challenges. Polish entrepreneurs in this environment have demonstrated exceptional flexibility, adaptability and even expansion. This can be seen in the performance of our economy, especially against the economies of the EU countries that form the Eurozone.

Sales and profitability

Despite operating in a very challenging geopolitical and macroeconomic environment, the PZU Group achieved its strategic goals in 2023. Net profit attributable to shareholders of the Group's Parent Company, PZU SA, amounted to nearly PLN 5.8 billion, growing year-on-year by more than 50%. It also exceeded the 2024 strategy

target by 34%. The adjusted return on equity (aROE) was 22%, up 5.7 p.p. compared to 2022. The PZU Group also strongly increased sales. In 2023, gross insurance revenues amounted to PLN 26.9 billion, more than 2 billion higher than the previous year. The main driver of growth was non-life insurance, where revenues rose 11.4% year-on-year to PLN 16.1 billion. This was driven primarily by revenue growth in non-motor insurance and the MOD segment. Sales growth was accompanied by high profitability achieved in key business lines. The Combined Ratio (COR) for non-life insurance in Poland was 85.3% and the operating margin in group and individually continued life insurance was 21.9%.

In the structure of revenue growth, noteworthy is the growing role of mutual insurance, which, in the PZU Group, is the domain of TUW PZUW. In less than four years, the its membership has doubled, and there are now more than 600 members. In 2023, PZU also acquired Polski Gaz TUW and Polski Gaz TUW na Życie, and this will allow PZU to increase its premiums written in this area, and at the same time, the values of the funds accumulated by EPS (Employee Pension Schemes) participants and managed by the Group.

Investment performance and contribution of banks

An important component of the PZU Group's performance generated in 2023 was the profit earned on its investment portfolio, which rose to PLN 2.5 billion, up 12.1% year-on-year. This was mainly influenced by the level of interest rates, favorable from the point of view of the performance on interest-bearing instruments.

The performance on banking operations was another positive factor. The contribution of Pekao and Alior

banks to the PZU Group's profit attributable to the equity holders of the Parent Company was more than three times higher than in 2022, amounting to nearly PLN 2 billion (vs. PLN 580 million a year earlier).

Implementation of IFRS17 standard

An important development for the PZU Group in 2023 was changing the accounting standard, from IFRS4 to IFRS17. For external stakeholders, this was mainly visible in the structure and content of the reporting documents. Internally, however, the implementation of IFRS17 has meant many changes in analytical and planning areas. These changes coincided with dynamic changes in the macroeconomic environment, particularly in relation to inflation and the response of central banks. As a consequence of these events, it was necessary to revise the PZU Group's strategy and set new or update some of the existing metrics.

Today, the PZU Group is already in the final year of implementing its Strategy for 2021–2024. As such, our priority will be to work on preparing new strategic goals and ambitions, the implementation of which will contribute to building the Group's value, taking into account the principles of sustainable development.

Sustainable development

The PZU Group has consistently strengthened its leadership position in key financial market segments, doing so in accordance with the principles of sustainable development. The Group incorporates environmental, social and governance factors in all aspects of its operations and treats these factors equally.



In 2023, this was mainly manifested in supplier outreach activities, expanded ESG assessment of corporate clients, increased involvement of the PZU Group in climate-energy transition processes, rapid progress toward achieving climate neutrality for its own emissions, and numerous initiatives and programs to improve the quality of life for clients and employees. Continuing to do so will be key to keep the fundamental values of growth over the long term, while maintaining balance at the level of committed equity. In the shorter term, this will be another factor stabilizing the effectiveness of the PZU Group's business model.

Safe development

Risks originating from global events and trends still exist and could lead to further economic shocks. In this respect, high capital security remains paramount, in particular maintaining the Solvency II ratio at no less than 200%. Analysis of ESG risks in elements of the value chain is also gradually being expanded, including assessments of clients, suppliers, investments and products. This allows the PZU Group to identify and manage processes in accordance with the principles of sustainable development.

The PZU Group retains great potential for growth and further value creation. Given the scale of its operations and its position as a leader in the financial sector in Poland, crucial to its stability, all activities it undertakes must be carried out with a safe risk margin. We will do

our utmost to ensure that the PZU Group continues to enjoy a high level of trust from shareholders, clients and other stakeholders, as well as to provide them with certain benefits that are above standard in the market.

Best regards,

/-/ Anita Elżanowska – Member of the PZU Supervisory Board delegated to temporarily perform the function of the PZU CEO



Marcin Kubicza

Chairman of the PZU Supervisory Board

Letter from the Chairman of the Supervisory Board

Dear Sir/Madam,

PZU Group's operations in 2023 were characterized by stability and resilience. Effective risk management and a secure investment portfolio structure have contributed to maintaining a strong capital position, as expressed by the Solvency II ratio at a level significantly above 200%. This was confirmed when the rating agency S&P Global Ratings maintained its ratings for PZU and PZU Życie at a consistent, high level of A- with a stable outlook. The PZU Group's strong financial position has allowed it to meet its capital policy for disbursement of dividends in 2023. Under the decision of the Shareholder Meeting, more than PLN 2 billion has been allocated for this purpose. In 2023, the PZU Group achieved very solid financial results, closing 2023 with a net profit of nearly PLN 5.8 billion, which implies a very good outlook, both for further stability and strengthening the potential for dividend payments.

Business development

In 2023, gross insurance revenue rose to PLN 26.9 billion, mainly due to an increase in sales of non-life

insurance. The development of key strategic areas has also significantly strengthened the scale and scope of activities in the areas of health and investment services. PZU Zdrowie's revenues rose 25.9% year-on-year to PLN 1.6 billion, and the number of active health contracts in the Group exceeded 3.4 million. The network of PZU Zdrowie's medical facilities was consistently expanded. Last year saw the launch of multispecialty medical centers in Gdynia and Kraków, the commissioning of new imaging diagnostic labs in Gdańsk, Białystok, Poznań, Toruń and Kraków, and the acquisition of the Medical Center in Gorzów Wielkopolski.

In the investment pillar, the level of external client assets managed by TFI PZU and OFE PZU increased by PLN 13.9 billion to PLN 54.8 billion at the end of 2023. As part of developing the offering, two more funds were launched that are part of the sustainable investment trend. The first one focuses on shares of companies whose activities contribute to the UN Sustainable Development Goals (SDGs), including tackling climate change and its negative effects. The second one focuses primarily on bonds issued to finance projects pursuing environmental or social goals. Both funds are compliant with Article 8 of the SFDR Regulation, meaning that they promote environmental and social aspects through their investment policies.

Digitization

Inflationary pressures continued to be the main challenge in maintaining high operational efficiency. Therefore, the implementation of digital solutions continued in 2023, and in the long term, they will contribute to maintaining client loyalty by making it easier to serve clients, as well as to reduce costs. These

innovative solutions are based on advanced analytics, the use of big data and robotics. In 2023, nearly 1500 ideas and start-ups were analyzed in the Group and in the end 9 pilots were launched. They included solutions to support actuarial processes, claims and benefits handling processes, the corporate sales area, as well as processes to improve the visibility of PZU's sales network in digital channels.

Climate challenges

The financial sector, including the insurance industry, plays an important role in the energy transition, the biggest challenge for the Polish economy in the coming years and decades. The PZU Group is aware of its responsibility in this area. In 2023, it has increased its commitment to investments supporting the transition to nearly PLN 2.65 billion, including PLN 417 million for financing onshore wind farms. The target annual production of turbines, to the construction of which the Group has committed, should provide green electricity for over 800,000 households in Poland.

As the dynamics of climate change increase, so do regulatory requirements in the process and reporting areas. As of 2025, the PZU Group will be subject to a regime under the CSRD Directive; this regime raises the profile for activities such as the climate neutrality strategy, decarbonization strategy, design of pro-climate products and services, and implementation of processes based on a circular economy. In practice, this means aligning product portfolios, offerings and resources with the opportunities presented by the sustainability agenda. In the PZU Group, these processes will require the mobilization of more and more resources, and will also intensify involvement at all levels of management and



employment. In 2023 only, Management Boards of PZU and PZU Życie implemented 36 targets which take into account ESG factors.

To the Management Boards of the Companies that make up the PZU Group and to all their Employees, I wish success in achieving business, social and environmental goals, and reaching attractive rates of return for Shareholders.

Best regards,

/-/ Marcin Kubicza
Chairman of the PZU Supervisory Board



PZU Group

#1

the largest insurance and banking group in Central and Eastern Europe¹

22 million

clients

99%

the most recognizable brand in Poland²

A- / stable³

a stable business model based on strong foundations

PLN 40.8 billion

stock market capitalization⁴

STRONG BALANCE SHEET

solvency II above average for insurance groups in Europe⁵

1) By assets

2) Continuous brand monitoring, CAWI, nat-rep 18-65, data for January-December 2023; percentage of respondents in the target group declaring familiarity with the brand by indicating it in a list of different brands

3) S&P rating, confirmed on 27 June 2023 and 1 March 2024

4) at the end of 2023

5) PZU's own compilation, based on reports from European insurers and reinsurers, data after Q3 2023



PZU Group

Percentage share of operating profit (adjusted for PZU's holdings in banks in 2023)

60.6%
INSURANCE
 investment and pension products



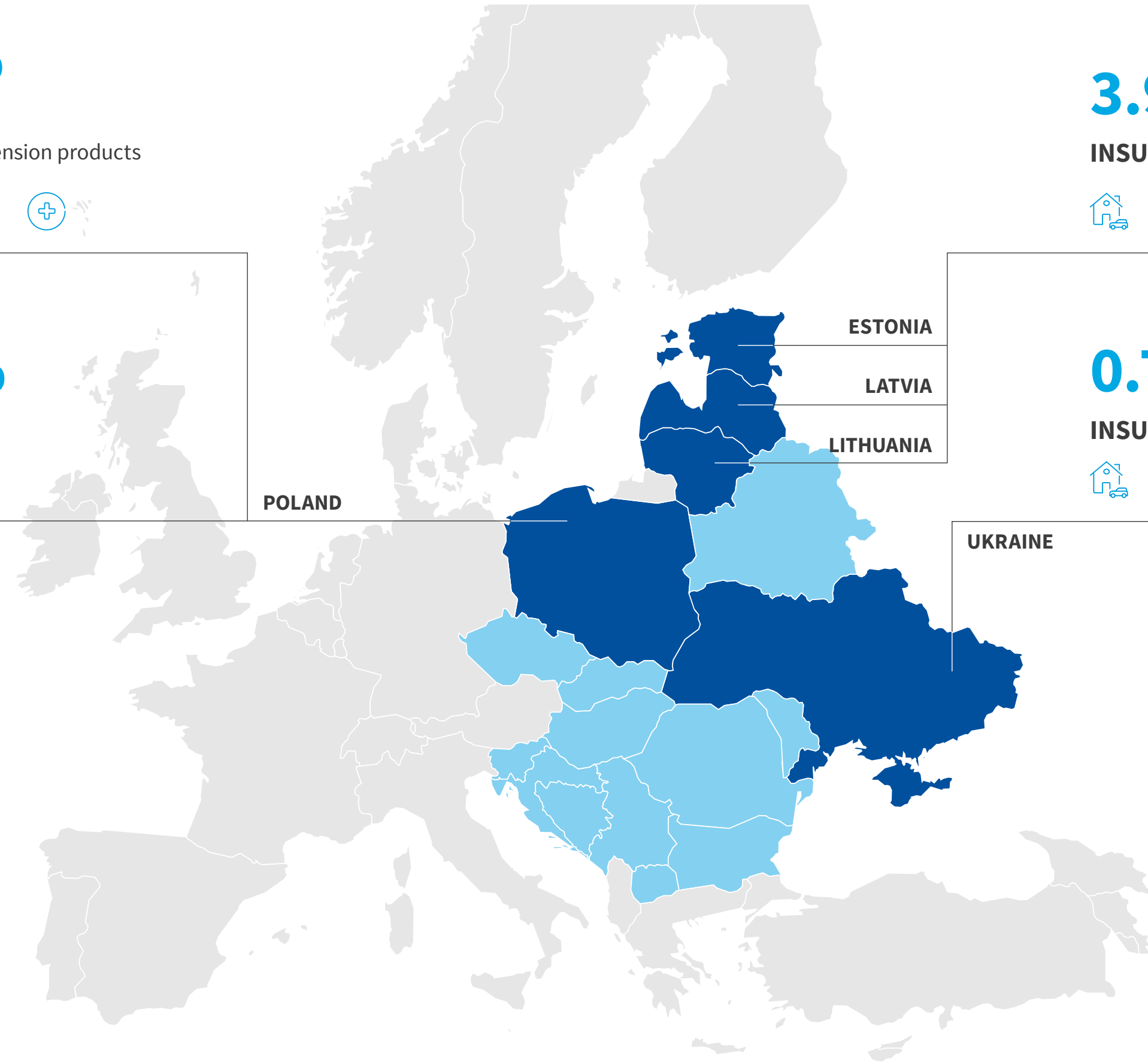
3.9%
INSURANCE



34.9%
BANKING



0.7%
INSURANCE



KEY:

- Non-life insurance
- Life insurance
- Market position in terms of assets under management
- Market position in terms of assets
- Market position in terms of medical revenues








PZU Group












[GRI 2-1] [GRI 2-6]

Market position of PZU Group companies


KEY:

-  Non-life insurance
-  Life insurance
-  Market position in terms of assets under management
-  Market position in terms of assets
-  Market position in terms of medical revenues

POLAND

	#1	
	#1	
		
	#2	
	#8	
TFI PZU	#3	
OFE PZU	#3	
Pekao TFI	#5	
	#3	


LITHUANIA

	#1	
	#6	

LATVIA

	#1	
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ESTONIA

	#4	
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UKRAINE

	#10	
	#4	

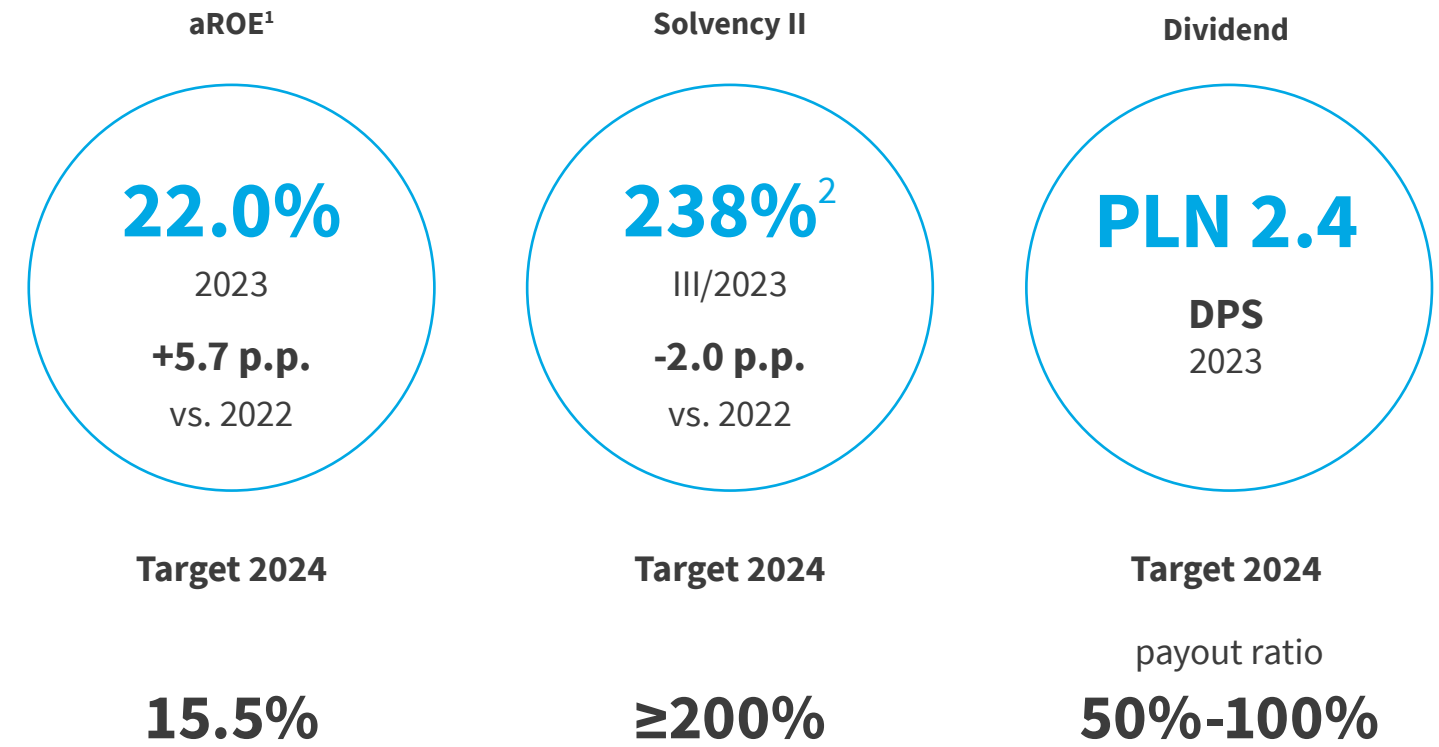


Summary of 2023 results

The PZU Group's financial performance places it among the most profitable financial institutions in Poland.

In 2023, adjusted return on equity (aROE) was 22.0%. Net profit attributable to owners of the parent increased year-on-year by more than 50% to a record PLN 5.766 billion.

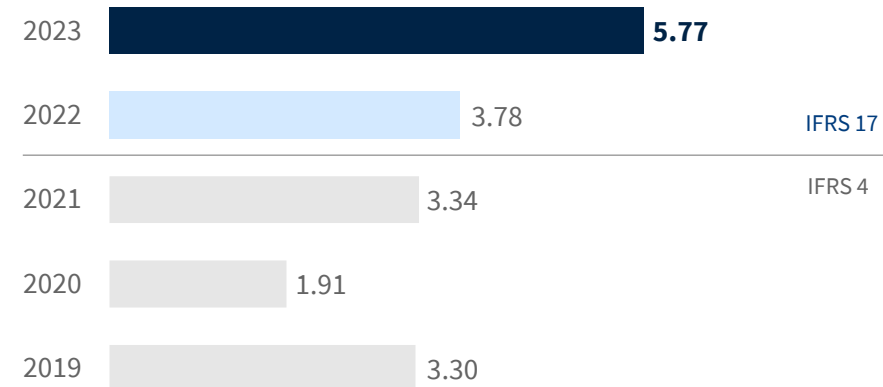
The PZU Group also reported an increase in insurance revenues by PLN 2,123 billion to PLN 26,868 billion.



Insurance revenue/ Gross written premium (PLN billion)*



Net profit attributable to owners of the parent company (PLN billion)



* Insurance revenue for 2023 and 2022 / Gross written premium for 2019-2021

Climate neutrality



Target 2024
Achieve climate neutrality own activities (Scope 1 and 2)^{3,4}

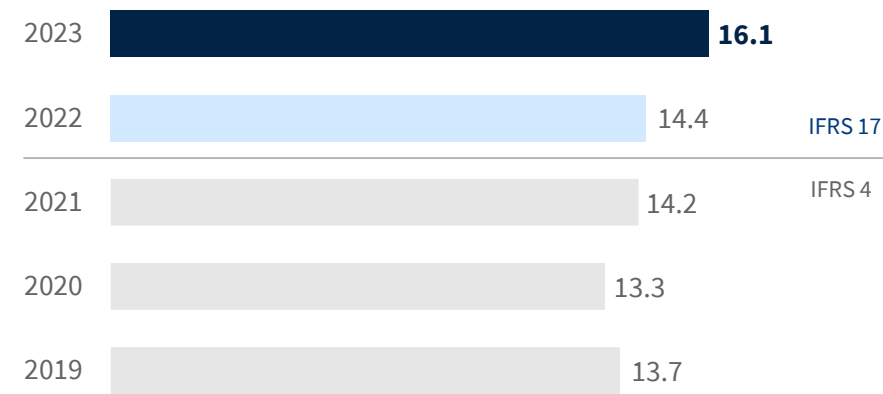
- Adjusted return on equity, calculated on a capital basis excluding cumulative other comprehensive income relating to insurance and reinsurance financial income and expenses
- Preliminary figures, not subject to audit or inspection by statutory auditor
- Reducing carbon dioxide emissions from own sources by 23.1% (location-based method). 79% of contracted and purchased electricity coming from RES Compensation of 17,425 Mg of CO2 through purchase of CERs, UN Carbon Offset Platform (compensation for 2022 as of 30 June 2023)
- Achieving climate neutrality by own activities (Scope 1 and 2) due to reducing emissions, purchasing green energy and compensating CO2 emissions

Summary of 2023 results

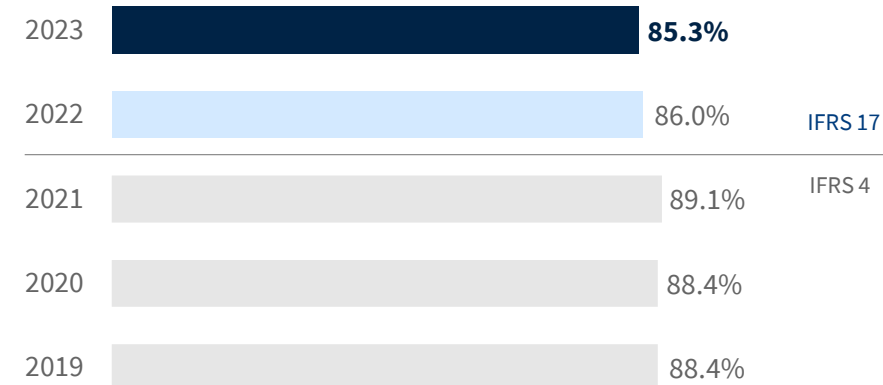
INSURANCE

Non-life insurance in Poland

Insurance revenue for 2023 and 2022 / Gross written premium for 2019-2021 (PLN billion)

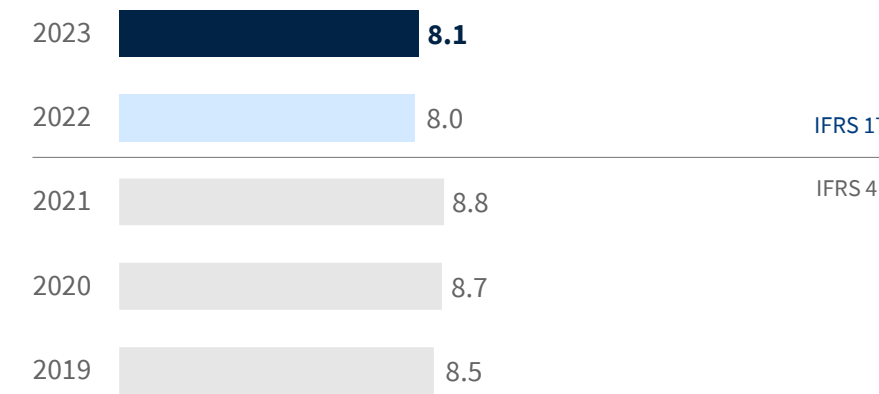


Combined Ratio (COR) (%)

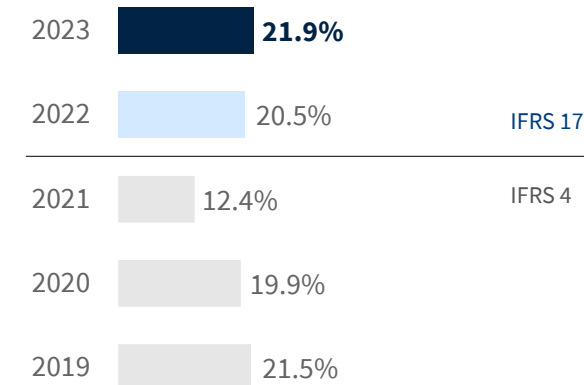


Life insurance in Poland

Insurance revenue for 2023 and 2022 / Gross written premium for 2019-2021 (PLN billion)



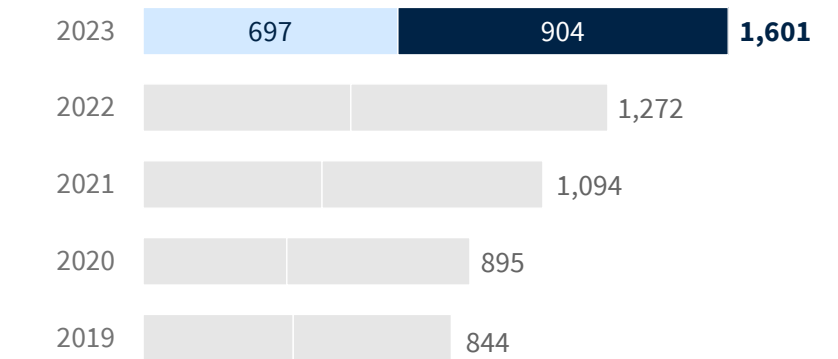
Operating margin on group insurance and IC*(%)



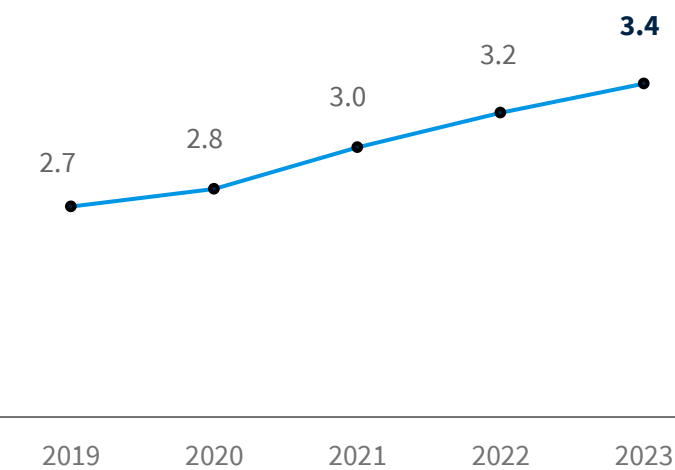
*) Individually Continued

HEALTH

Health Pillar Revenue (PLN million)



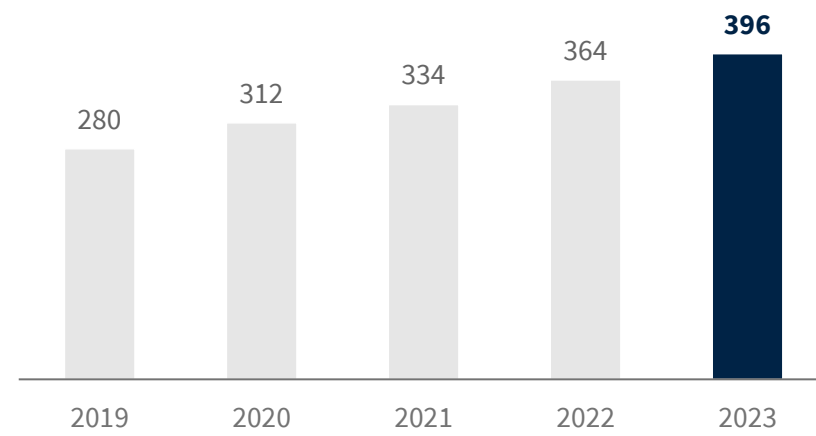
Number of contracts (million)



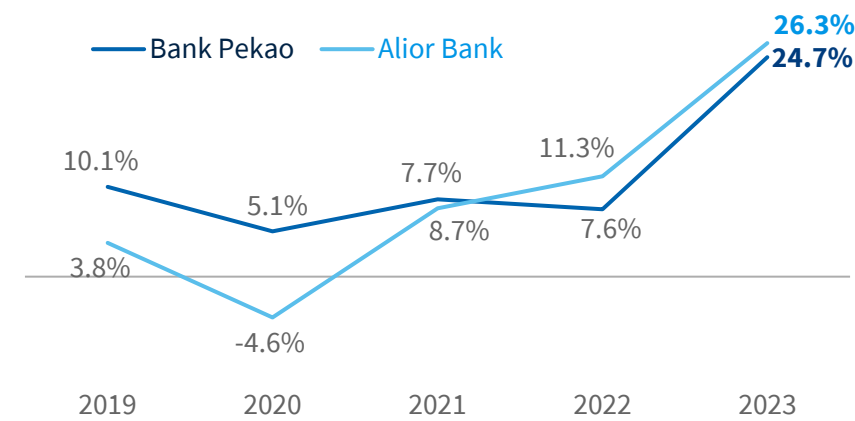
Summary of 2023 results

BANKING

Banking assets in PZU Group (PLN billion)



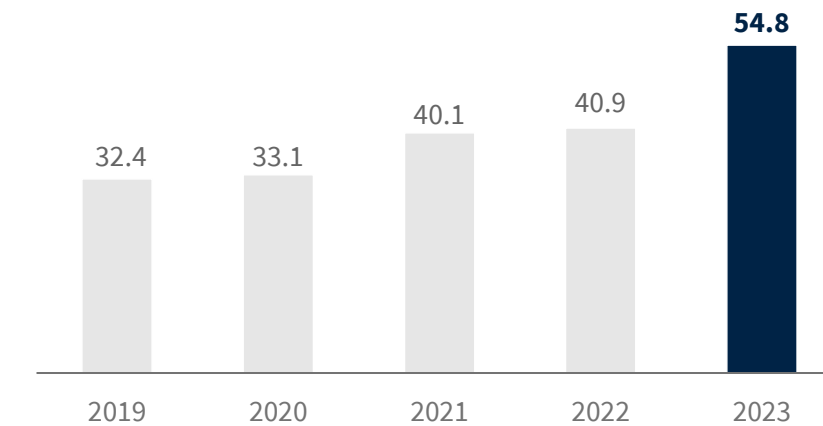
ROE (return on equity) of banks* (%)



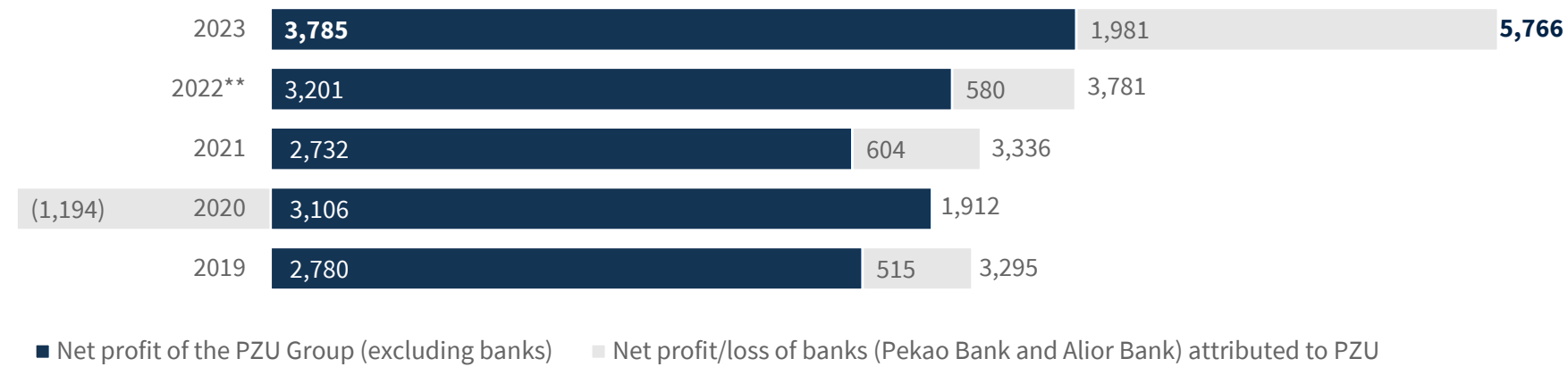
* based on reports and presentations of Bank Pekao and Alior Bank

INVESTMENTS

Assets of external clients of TFI PZU and PTE PZU (PLN billion)



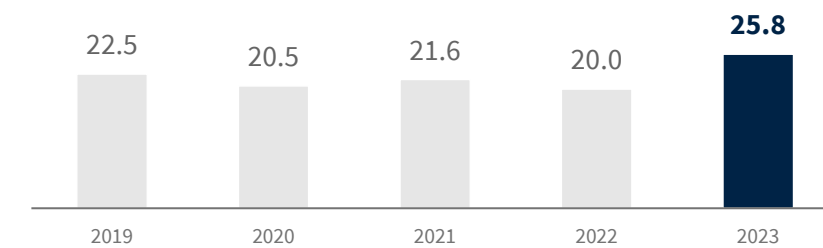
Contribution of banking activities to net profit attributable to the equity holders of the parent company* (PLN million)



*) excluding consolidation exclusions

** restated data. Restatement of comparative data resulting from the application of IFRS 17

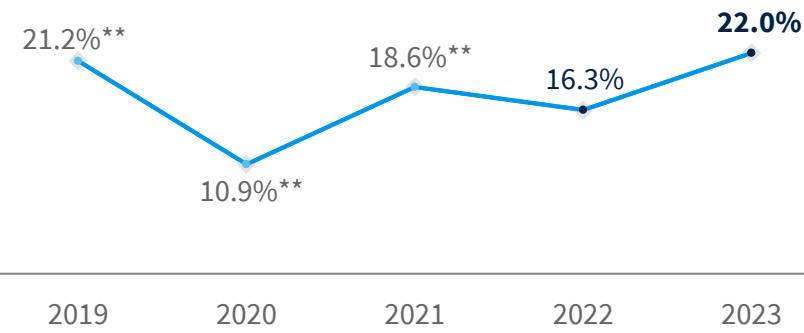
Assets of clients of TFI Pekao and TFI Alior (PLN billion)



Summary of 2023 results

SELECTED INDICATORS

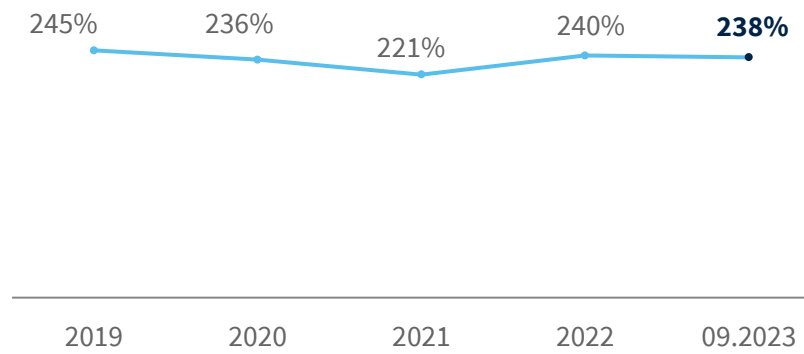
aROE (return on equity)* (%)



*) aROE – adjusted return on equity, calculated on a capital basis excluding cumulative other comprehensive income relating to insurance and reinsurance financial income and expenses; aROE attributable to equity holders of the parent company

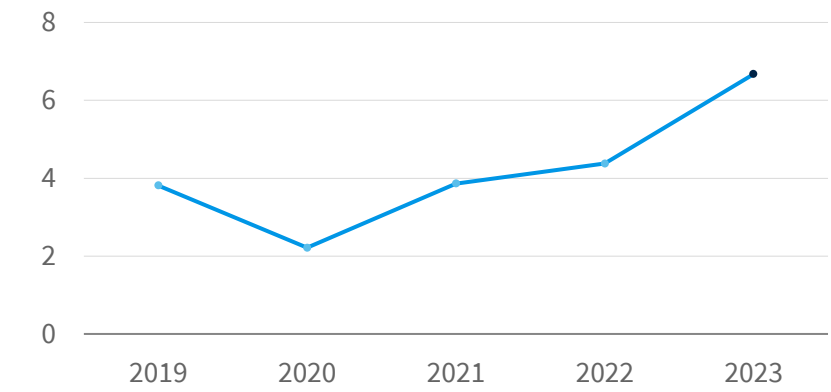
***) ROE – return on equity attributable to equity holders of the parent company

Solvency II* (%)

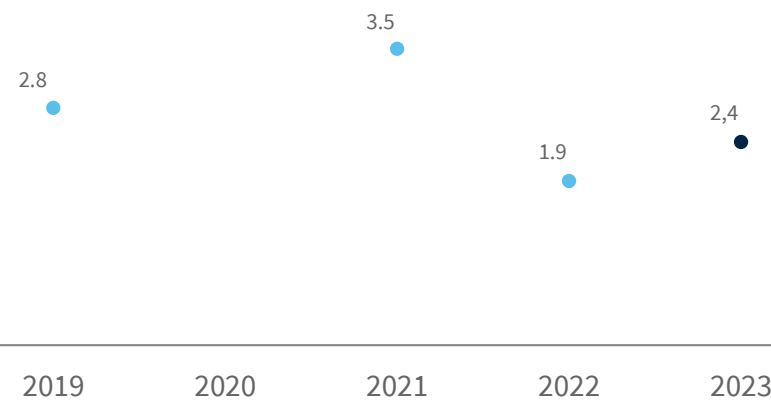


*) Data for Q3 2023 are not subject to audit or review by the auditor

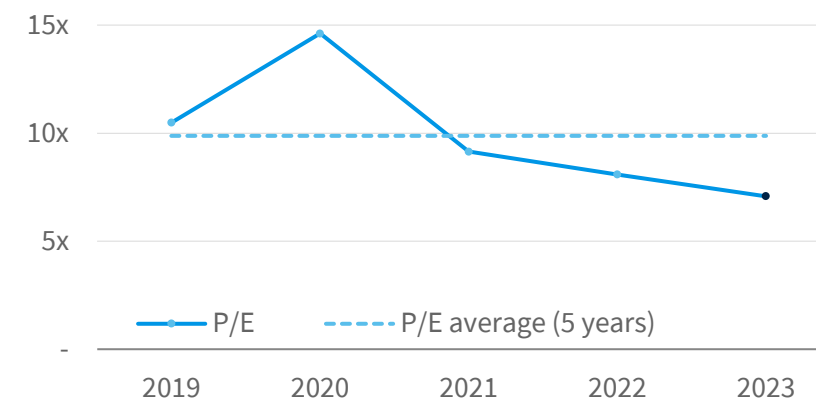
EPS (earnings per share) (PLN)



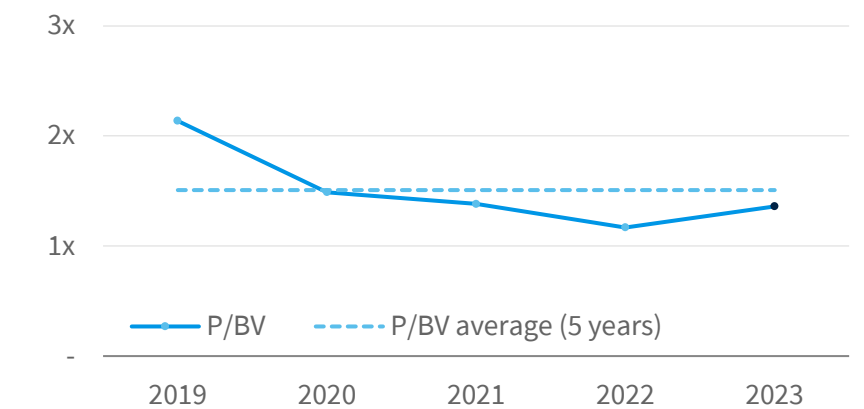
DPS (dividend per share) (PLN)



P/E (price to earnings per share)



P/BV (price to book value per share)



Some of the indicators shown in the charts are Alternative Performance Measurements (APMs) within the meaning of the European Securities and Markets Authority (ESMA) Guideline No. 2015/1415. For definitions, basis of calculation and explanation of application, please refer to [Section 12.3. Alternative Performance Measurements](#).

Basic consolidated data of PZU Group for 2019-2023

Basic consolidated data¹ of the Capital Group for 2019-2022 under IFRS 4 (in PLN million)

	2019	2020	2021	2022
A) PZU Group excluding Alior Bank and Bank Pekao				
Gross written premiums	24,191	23,866	25,080	26,710
Net result from investment activities including interest expense	1,995	2,044	2,012	1,233
Net insurance claims and benefits	(15,695)	(15,580)	(15,731)	(15,542)
Acquisition expenses	(3,363)	(3,317)	(3,572)	(3,903)
Expenses incurred in the period	(1,739)	(1,801)	(1,734)	(1,918)
Operating profit	3,606	3,941	3,635	3,640
Net profit attributable to the equity holders of the parent company	2,780	3,106	2,732	2,794
B) Impairment of goodwill (Alior Bank, Bank Pekao) and intangible assets (IAs) of Alior Bank	-	(1,343) ²	-	-
C) Banks: Alior Bank and Bank Pekao				
Net profit attributable to the equity holders of the parent company	515	149	604	580
(A+B+C) Net profit attributable to the equity holders of the parent company	3,295	1,912	3,336	3,374
Total assets	343,385	378,974	402,129	436,119
Equity attributable to shareholders of the parent company	16,169	18,777	17,080	17,489

1) restated data as of 31 December for 2019

2) including an impairment charge on goodwill arising from the acquisition of Alior Bank (PLN 746 million) and Bank Pekao (PLN 555 million), and an impairment of assets arising from the acquisition of Alior Bank (i.e., trademark and customer relations after taking into account the impact of deferred income tax and minority interest) in the amount of PLN 42 million.

Basic consolidated data of the PZU Capital Group for 2022-2023 under IFRS 17 (in PLN million)

	2022 ³	2023
A) PZU Group excluding Alior Bank and Bank Pekao		
Gross insurance revenue	24,745	26,868
Net insurance revenue	23,619	25,354
Insurance service expenses (net)	(19,956)	(21,335)
Net insurance claims and benefit ¹	(13,971)	(14,646)
Expenses incurred in the period	(2,003)	(2,317)
Amortization of insurance acquisition cash flows	(3,963)	(4,416)
Amortization of loss component	1,037	1,007
Recognition of the loss component	(1,056)	(963)
Insurance service result	3,663	4,019
Net financial income ²	881	1,168
Financial income and expenses from insurance	(378)	(1,748)
Result from investment activities – allocated to insurance segments	1,259	2,916
Net profit attributable to the equity holders of the parent company	3,201	3,785
B) Banks: Alior Bank and Bank Pekao		
Net profit attributable to the equity holders of the parent company	580	1,981
(A+B) Net profit attributable to the equity holders of the parent company	3,781	5,766

1) financial income and expenses from insurance and reinsurance, as well as investment result allocated to insurance business segments

2) excluding the investment component with the development of the claim reserves from previous years

3) Restated data. Restatement of comparative data resulting from the application of IFRS 17

Ratings

Credit rating and financial strength rating

A-
STABLE



On 1 March 2024, S&P affirmed PZU’s rating at its current level of A- with a stable outlook. This came after a change in the criteria of the Capital Model, which the agency’s analysts use to assess the capital position of insurers. PZU more than exceeds capital requirements for the most severe stress scenario.

In 2023, the agency’s analysts conducted their annual rating review for PZU, affirming (June 27) the financial strength rating and credit strength rating for PZU and its major subsidiaries at A- with a stable outlook.

In a report of 24 April 2023, the agency’s analysts expressed confidence that PZU will achieve growth of **4%-10%** in 2023-2024, ensuring business stability and solid operating results.

They stressed that despite the volatile economic environment, PZU’s balance sheet remained resilient and its capital position above the “**AAA**” level.











ESG ratings

Sustainable management of Environmental, Social and Governance (ESG) impacts, is not only part of PZU Group’s strategy, but also transparent reporting and evaluation by agencies specializing in analyzing non-financial indicators. The results of ESG ratings are used by PZU’s stakeholders, particularly investors, to make investment

decisions. At PZU, on the other hand, the ratings are used to help identify areas where it can still improve or better communicate its operations. The following table shows how the rating agencies rated the management of ESG issues.

	3.4	PZU is a constituent of FTSE4Good Index Series, created by the global index provider FTSE Russell, to measure the performance of companies demonstrating strong ESG practices. PZU achieved a score of 3.4 (on a scale of 0 to 5, with 5 being the highest rating). In the insurance sector, PZU ranked in the 42nd percentile.
Moody’s Analytics	37/100	PZU, in the latest Moody’s Analytics analysis conducted in 2021, received a 37/100 ESG score. The score was 6 points higher than the previous one (31 points). The next analysis is scheduled for April 2024.
	BB	In 2023, PZU was rated BB (on a scale of AAA to CCC) by MSCI ESG Ratings. MSCI ESG Research provides MSCI ESG Ratings on global public and a few private companies on a scale of AAA (leader) to CCC (laggard), according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers ¹ .
	35/100	PZU received 35/100 points in the Sustainability Assessment – Corporate Sustainability Assessment (CSA) issued by S&P Global in 2023. PZU performed in the 49th percentile in the INS insurance industry in the S&P Global Corporate Sustainability Assessment, meaning 49% of companies reached an equal or lower ESG Score.
	18.6	In July 2023, PZU received an ESG Risk Rating of 18.6 and was assessed by Morningstar Sustainalytics to be at low risk of experiencing material financial impacts from ESG factors. In no event the rating shall be construed as investment advice or expert opinion as defined by the applicable legislation ² .
	C-	Institutional Shareholder Services (ISS), in its latest 2022 assessment, gave PZU a score of C- on a scale of D- to A+ (where A+ is the highest grade).
	B	In the environmental rating conducted by CDP, PZU received a B grade (a scale of grades from the highest: A/A-, B/B-, C/C-, D/D) and thus recorded an increase from a C grade. PZU’s rating is within the average rating in the financial services area and in Europe.

1) the use by PZU of any MSCI ESG Research LLC or its affiliates (“MSCI”) data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of PZU by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided “as-is” and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

2) Copyright © 2023 Morningstar Sustainalytics. All rights reserved. This section contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third-party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>.



Calendar of the most important events in 2023



MARCH

- 30 March – Publication of PZU Group’s **Annual Report** for 2022

APRIL

- Inauguration of the second edition of the “**Zdrowe Życie**” (“**Healthy Life**”) project
- Publication of the compendium “**Moc naszych miast**” (“**The Power of Our Cities**”), outlining contemporary challenges in the area of sustainable development affecting cities
- 20 April – Loyalty program for retail investors **Moje Akcje PZU (My PZU Shares)** made available for clients of DM BOŚ

MAY

- The premiere of “**Vademecum zdrowia**” (“**Vademecum of Health**”) – a free guide for patients, which was published on the initiative of T UW Polski Zakład Ubezpieczeń Wzajemnych and under the substantive auspices of its Scientific Council
- 25 May – **Quarterly Report** for Q1 2023

JUNE

- Announcing the beneficiaries of the second edition of the **Good Team PZU** prevention program. Under that program, in 2023, 51 thousand athletes from 450 clubs, sports associations, societies, foundations, student clubs and folk sports teams from all over Poland received support
- 7 June – **Ordinary Shareholder Meeting of PZU**
- 27 June – Confirmation of **A- rating** with stable outlook for PZU by S&P agency

JULY

- PZU headquarters – PZU Park – at Daszyńskiego Roundabout in Warsaw has been awarded the “**Barrier Free Facility**” certificate awarded by the “Integracja” Foundation

AUGUST

- 31 August – **Half-Yearly Report** for H1 2023

SEPTEMBER

- PZU has begun the process of **electrifying its vehicle fleet**. PZU’s fleet transformation is part of the insurer’s strategy of being an active participant in the green energy transition
- 28 September – **disbursement of dividends** of PLN 2.40 per share

OCTOBER

- Release of the Customer Experience 2023 report titled “**Epoch of new experiences**”

NOVEMBER

- 23 November – **Quarterly Report** for Q3 2023
- TFI PZU launches two more funds that are part of the sustainable investing trend – PZU Shares for Responsible Development and PZU Bonds for Responsible Development

DECEMBER

- T UW PZUW, as the first Polish insurer, has signed a strategic cooperation agreement in **civil nuclear power insurance** with the world’s leading insurer for the nuclear sector, Nuclear Risk Insurers Europe

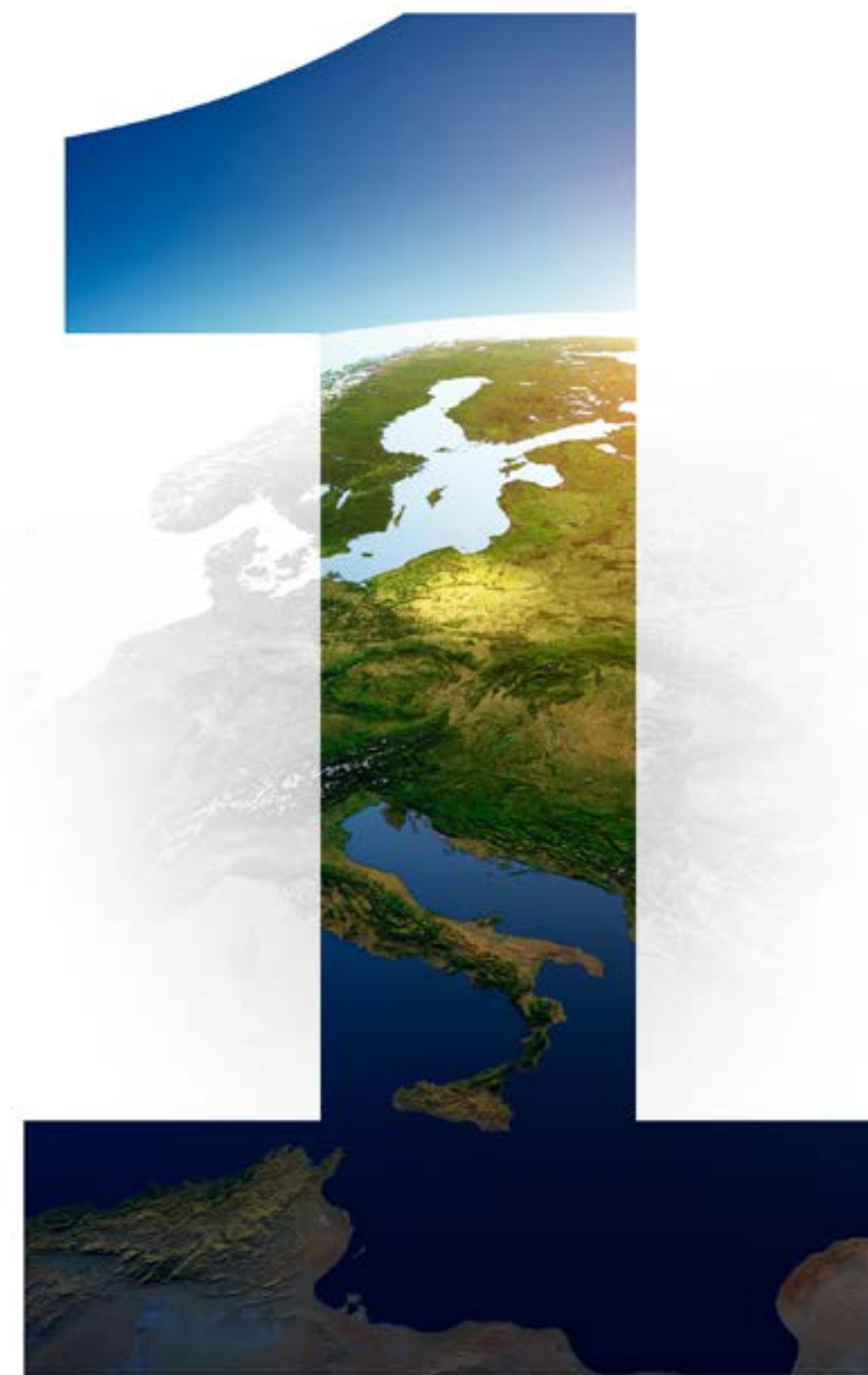




1. About the PZU Group

1.1. Group characteristics

1.2. Selected awards and distinctions



1.1. Group characteristics

For more than 220 years, PZU has been growing its business, gaining experience and using its potential to protect what is most valuable – the life and well-being of its clients, their families, assets and companies. Every day, the Group develops to grow be able to provide the most personalized, comprehensive and flexible offer to its clients. The priority for the PZU Group and the measure of its success is to generate benefits for its shareholders and clients in a sustainable and responsible manner.

[GRI 2-6]

1.1.1. Products and services

The Powszechny Zakład Ubezpieczeń Group is the largest financial group in Poland and Central and Eastern Europe. PZU heads up the group with its traditions dating back to 1803 when the first insurance company was established on Polish soil. PZU is a public company. The stock of PZU has been listed on the Warsaw Stock Exchange (WSE) since 2010. Since its stock exchange debut PZU has been part of WIG20, an index of the Warsaw Stock Exchange's largest companies. PZU is one of the most highly valued companies and heavily traded stocks on the Polish stock exchange. Since 2019, the shares of PZU have been also part of the WIG ESG (sustainability) index.

The main shareholder of PZU is the State Treasury, holding 34.19% of shares. Other PZU shares are held by investors from all across the world.

The PZU Group's consolidated assets total PLN 468 billion. The Group enjoys the trust of 22 million clients. It offers products and services to retail clients, small and medium enterprises and big business entities. Poland is the PZU Group's core market measured by its magnitude and client numbers. Nevertheless, the Group's subsidiaries play an important role on the markets in Lithuania, Latvia, Estonia and Ukraine. Insurance is the core business of the PZU Group. The Group's companies also offer investment, pension, banking and medical services products. They render assistance services to retail clients and businesses through strategic partnerships. Clients' trust is the foundation of the PZU Group companies' operations. PZU places clients in the center of attention and integrates all areas of activity around them. This allows it to offer increasingly personalized, flexible and comprehensive products and services matching the needs of clients at every stage of their private and professional lives and at the suitable place and time.

It is the strategic ambition of PZU to develop ecosystems which will deliver comprehensive solutions for both institutional and individual clients. Those ecosystems allow for new opportunities to build long-term client relationships, thanks among other things to new interactions in various areas of the client's life. The key elements contributing to the development of PZU's consistent technological edge in integrated customer service include digitalization, use of artificial intelligence (AI), Big Data and advanced analytics, as well as mobility and omni-channel approach. Technological transition is supported by cloud computing.

[G4-FS14]

Among all insurers operating in Poland PZU offers its clients the largest sales and service network. It includes:

409 branches,
8.2 thousand tied agents and agencies,
3.8 thousand multiagencies, over **1 thousand** insurance brokers

and remote distribution channels, including

PZU sales hotline at 600 600 601

and the online platform

mojePZU

When it comes to bancassurance and strategic partnerships, the PZU Group collaborates with:

13 banks,
27 strategic partners.

PZU Group customers in Poland have access to the distribution network of Bank Pekao:

493 own branches,
81 partner branches

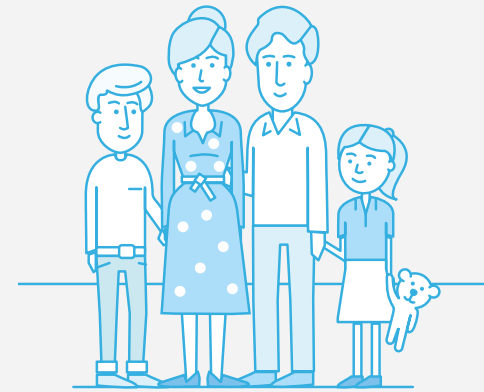
and that of Alior Bank:

522 branches, including **161** traditional branches, **7** Private Banking branches, **13** Corporate Banking Centers and **341** partner branches.
 Both banks have professional call centers and mobile and Internet banking platforms.

In the Baltic Countries where the PZU Group is in the insurance business, its distribution network consists of **548** agents, **20** multiagencies and **447** brokers. PZU also cooperates with **5** banks and **11** strategic partners.

In Ukraine, insurance products are distributed through **250** agents and in collaboration with **26** multiagencies, **38** brokers and **11** banks.

Key PZU Group business areas



INSURANCE

For many years the PZU Group has provided insurance cover in all of the most important areas of private, public and business life, thereby safeguarding its clients' lives, assets and health.

PZU (non-life insurance, including motor, residential and buildings, agricultural and third-party liability insurance) and PZU Życie (life insurance) are the leaders on Poland's insurance market. Since 2014, after the acquisition of LINK4, the Group has been offering insurance under two brands: the most recognizable PZU brand, with its 200-year tradition, and the much younger LINK4 brand, associated

with direct sales channels. In 2015 the third brand, TUW PZUW, or Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych, a mutual insurer, was founded to sell and handle insurance products for companies in various industries, focusing on cooperation with large corporates, medical entities (hospitals and clinics) as well as for church institutions and local government units.

The PZU Group is also the leader in the insurance market in the Baltic Countries (Lithuania, Latvia, Estonia). It also conducts insurance activity in Ukraine.

Poland is the Group's core market, where it generates 89.9% of its revenue (measured by gross insurance revenue). The insurance activity in the Baltic Countries and in Ukraine generates 10.1% of its revenue.



INVESTMENTS

The PZU Group is one of the largest asset managers on the Polish market. It is also the market leader in employee pension schemes.

It offers a broad range of investment products: open-ended and closed-ended investment fund and pension products, such as open-ended pension funds, individual retirement accounts (IRA), individual retirement security accounts with the PZU Voluntary Pension Fund, employee pension schemes (EPS), or employee capital schemes (ECS). TFI PZU also invests the PZU Group's own funds.

The PZU Group has three mutual fund management companies: PZU TFI, Pekao TFI and Alior TFI. It also has Powszechne Towarzystwo Emerytalne PZU managing the PZU Złota Jesień Open-end Pension Fund and the PZU Voluntary Pension Fund.

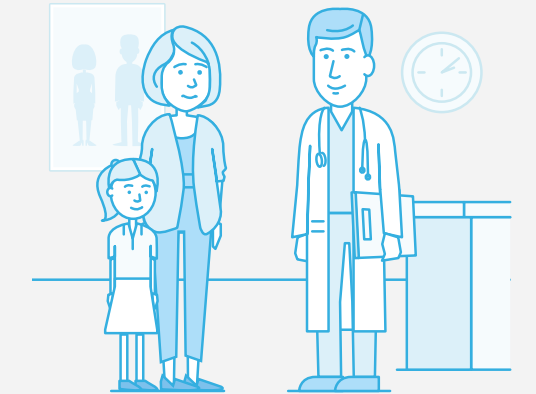


HEALTH

Striving to satisfy the clients' needs better and more fully the PZU Group intensively grows the health insurance segment along with associated medical care services.

The health business deals with the following activities: (i) sales of health products in the form of insurance and sales of non-insurance products (occupational medicine, medical subscriptions, partnerships and prevention programs), (ii) construction and development of medical infrastructure in Poland to give clients the best accessibility to the health care services rendered.

The PZU Zdrowie network includes nearly 130 of its own, more than 2,300 partner branches and 888 samples-taking points. Its advantages include quick appointments, respecting referrals for tests from physicians from outside the PZU Zdrowie network, remote medical consultations which make it possible, in addition to obtaining medical advice or discussing test results, to receive a prescription or referral to tests. The offer is supplemented by prevention services.



BANKING

The PZU Group's banking business comprises two groups of companies: Bank Pekao (a member since 2017) and Alior Bank (a member since 2015).

Bank Pekao, established in 1929, is a universal commercial bank offering a full range of banking services provided to individual and institutional clients. It is one of the largest financial institutions in Central and Eastern Europe, and the second largest bank in Poland.

Alior Bank is a universal deposit and credit bank. It was established in 2008 as a start-up. It combines the principles of traditional banking with innovative solutions, thanks to which it systematically strengthens its market position and sets out trends for the development of the Polish banking sector.

Tightening cooperation with banks has opened up enormous growth opportunities for the PZU Group, especially in terms of integrating and focusing its services on clients at every stage of their personal and professional development. Cooperation with the banking segment forms an additional plane for PZU to build lasting client relations. PZU Group's business within its banking model involves bancassurance and assurbanking.



1.1.2. Brand

PZU is the most recognizable brand in Poland. Aided brand awareness is at the level of 99%¹.

Even though it is mostly associated with insurance, PZU Group's brand architecture also covers a few independent brands. They differ in visual systems, target groups and corporate business models.

PZU Group's brand architecture (the „corporate umbrella” model)

Dominant corporate brand

PZU's corporate brand is dominant in the Group. It is used to identify the PZU Group, most of its companies operating on the Polish market (PZU, PZU Życie, PTE PZU, TFI PZU, PZU Pomoc, PZU Zdrowie, PZU Centrum Operacji), as well as some of the international companies – companies in Ukraine and the Lithuanian branch in Estonia and Lithuanian company PZU Lietuva Gyvybes Draudimas (PZU Lithuania Life).



- insurance
- investments
- health

PZU Family brands

In the PZU Group's architecture, there is also a group of PZU Family brands. This family is formed by companies whose names do not reference the parent company brand, such as AAS BALTA and TUW PZUW. However, their logos look similar to the corporate brand.



- insurance

Independent brands

The last level of brand architecture is the independent brands group. This category includes the brands within the PZU Group, the names and visualization of which differ from the corporate brand, such as Lietuvos Draudimas and LINK4. In 2020, the Cash brand joined the PZU Group's architecture. It denotes the employee financial benefits portal, which is managed by the company PZU Cash.



- insurance
- financial employee benefits

Independent brands – banking segment

The independent brands that joined the PZU Group in 2015 and 2017 are Alior and Pekao bank brands, respectively.



- banks
- investments

1) Permanent brand monitoring, CAWI, nat-rep 18-65, data for January-December 2023; Percentage of respondents from the target group declaring familiarity with the brand by indicating it in a list of different brands

1.1.3. Mission, vision, values

In March 2021, the PZU Group published its Strategy for 2021-2024 under the motto of #PZU Potential and Growth. According to the mission, „**We care about the most important things in life**”, PZU has the ambition to accompany its clients in successive stages of their lives, helping them make their key decisions. The underlying idea is to supply high quality insurance, financial and health products in the most efficient way in terms of price, distribution, adequacy and competitiveness.



Modern product and service ecosystems

One of the tools supporting PZU’s mission is building and developing modern and comprehensive product ecosystems. These are offers dedicated to enterprises (benefits) and drivers. Thanks to the benefits ecosystem, the employer may receive a comprehensive offer of company benefits for their employees. They receive, among others, access to PZU Group products and services, such as the PZU Sport sports and recreation subscription, the PZU CASH portal offering loans on favorable terms repaid directly from the remuneration, and the products and services of PZU Zdrowie. These benefits improve the living comfort of the employees, motivate them to be physically active and change their lifestyles. They allow PZU to build relations with clients that are based on daily life choices. The driver ecosystem involves assistance in car sales and purchase, control of the vehicle’s technical condition, as well as assistance in

Four core values of the PZU Group

- ✔ over 220 years of tradition
- ✔ Sound capital base, high Solvency II ratio
- ✔ Largest financial group in Central and Eastern Europe
- ✔ Strong brand
- ✔ Artificial intelligence and machine learning¹
- ✔ Continuation of the process of digitalizing insurance, banking, investment and health products and services
- ✔ Advanced analytics
- ✔ Process optimization



- ✔ We keep our promises
- ✔ We observe transparent rules of doing business
- ✔ We are fair in our internal and external relations
- ✔ We cultivate a culture of ethics and compliance
- ✔ We respond to the needs of clients, employees and society
- ✔ We manage our environmental impact deliberately and responsibly
- ✔ We offer an inspiring place of work



1) Machine learning is a technology assuming that the program utilizes algorithms to “learn” on the basis of large data sets whereby it is capable of executing tasks without having to be designed directly by a human

mechanical repairs. PZU specialists offer expert knowledge, so that our clients may make the best decision if they are not experienced in vehicle maintenance. All services are available in one place, through secure and user-friendly digital tools.



Personalization of services

The PZU Group has a corporate Data Warehouse that is one of the largest in the Central and Eastern Europe. Its application, combined with an integrated approach to clients and cooperation among various distribution channels, allows the Group to create personalized product offerings. In addition to the standard insurance, health, banking or investment products, PZU also offers modern support and advisory services, helping clients manage their risks better. These activities also increase the number of client interactions. It is the client and client knowledge that are at the core of the Group's operating model. Further development of modern tools for all sales channels, implementation of advanced analytical environments and consolidation of analytical processes with banks will produce data that will best reflect client preferences and behaviors. This will ensure that the potential of the portfolio and knowledge about clients are fully utilized.



Health and wellbeing

The PZU Group places great emphasis on the health and wellbeing of employees and clients. Its goal is to build health awareness in Poland, with special emphasis on prevention measures. It is the prevention of illnesses, not their treatment, that is the priority for PZU. By developing its offering and network, PZU Zdrowie wants to revolutionize the approach to health care in Poland, and become the most comprehensive health advisor. It uses cutting-edge technology, telemedicine and the mojePZU application to facilitate access to specialist medical services and skilled physicians, thereby helping clients to take good care of their health, which is one of the most important values in life.



Sustainable future

The PZU Group operates on a large scale in Poland and in the Central and Eastern Europe and it is aware of its impact on the wellbeing of the society, business partners, investors, employees and the environment.

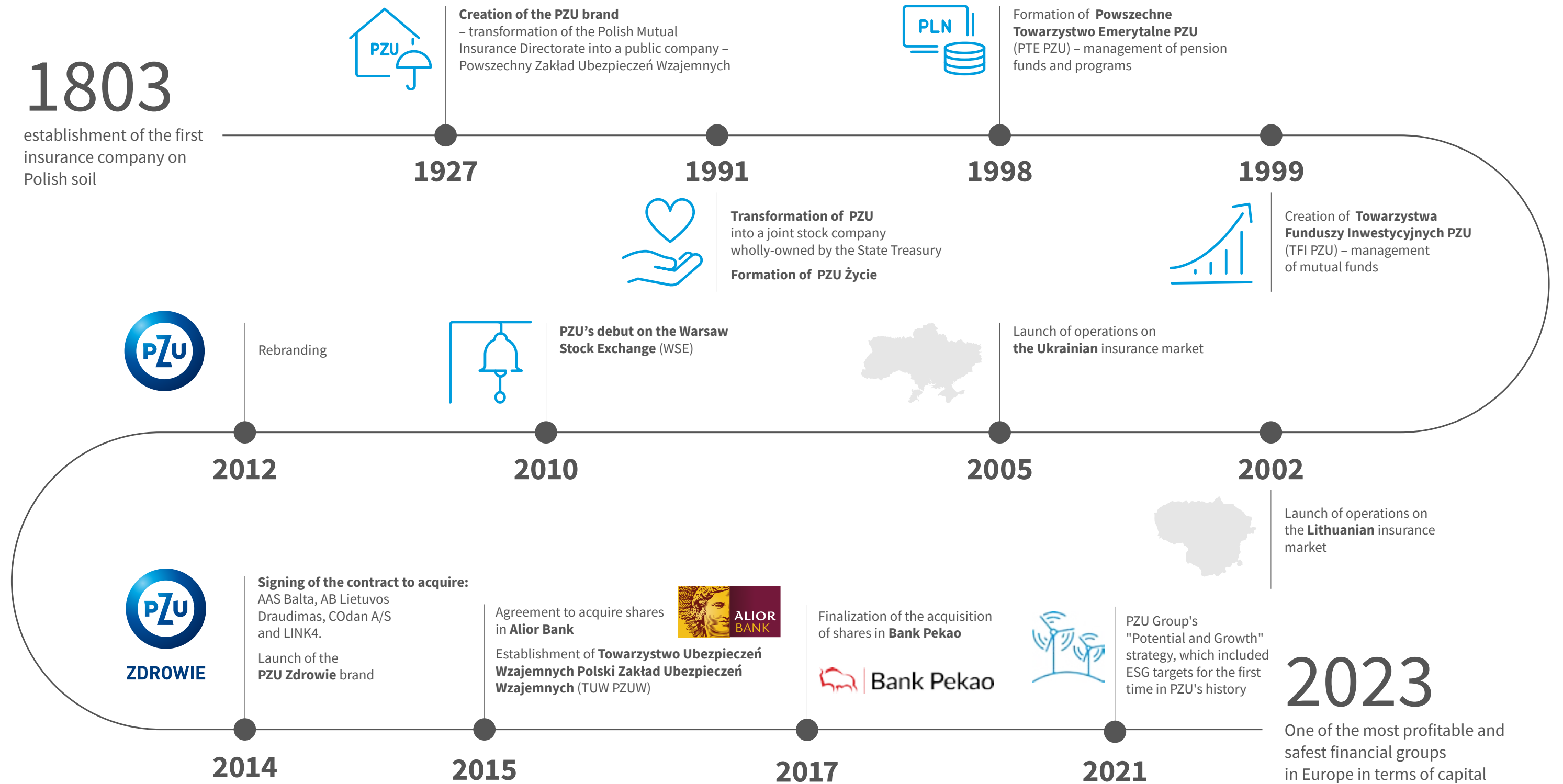
The PZU Group is committed to the development of a responsible organization, strongly emphasizing the ESG factors in its strategy (environment, social responsibility and governance). The priority for the Group is to provide benefits for clients and shareholders in a sustainable and responsible manner. The success of the PZU Group will be built based on contemporary business models widely incorporating ESG criteria, setting standards in this respect on the financial market.

This approach permits the making of decisions supporting sustainable development in the context of the products being offered, cooperation with business partners, care for the well-being of employees and local communities, and building value-based leadership.

The Group supports the development of low-carbon economy, is committed to just energy transition and encourages communities to adopt sustainable and safe lifestyles and builds a modern, responsibly-managed organization. Through these and many other initiatives, the PZU Group pursues the ambition of becoming a trusted partner for green transition, the best place to work on the markets where it conducts business and improve the quality of life for the entire society.

1.1.4. Milestones of PZU Group's growth

The PZU Group has been developing on the financial market for more than 220 years.



1.1.5. PZU Group's structure

Structure of the PZU Group as of 31 December 2023

- The following branches operate within **PZU Zdrowie**:

- CM FCM in Warsaw,
- CM Tarnów,
- CM Nasze Zdrowie in Warsaw,
- CM in Opole,
- CM Cordis in Poznań,
- CM in Warsaw,
- CM in Kraków,
- CM in Poznań,
- CM in Wrocław,
- CM in Gdańsk,
- CM in Kielce,
- CM Warsaw Chmielna,
- CM in Radom,
- CM in Łódź,
- CM in Częstochowa.

- The **PZU Zdrowie Group** includes: Medica Medical Center Group, Elvita Group, Tomma Group and Old Town, Nowa 5 Medical Center, Gamma Medical Center and Boramed Medical Center.

- The **Centrum Medyczne Medica Group** consists of the following companies:

- Centrum Medyczne Medica sp. z o.o.,
- Sanatorium Uzdrowskowie „Krystynka” sp. z o.o. with its registered office in Ciechocinek.

- The **Elvita Group** consists of the following companies:

- Przedsiębiorstwo Świadczeń Zdrowotnych i Promocji Zdrowia ELVITA – Jaworzno III sp. z o.o.,
- Przedsiębiorstwo Usług Medycznych PROELMED sp. z o.o. with its registered office in Łaziska Górne;

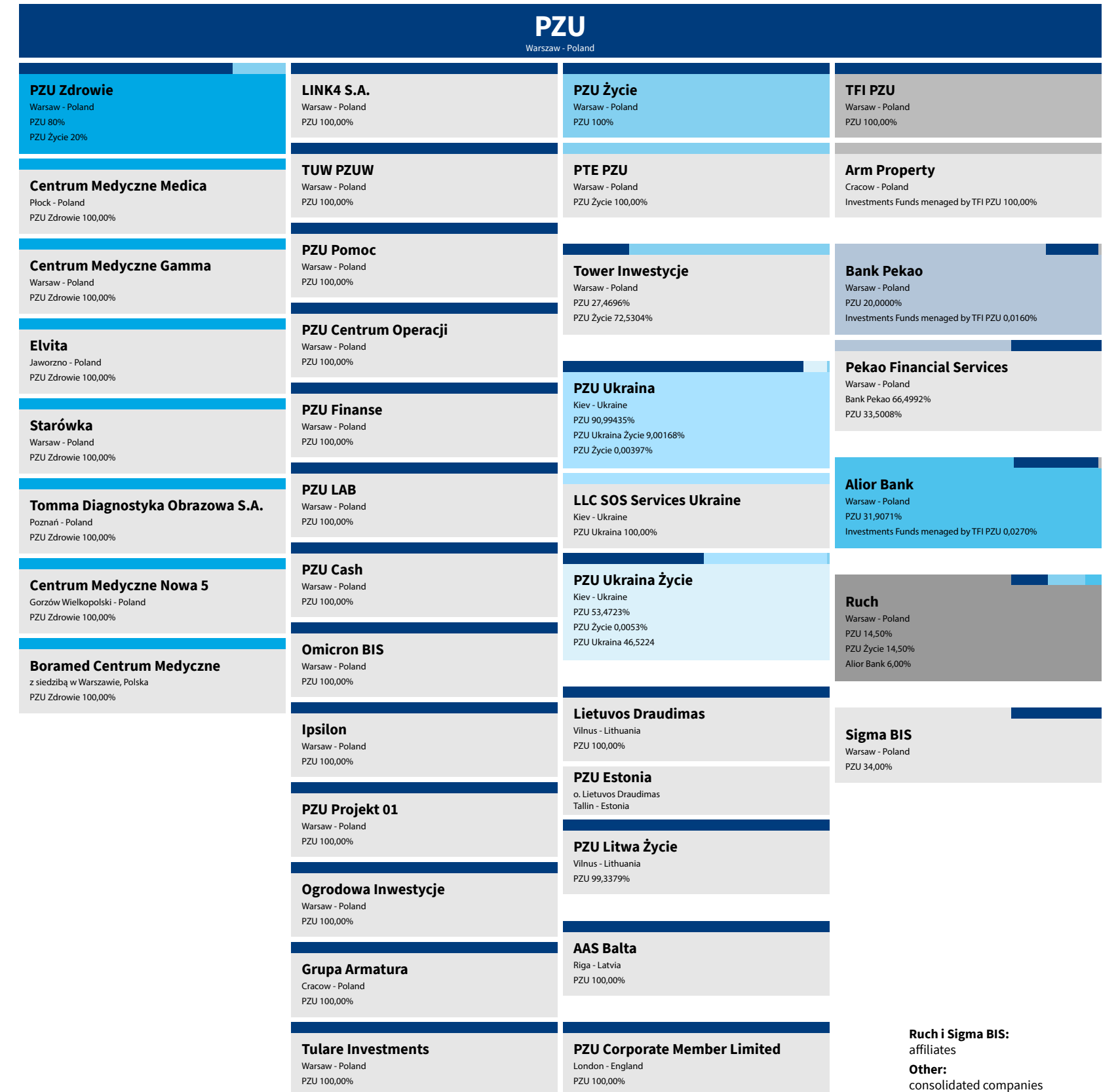
- The **Tomma Group** is composed of the following companies:

- Tomma Diagnostyka Obrazowa S.A.,
- Bonus Diagnosta sp. z o.o.

- The **Alior Bank Group** includes, among others:

- Alior Bank SA,
- Alior Services sp. z o.o.,
- Alior Leasing sp. z o.o. (which has:
 - 90% stake in Alior Leasing Individual sp. z o.o. (created on 29 August 2023)
 - 100% stake in AL Finance sp. z o.o. (until August 5, 2021 – Insurance Service Ltd.), which owns 10% of Alior Leasing Individual sp. z o.o.),
- Meritum Services ICB SA (On 8 December 2023, Absource sp. z o.o. merged with Meritum Services ICB SA. All assets of Absource sp. z o.o. were taken over by Meritum Services ICB S.A.),
- Alior TFI SA,

Structure of the PZU Group as of 31 December 2023





- CORSHAM sp. z o.o.,
- RBL_VC sp. z o.o.,
- RBL_VC sp. z o.o. ASI S.K.A.;

- The **Grupy Bank Pekao** includes, among others:

- Bank Pekao SA,
- Pekao Bank Hipoteczny SA,
- Pekao Leasing sp. z o.o. (which owns 100% of PEUF sp. z o.o.),
- Pekao Investment Banking SA,
- Pekao Faktoring sp. z o.o.,
- Centrum Kart SA, Pekao Financial Services sp. z o.o.,
- Pekao Direct sp. z o.o. (until 16 January 2020 – Direct Banking Center sp. z o.o.),
- Pekao Investment Management SA (which owns 100% of Pekao TFI SA),
- Krajowy Integrator Płatności SA (affiliate).

- The **Grupy Lietuvos Draudimas** includes:

- UAB „B10 biurai”,
- UAB „B10 apartamentai”.

The structure chart does not include investment funds or companies in liquidation or under bankruptcy.

Changes in the structure of the PZU Group in 2023

The following changes transpired in the structure of the PZU Group in 2023 up to the date of signing of the financial statements:

- 1 January 2023 marked the opening of AQ’s liquidation;
- 14 March 2023, the company UAB “B10 biurai” was registered. The shares were acquired by Lietuvos Draudimas;
- 14 March 2023, the company UAB “B10 apartamentai” was registered. The shares were acquired by Lietuvos Draudimas;
- 31 May 2023, PZU Zdrowie acquired a 100% stake in Boramed Centrum Medyczne, based in Warsaw;
- 31 October 2023, PZU Zdrowie (the acquiring company) merged with CM Św. Łukasza, based in Częstochowa (the acquired company);
- 25 January 2024, a transaction was finalized for PZU to acquire 100% of the share capital of Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych, based in Warsaw, from Orlen Spółka Akcyjna. As Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych na Życie, based in Warsaw, is a 100% subsidiary of Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych, the consequence of acquiring the latter entity is that Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych na Życie will also enter the PZU Group.

1.2. Selected awards and distinctions

BUSINESS



PZU:

The best insurer in Poland in the „Institution of the Year 2023” ranking



PZU and PZU Życie:

Second place in the property and life insurance group and third place in motor insurance of the competition Friendly Insurance Company 2023 by Gazeta Bankowa



PZU iandPZU Życie:

In 2023, PZU and PZU Życie in 2023 obtained certification of the Anti-corruption Management System in accordance with ISO 37001 awarded by Polskie Centrum Badań i Certyfikacji S.A. (the Polish Center for Testing and Certification)



PZU:

remains among the Super Ethical Companies



Alior Bank:

Awards in five categories: Best service in remote channels, Best service in a branch, Best online banking, Best bank for businesses, Best remote account opening process in the „Institution of the Year 2023” ranking



Alior Bank:

Third place in the „Best Bank” competition in the „Commercial Bank” category and first place in the „TechnoBusiness” competition in the „Banking” category in the Gazeta Bankowa poll



Alior Bank:

First place in the „Cash Loan” category and second place in the „Personal Account” and „Mortgage Loan” categories



Bank Pekao:

Titles of „Market Leader in Poland 2023” and “Best Services in Poland 2023” in the „Best Trade Finance Survey” competition of the Euromoney international magazine



PZU:

Main award for Best Consultant Team Manager and honorable mention in the „Best Support Team” category at the Polish Contact Center Awards competition



PZU Zdrowie:

In the 5th edition of the „Leaders of Change in Health Care” competition, PZU Zdrowie took home three awards in the areas of quality, human capital and infrastructure



TUW PZUW:

The title of leader among all insurance companies in Poland given in the ranking of Insurance Stars, organized by the editors of „Dziennik Gazeta Prawna”



TFI PZU:

Alfa 2022 statuette for inPZU Inwestycji Ostrożnych



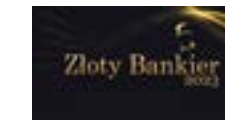
Bank Pekao:

Best Investment Bank in Poland according to Global Finance magazine



Bank Pekao:

Best Bank in Trade Finance in Poland according to Global Finance magazine



Bank Pekao:

First place in categories: „Personal account” and „Account for a child”



Bank Pekao:

First place in the competition „Best Bank” in the „Commercial Bank” category in the Gazeta Bankowa poll

INNOVATIONS



PZU:
Title „Best online insurer” in the e-Commerce Poland Awards 2023



PZU:
An honorable mention in the „Leaders of the Technology Revolution. Top 100 AI Driven in the CEE Region” report prepared by Art of Networking, Bain & Company and MCI Capital



PZU:
Third place in the global Qorus-Accenture Innovation in Insurance Awards 2023 in the Workforce Transformation category for the implementation of a modern insurance coverage comparison engine



PZU:
First place in the TechnoBiznes technology competition organized by the Gazeta Bankowa monthly for the implementation of a modern insurance coverage comparison engine

HR



PZU:
Certificate „HR Highest Quality 2023” awarded by the Polish Human Resources Management Association (PSZK)



PZU:
Grand prize in the Employer Branding Excellence Awards 2023 in the category: EB innovation for the project: Hybrid Work Best Practice Cards



PZU:
Distinction in the Employer Branding Excellence Awards 2023 campaign <<Strong in IT>>, in the category: online campaign



PZU and LINK4:
Winners of Friendly Workplace® 2023

INNE

IR

INNOVATIONS



PZU Życie:
Honorable mention for the „Minute for Skin” program in the „Eagle of Innovation” competition



PZU:
Winner of the Leaders of the Banking and Insurance World competition in the Best Digital Insurer category



LINK4:
Fintech Awards 2023 statuette for best innovative solution in InsurTech category



Alior Bank:
The Department of Innovation and FinTech Partnerships has been selected as one of the top 25 financial innovation labs in the world in „The Innovators 2023” competition organized by Global Finance Magazine

HR



Bank Pekao:
Top Employer 2023 Award, awarded by Top Employers Institute



Alior Bank:
Certificate „HR Highest Quality 2023” awarded by the Polish Human Resources Management Association (PSZK)



PZU and PZU Życie:
„Language Quality Mark” in the „Institution” category. Awarded by the Polish Language Foundation at the University of Warsaw



PZU:
The Best Annual Report 2022 „The Best of the Best” (for the fifth time)



2. Business model

- 2.1. Capital and value creation
- 2.2. Value chain
- 2.3. Suppliers (upstream)
- 2.4. Operating activities
- 2.5. Sales and distribution
- 2.6. Clients (downstream)
- 2.7. Dialog with stakeholders



2.1. Capital and value creation

[GRI 2-6] [IIRC]

The insurance and financial businesses of the PZU Group are the foundation of Poland’s social and economic security. The business activities undertaken affect the surroundings, the environment and the quality of life. That is why the PZU Group pays very close attention to developing in a sustainable manner, taking into account the current needs of stakeholders and caring for the future of the next generations.

The PZU Group is gradually introducing the concept of sustainable development into more areas of business. This allows to gradually improve business efficiency, the quality of the relationships built, or better match the needs of stakeholders. In the long term, this translates into an increase in the potential to build value and greater resilience of the entire organization to the impact of negative external factors.

The management aspects are described based on the International Integrated Reporting Council’s “IIRC” guidelines¹. At this point, we present crucial issues of value creation over time with the use of available capital, i.e. the resources that the organization can access and use to create value. We also describe other issues identified by stakeholders as important.

1) <https://www.integratedreporting.org/>

Financial capital

This category includes financial resources held by the PZU Group, obtained from external sources (clients, shareholders, bondholders) and internal sources (profits generated on the Group’s business operations).

Financial capital (PLN)	2022	2023
Assets	429.2 billion	467.9 billion
Equity	48.4 billion	60.5 billion
Subordinate bonds	6.2 billion	6.2 billion

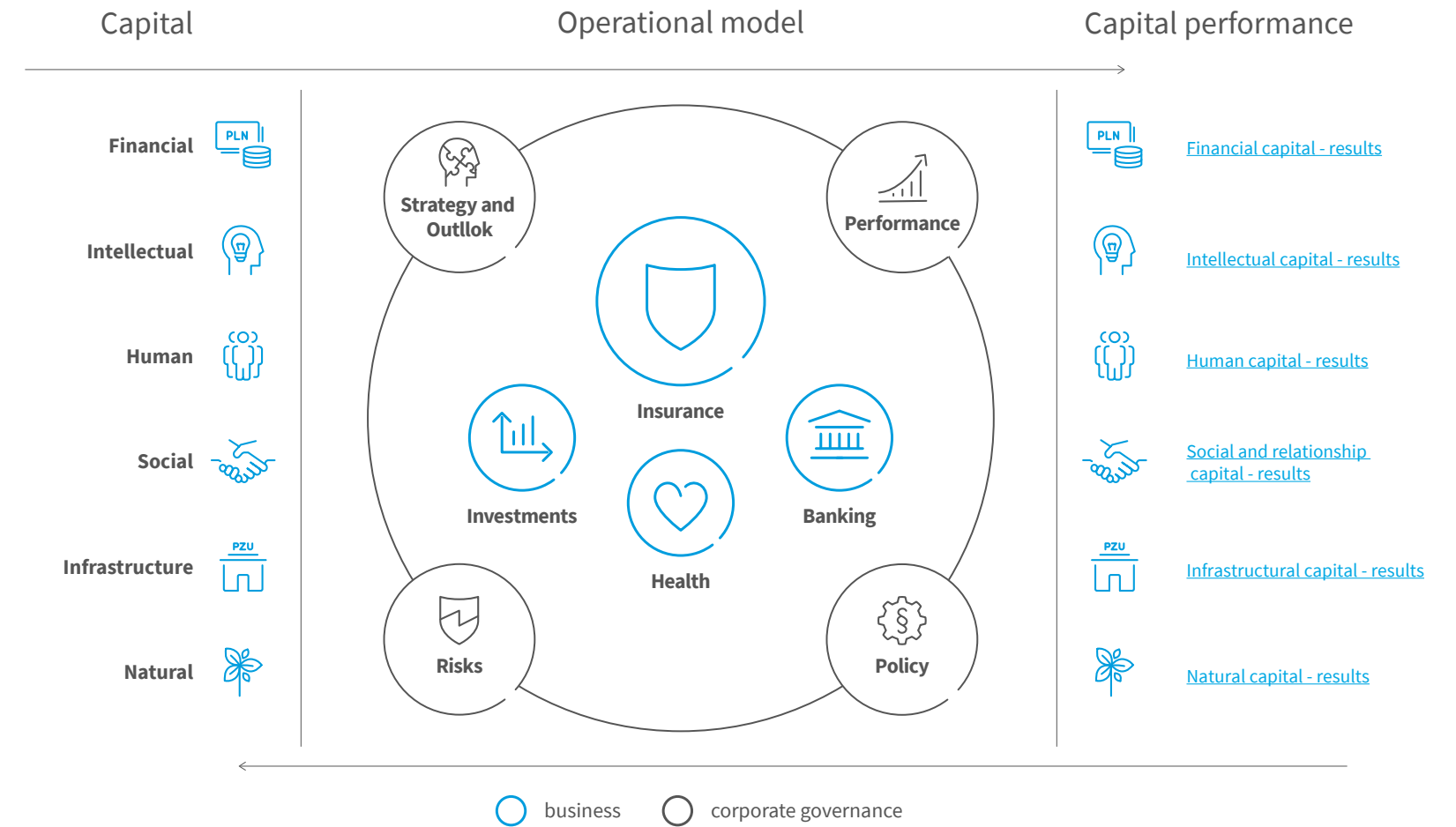
- Performance management pertaining to this type of capital includes in particular activities related to:
- maintaining financial security and stability;
 - ensuring funds for the development and pursuit of the strategy;
 - operational and cost effectiveness.

Example of impact on other capitals:

- intellectual (innovation dynamics);
- human (salaries-costs);
- social and relationship (the scale of support for local projects);

- infrastructural (number of branches);
- natural (green investments, taxonomy, emissions offsets).

Financial capital - results (PLN)	2022	2023
Insurance revenue	24.7 billion	26.9 billion
Investment revenue	15.4 billion	28.2 billion
Net profit for shareholders of PZU parent company	3.8 billion	5.8 billion



Capital management

On 25 March 2021, the PZU Supervisory Board adopted a resolution to approve the PZU Group’s Capital and Dividend Policy for 2021-2024. The adopted policy is a continuation of the principles set forth in the PZU Group’s Capital and Dividend Policy for 2016-2020.

In accordance with the Policy, the PZU Group endeavors to do the following:

- manage capital effectively by optimizing the usage of capital from the Group’s perspective;
- maximize the rate of return on equity for the parent company’s shareholders, in particular by maintaining the level of security and retaining capital resources for strategic growth objectives through organic growth and acquisitions;
- ensure sufficient financial means to cover the Group’s liabilities to its clients.

The capital management policy rests on the following principles:


- manage the PZU Group’s capital (including excess capital) at the level of PZU;
- sustain target solvency ratios at the level of 200% for the PZU Group, PZU SA and PZU Życie SA (according to Solvency II);
- maintain the PZU Group’s financial leverage ratio at a level no higher than 25%;
- ensure funds for growth and acquisitions;

- maintain the financial conglomerate’s surplus own funds above the pertinent requirements for solvency;
- PZU will not issue any new shares for the duration of this Policy.

It is assumed that certain temporary deviations in the actual solvency ratio above or below the target level may occasionally occur.

As at the end of Q3 2023, the estimated solvency ratio (calculated according to the standard Solvency II equation) was

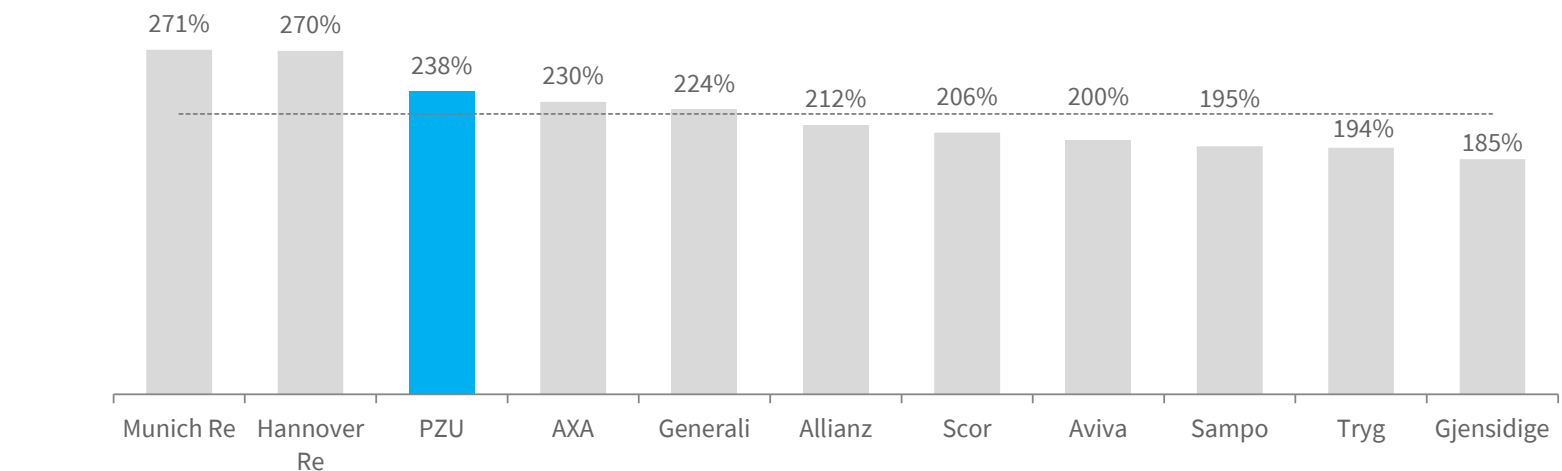
238%



and a level above the average solvency ratio reported by insurance groups in Europe.

In Bank Pekao and Alior Bank, the capital adequacy ratio and the Tier 1 ratio were computed on the basis of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR) and also the various types of risk identified in the Internal Capital Adequacy Assessment Process (ICAAP).

The Solvency II ratio for the PZU Group compared to European insurers



Source and data: data after Q3 2023; PZU data (unaudited)

Solvency ratio	2022	Q3 2023*
SCR		
PZU Group	240%	238%
PZU	267%	262%
PZU Życie	369%	358%
MCR		
PZU Group	430%	427%
PZU	987%	983%
PZU Życie	820%	796%
CRR		
		2022
		2023
PZU Group – total solvency ratio	17.8%	16.8%
Tier 1	16.0%	15.2%
Alior Bank Group – total solvency ratio	16.2%	17.8%
Tier 1	15.0%	17.2%

*) Q3 2023 was neither audited nor reviewed by the Statutory Auditor

Intellectual capital

As regards intellectual capital, of key significance to the PZU Group are the intangible resources of the whole organization and distinct employees in the form of knowledge, experience, research, development and pursuit of a culture of innovation.

Intellectual capital (PLN)	2022	2023
Expenditures on project activities in the Group	154 million	193 million
Number of innovation centers in the Group	6	6
Acceleration and mentoring programs	2	2

Performance management pertaining to this type of capital includes in particular activities related to:

- developing CRM systems, tools for remote sales and contacts with clients;
- personalizing the product offering;
- building product ecosystems;
- integrated approach to distribution channels (omnichannel approach);
- implementation of Group standards and regulations;
- building an environment favorable to innovation.

Example of impact on other capitals:

- financial (operating expenses);
- human (competence; well-being);

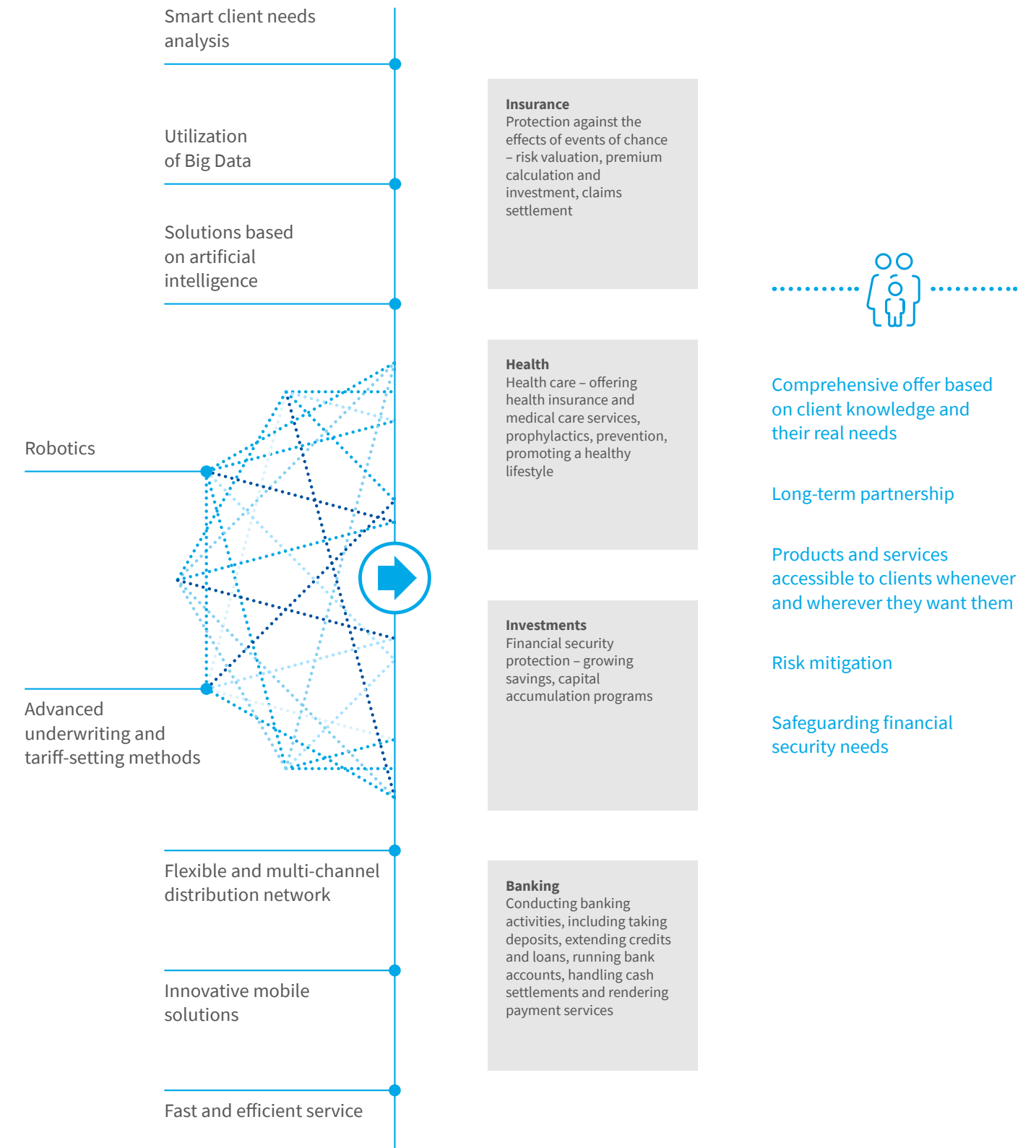
- social and relationship (client satisfaction, location);
- infrastructural (availability of offerings);
- natural (product innovation).

Intellectual capital – results	2022	2023
NPS recommendation index – after insurance purchase	44	45
NPS recommendation index – after insurance is availed of	25	23
Number of innovative projects submitted for implementation	8	6

Approach to innovation

Innovation is one of the key values for the PZU Group. Innovation by thinking outside the box, breaking molds and looking for opportunities to streamline functioning of the company. Innovation in the PZU Group is not limited to a single division, project or area. Smaller and greater changes are constantly being made to every aspect of how the firm operates, and they combine to form a picture of one of the most innovative companies in the financial industry in Europe. PZU's innovations contribute to client satisfaction, which is a top priority for the Group, and to employee comfort, and at a micro scale, to the development of the overall economy.

Innovation in the PZU Group's product and service offering



The innovation strategy adopted by PZU in supports the pursuit of the overall PZU Group’s mission and strategy. Four major areas are set forth thereunder, in which particular effort is expended to find new solutions:

- Advanced analytics and using big data sets;
- New client interactions / Ecosystems;
- Digitalization (in particular emerging technologies);
- Employer 2.0.

One of the key ongoing activities is the development of the analytical and operational area of CRM towards full integration with digital channels in order to better personalize offers throughout the customer journey, and in terms of closing sales paths by, among other things, using knowledge of customer interactions to execute after-sales and maintenance campaigns relevant to customer needs. In 2023, about 6.6 million individual sales campaigns were carried out based on the information collected from the Customer Knowledge Center. By extending actuarial models with new parameters and additional external data, underwriting processes were developed, providing more precise risk estimates and better price proposals for customers. Work is currently underway to increase the precision of tariff models, which will translate into increased efficiency in risk selection. In the area of claims and benefits, advanced analytical models are being used to support customers in selecting optimal paths of claims manageability and matching settlement forms. In 2023, implementations of advanced analytics in the area of motor insurance were completed. Development of similar solutions in other business lines is currently underway. Tools for finding non-obvious relationships in data (data

mining), text, image and voice recognition to automate damage estimates, graph networks to detect insurance crime and organized groups, or RPA robotics have also been developed for many years.

Responsible approach to data use and analytics

Artificial Intelligence (AI) brings both the potential for benefits and challenges, such as issues related to data privacy, transparency, ethics of data use and security. The PZU Group is consciously and responsibly approaching these issues by developing and implementing solutions with the above issues in mind, as well as expanding Data Governance Policies to include Analytics Governance taking into account the Data Act, Data Governance Act or AI Act regulations, among others.

Data as a key value

Due to the dynamic development of the digital world and the arrival of data as an information resource, the PZU Group is constantly developing its reporting and analytical solutions, pursuing its mission to increase competitive advantage through the effective use of data. Reliable data is a vital asset for the company and is essential for business processes such as risk assessment and sharing of risks, accurate tariff estimates, combating

fraud and insurance crime, personalizing offers and broader portfolio management. For more than two decades, the Information Management Department has been developing a corporate Data Warehouse and reporting and analytical solutions (Business Intelligence) that are a key element of the organizational culture and strategic approach to business management in the PZU Group. The Data Warehouse gathers information from more than a hundred internal and external sources (currently more than 90,000 attributes, current and historical data from the last 25 years) in such a way that it can serve in strategic, management and operational decision-making processes. In order for the mission of information management to be fully realized, modern ICT infrastructure solutions are being implemented that are adapted to the volume and type of data and users, technologies that are adequate to business demand and meet market standards, and tools that provide information recipients with fast and uninterrupted access to data and analyses. It is one of the largest information ecosystems in this part of Europe.

In order to improve the processes of delivering information and value from data, six Reporting and Analysis Centers were established in 2023 in key business areas (Retail Sales, Corporate Sales, Product and Tariffs, Customer, Claims and Benefits, Finance), aimed at, among other things, ensuring information consistency and quality, and improving the efficiency of analytical and reporting processes to support informed management.

Value resulting from data-driven transformations

The total estimated value of achieved ROI for completed projects and initiatives that make significant use of data and analytics now exceeds 10% of the annual technical result

Key areas of analytical support:

Retail and corporate sales: new business, customer acquisition, network efficiency (market and competitive analysis, customer needs analysis, channel optimization and sales efficiency)

Customer and CRM: marketing, sales, increasing customer value, retention (segmentation, campaign management, product recommendations for x-sell and up-sell, resignation prediction and retention management, Customer Experience, CLTV value determination and customer loyalty)

Product and Tariff: product creation and underwriting (product creation, modeling in the area of tariffs, underwriting and optimization of price elasticity, personalization of offers)

Claims and Benefits: claims handling process management (segmentation, claims handling analytics, vehicle repair costs analytics, manageability and partner ecosystem analytics), increased fraud efficiency and detection (fraud pattern analytics and fraud prevention models, SNA networks)

Finance and Risk: risk management and debt recovery optimization (portfolio insurance risk analytics, predictive analytics, provision management, salvage optimization and receivables management)

Dynamic development of advanced analytics, including machine learning and artificial intelligence (AI)

The PZU Group has also been investing for years in digitization and automation of processes, but it also makes significant use of data, behavioral and phenomenal patterns, new analytical techniques and technologies, including artificial intelligence (AI) and machine learning (ML). New technologies are the way to better understand the needs and provide more comfort to customers, to serve them more efficiently, but also to better assess risks and consequently value insurance, optimize claims handling processes or, finally, to improve systems for detecting insurance fraud and crime. It is also a way to gain competitive advantages in a world where personalized offers and sales in digital channels are playing an increasingly important role. There are currently more than 300 analytical models in the PZU Group. Today, AI in the PZU Group is used not only to automate and optimize internal processes, but also to improve experiences and relationships with current and potential customers. However, the solutions implemented do not completely take control of the processes, but are only suggestions and hints.

Idea Generator



In PZU, the Idea Generator has been operating under the auspices of the Innovation Lab. It is an internet portal where PZU employees may submit their ideas for innovative solutions. New editions of the competition for the best ideas on a specific topic are regularly announced. In 2023, 3 business challenges were selected that would support the achievement of the chosen business goals. The topics of the competitions are: PZU Virtual Challenge, that is what marketing initiatives PZU can undertake in game worlds or metaverse; Focused on #well-being, that is how to encourage employees and associates to take care of their well-being; and Focused on Client: Technology for CX, that is how PZU can use artificial intelligence to build positive customer experiences. Every portal user is able to not only submit the ideas but also vote for his/her favorite ideas and post comments. The authors of the three best ideas from each edition will receive financial prizes, and can have the opportunity to get involved in the implementation of the proposed solution. From the beginning of the Generator, in 15 editions, over 830 ideas for internal improvements and brand-new innovative solutions were submitted.

The decision always lies with the person – the customer, employees or intermediaries.

The innovation strategy is reflected in the projects and initiatives executed by PZU. The Group is fully aware that innovations call for making creative space conducive to generation of ideas, as well as prototyping, testing and implementing unique original solutions. This is the role of PZU's **Innovation Lab**. Its overarching task is to search for modern solutions, check them, perform tests and support rollouts. Moreover, special processes have been forged in the entire organization to facilitate rapid testing and implementation of innovative solutions.

In 2023, over 1500 ideas and start-ups were analyzed; and 9 pilots of innovative solutions were launched. There were 12 pilots which were completed, and 6 out of those 12 were advanced to the implementation phase. They included solutions for supporting actuarial processes, claims and benefits handling, corporate sales; increasing the visibility of PZU sales network in digital channels; and improving the quality of PZU hotline. Since its inception, the PZU Innovation Lab has completed many unique projects, which have been awarded more than 30 industry prizes.

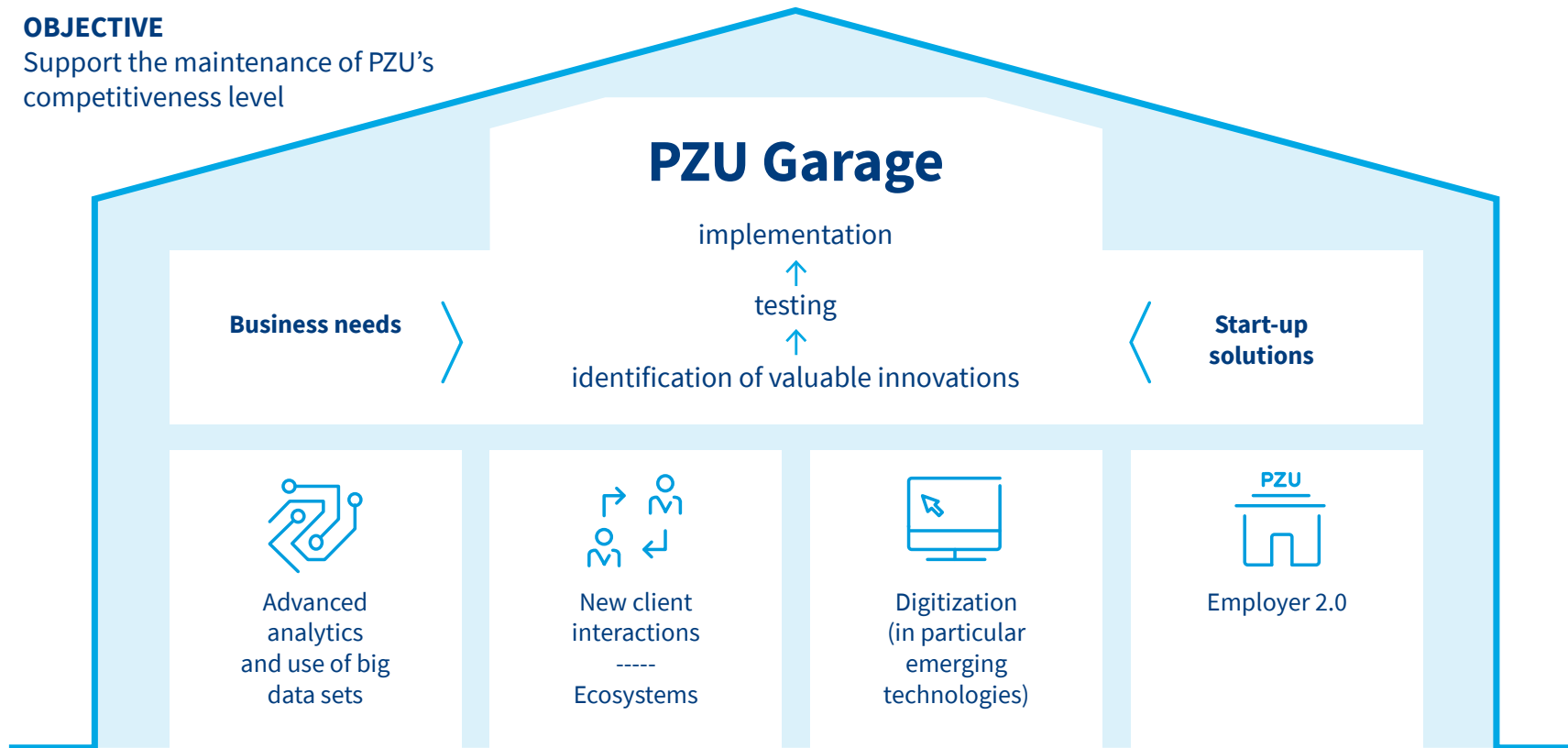
GPT Lab

In 2023, with advances in artificial intelligence and the development of large language models, a GPT Lab team was established at PZU. The team is responsible for analyzing ways to safely use generative artificial intelligence in PZU operations, identifying valuable cases, and testing the first pilot projects. The GPT Lab team applies procedures for testing innovative solutions and operates on specially dedicated cloud resources from a trusted provider of these technologies. The process is constantly monitored, and the right approach to the issue of artificial intelligence testing ensures that experimenting with this technology is safe and reliable. The GPT Lab team is an extension of the long-existing Artificial Intelligence Factory (FSI) team within the PZU structure, where experts use the latest advances in AI and machine learning to analyze vast amounts of data available at PZU.

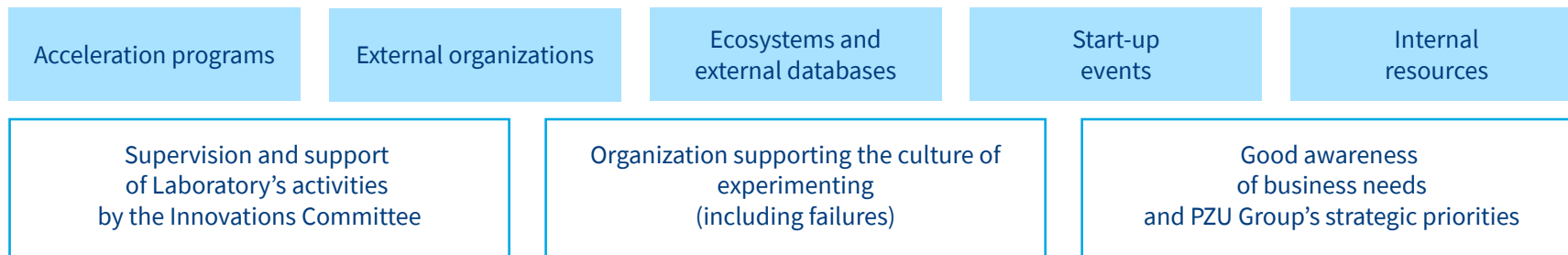
PZU Ready for Startups 2024

OBJECTIVE

Support the maintenance of PZU's competitiveness level



Strong PZU presence in the start-up ecosystem



Human capital

Human capital management involves matters related to creating a workplace, caring for safety, building relationships and dialog, supporting diversity, managing talents, and retaining key employees.

Human capital	2022	2023
Number of employees per FTE (PZU and PZU Życie)	9.8 thousand	9.8 thousand
Number of tied agents and agencies (PZU and PZU Życie)	9.5 thousand	8.2 thousand
Percentage of people working remotely (PZU and PZU Życie)	28.5%	26.5%

Performance management pertaining to this type of capital includes in particular activities related to:

- diversity and respect for human rights;
- ensuring safe working conditions;
- development and training;
- hiring and retaining key employees;
- ensuring a healthy work-life balance for staff;
- ensuring conditions for an honest dialog with trade unions;
- shaping ethical attitudes.

Example of impact on other capitals::

- financial (operating expenses);
- intellectual (culture of innovation);
- social and relationship (brand recognition);
- infrastructure (availability of offerings);
- natural (awareness of the impact on the environment).

Human capital - results	2022	2023
Rate of employee involvement	46%	50%
Rate of new employees (in full-time equivalents at PZU and PZU Życie)	8,0%	9,0%
Rate of voluntary terminations and dismissals (PZU and PZU Życie)	10,4%	8,7%

Social and relational capital

This type of capital is made up of shared norms, values and behaviors that build long-term and lasting relationships with stakeholders. These are aspects related to client loyalty, brand perception and preventive, sponsoring and social activities.

Social and relational capital (PLN)	2022	2023
Funds transferred for prevention activities (PZU and PZU Życie)	54.2 million	70.3 million
Funds donated for sponsorship activities (PZU and PZU Życie)	35.5 million	42.7 million
Funds donated to the PZU Foundation	28.0 million	38.0 million

Performance management pertaining to this type of capital includes in particular activities related to:

- setting standards for cooperation with suppliers and business partners;
- deploying systems to improve customer service;
- approach to recruiting and supporting agents;
- promoting a healthy lifestyle;
- disease prevention;
- accident prevention;
- providing support to local communities;
- supporting activities aimed at promoting sports, culture and art.

Measurement of the effectiveness of this type of capital is largely based on analyzing the outcomes of preventive and sponsoring campaigns, social campaigns and socially beneficial projects, and the use of funds allocated to activities pursued by foundations.

Example of impact on other capitals:

- financial (price elasticity);
- intellectual (brand recognition);
- human (engagement);
- natural (environmental awareness in the supply chain).

Social and relationship capital - results	2022	2023
Number of beneficiaries of PZU employee voluntarism;	457,500	153,555
Number of volunteerism actions organized by the PZU Foundation	9	12
Number of recipients of community activities on safety and sustainable lifestyles	12.2 million	14.7 million

Infrastructural capital

This type of capital is made up of the largest distribution and service network in Poland, in particular: branches, outlets, agents and business partners, the claims handling network, and electronic distribution channels. It also includes one of the largest corporate PZU Data Warehouses in Central and Eastern Europe as well as IT tools and systems that enable information flow both within and without the PZU Group. As a result, PZU Group clients enjoy easy and convenient access to financial products and services.

Infrastructural capital	2022	2023
Number of tables / data in the data warehouse	~200 thousand / 400TB	~200k thousand/ 400TB
Number of PZU, Bank Pekao and Alior Bank branches	1,540	1,505
Number of PZU Zdrowie's own branches	~130	~130

Performance management pertaining to this type of capital includes in particular activities related to:

- growth of sales structures;
- organization of work in branches;
- growth and transformation of facilities in the health area;
- standardization of structures and positions;
- development of electronic distribution channels for financial products and services;
- digitization of processes within the PZU Group.

Example of impact on other capitals:

- financial (operating expenses);
- intellectual (level of innovation);
- human (quality of customer service);
- social and relationship (accessibility and countering exclusion);
- natural (emissivity).

Infrastructural capital - results	2022	2023
Number of active data warehouse users / Business Intelligence users on average per month	>3,5 thousand	>3,5 thousand
Number of users of the sales and service platform mojePZU	>3,3 million	4,0 million
Number of active inPZU users	117 thousand	196 thousand

Natural capital

This is primarily the PZU Group's direct and indirect impact on the environment. It also covers renewable and non-renewable natural resources that the PZU Group uses in its operations.

Natural capital	2022	2023
Energy consumption from non-renewable fuels (PZU and PZU Życie)	123,187 [GJ]	130,196 [GJ]
Consumption of purchased and produced energy (PZU and PZU Życie)	129,079 [GJ]	134,644 [GJ]
... including energy from renewable sources	49,991 [GJ]	50,096 [GJ]

Performance management pertaining to this type of capital includes in particular activities related to:

- minimizing the environmental footprint, reducing own and indirect CO2 emissions;
- shaping the investment policy;
- building climate awareness among employees, clients and partners;
- involvement in the climate and energy transition;
- implementation of ESG factors into operations;
- development of products for entities supporting low-emission technologies.



Example of impact on other capitals:

- financial (commitment to green investments);
- intellectual (reduction initiatives);
- human (environmental awareness);
- social and relational (pro-ecological products);
- infrastructural (transition to low-carbon technologies).

Natural capital – results (direct impact)	2022	2023
Reduction in Scope I eCO ₂ emissions compared to the base year (2018)	16.3%	14.6%
Reduction in Scope II (market-based) eCO ₂ emissions compared to the base year (2018)	56.4%	55.8%
Emissions (scope 1 and 2) per employee (Mg CO ₂ e / employee)	2.63	2.61



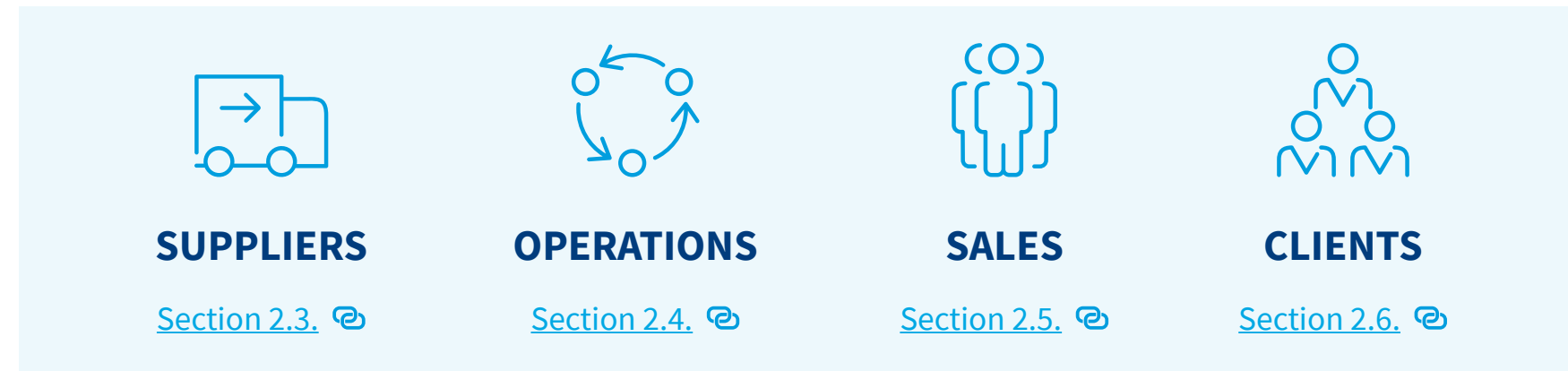
2.2. Value chain

[ESRS SBM-1] [GRI 2-6]

Operational processes, with insurance business as the key element, are at the core of the PZU Group’s value creation model, generating over 60%¹ of the Group operating result. The offering is supplemented by health, banking, investment and pension products. Equity management in the PZU Group is implemented in accordance with the PZU Group’s strategy. This is why aspects related to the core business – insurance offered by PZU and PZU Życie – are of greatest importance.

The value chain includes a number of processes, resources and relationships that enable the Group to conduct its business. The value chain also reflects and is closely linked to the life cycle of the Group’s products, creating a comprehensive structure, which covers all stages: from product conception, through product handling, to the end of the life cycle, and in the case of insurance, the latter can still last for several years after

the end of coverage. Value moves along the chain, driven by collaboration, innovation and process improvement, and thus plays its role in the Group’s growth, in strengthening its market position, and in building shareholder value. In model terms, the PZU Group’s value chain consists of four elements: suppliers, operations, sales and clients.



1) adjusted for PZU’s shares in the Group banks.

I. Suppliers (upstream)

Section 2.3.

The PZU Group cooperates with suppliers from many industries, in such business areas as administration, real property and information technology. The largest group of suppliers are business partners for IT, real property, utilities and energy purchases. The spectrum of supplies is wide, i.e., from comprehensive orders in the area of information technology and consulting to conventional goods and services.

- handling of benefits and liabilities;
- service provision and management of client relations;
- operations (sales processing and settlement, contract servicing);
- data security;
- management of the Company’s financial resources.

Supporting processes (insurance business):

- human resource management;
- information management;
- IT management, development and maintenance;
- accounting;
- financial service;
- administration and logistics;
- corporate support (including legal services, corporate governance, marketing and communications, investor relations, etc.).

II. Operations

Section 2.4.

PZU Group’s processes involve employees, partners and platforms. The main areas of operations include: insurance, banking, investment, and health.

The key processes related to the insurance area are as follows:

- market research, research into client needs and expectations;
- creation and development of products and services;
- sales and distribution;
- claims handling;

III. Sales and distribution

Section 2.5.

The PZU Group provides its clients with a comprehensive product offering through synergies within the conglomerate companies, offering access via a variety of distribution channels. Among all insurers operating in Poland, PZU provides its clients with the access to

the largest sales and service network (as part of the insurance offering). At the end of 2023 it included: 409 branches, 8.2 thousand tied agents and agencies, 3.8 thousand multiagencies, over 1 thousand insurance brokers, as well as remote distribution channels. When it comes to bancassurance and strategic partnerships, the PZU Group collaborates with 13 banks and 27 strategic partners.

IV. Clients (downstream)

Section 2.6.

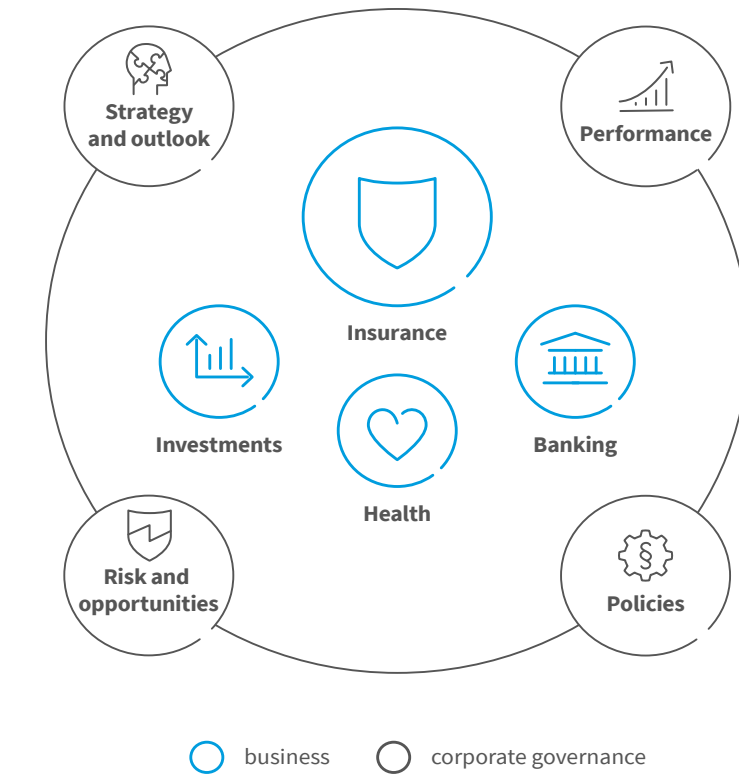
The Group enjoys the trust of 22 million clients. It offers products and services to retail clients, small and medium enterprises and big business entities. Poland is the PZU Group's core market measured by its magnitude and client numbers. Nevertheless, the Group's subsidiaries play an important role on the markets in Lithuania, Latvia, Estonia and Ukraine. Insurance is the core business of the PZU Group. PZU companies also offer investment, pension, and banking products as well as medical services. They render assistance services to retail clients and businesses through strategic partnerships. The Group companies' operations are founded on clients' trust. PZU places the client in the center of attention and integrates all areas of activity around the client. This allows it to offer increasingly personalized, flexible and comprehensive products and services matching the needs of clients at every stage of their private and professional lives and at the suitable place and time.

Capital (2022/2023)

Financial	<ul style="list-style-type: none"> • 429.2 bn PLN / 467.9 bn PLN - assets • 48.4 bn PLN / 60.5 bn PLN - equity • 6.2 bn PLN / 6.2 bn PLN - subordinated bonds
Intellectual	<ul style="list-style-type: none"> • 154 m PLN / 193 m PLN - expenditures for project activity • 6 / 6 - number of innovation centers • 2 / 2 - number of accelerator and mentoring programs
Human	<ul style="list-style-type: none"> • 9.8 thous. / 9.8 thous. - number of full time equivalents (PZU and PZU Życie) • 9.5 thous. / 8.2 thous. - number of tied agents (PZU and PZU Życie) • 28.5% / 26.5% - percent of employees working remotely (PZU and PZU Życie)
Social and relationship	<ul style="list-style-type: none"> • 54.2 m PLN / 70.3 m PLN - funds allocated to prevention activities (PZU and PZU Życie) • 35.5 m PLN / 42.7 m PLN - funds allocated to sponsoring activities (PZU and PZU Życie) • 28.0 m PLN / 38.0 m PLN - funds transferred to the PZU Foundation
Infrastructure	<ul style="list-style-type: none"> • ~200 thous. / 400TB / ~200 thous. / 400TB - number of tables / data in the warehouse • 1,540 / 1,505 - number of branches of PZU, Pekao and Alior Bank • ~130 / ~130 - number of PZU Zdrowie's own centers
Natural	<ul style="list-style-type: none"> • 123,187 [GJ] / 130,196 [GJ] - consumption of energy from non-renewable fuels (PZU and PZU Życie) • 129,079 [GJ] / 134,644 [GJ] - consumption of purchased and produced energy (PZU and PZU Życie) • 49,991 [GJ] / 50,096 [GJ] - ... of which from renewable sources

Model operacyjny

The PZU Group leverages its tangible and intangible resources to create value for its shareholders, clients, employees and agents, and exert an influence on the Polish economy and its sectors. The PZU Group effectively utilizes the magnitude of its operations, innovation (products, administration, services), more than 200 years of experience and familiarity with clients' needs: today and tomorrow.



Capital performance (2022/2023)

Financial	<ul style="list-style-type: none"> • 24.7 bn PLN / 26.9 bn PLN - insurance revenue • 15.4 bn PLN / 28.2 bn PLN - investment income • 3.8 bn PLN / 5.8 bn PLN - net profit attributable for shareholders of the parent company
Intellectual	<ul style="list-style-type: none"> • 44 / 45 - NPS recommendation index - after the purchase of insurance • 25 / 23 - NPS recommendation rate - after using the insurance • 8 / 6 - number of innovative projects submitted for implementation
Human	<ul style="list-style-type: none"> • 46% / 50% - employee engagement index • 8.0% / 9.0% - rate of newly hired employees (in FTEs for PZU and PZU Życie) • 10.4% / 8.7% - rate of voluntary departures and layoffs of employees (PZU i PZU Życie)
Social and relationship	<ul style="list-style-type: none"> • 457,500 / 153,555 - number of original volunteer projects by PZU employees • 9 / 12 - number of volunteer actions organized by PZU Foundation • 12.2 mln / 14.7 mln - number of recipients of social activities in the field of safety and sustainable lifestyle
Infrastructure	<ul style="list-style-type: none"> • >3.5 thous. / >3.5 thous. - number of active users of data warehousing / Business Intelligence on average per month • >3.3 mln / >4.0 mln - number of users of the sales and service platform mojePZU • 117 thous. / 196 thous. - number of active inPZU users
Natural	<ul style="list-style-type: none"> • 16.3% / 14.6% - reduction of scope 1 eCO2 emissions vs. base year (2018) • 56.4% / 55.8% - reduction of scope 2 (market-based) eCO2 emissions vs. base year (2018) • 2.63 / 2.61 - emissions (scope 1 and 2) per employee (Mg CO2e / employee)

Impact (2023)

Clients	<p>The PZU Group has approx. 22 million clients, of which 16 million insurance clients. PZU Group companies have relations with approx. 80% of households in Poland. Through claims paid out and loans granted, PZU helps families and businesses maintain financial stability.</p> <ul style="list-style-type: none"> • 15.7 bn PLN / 15.7 bn PLN - claims and benefits paid • 37.5 bn PLN / 42.3 bn PLN - Insurance contract liabilities • 212.7 bn PLN / 218.8 bn PLN - loan receivables 	Employees	<p>The PZU Group has 38,8 thous. employees (in FTE). As one of the largest employers in Poland, it places special emphasis on the friendly work environment, health and well-being of employees, strengthening their skills and offering a broad range of training.</p> <ul style="list-style-type: none"> • 5.0 bn PLN / 5.8 bn PLN - remuneration • 109 m PLN / 135 m PLN - 3rd pillar contributions, including PPE/PPK • 7.0 m PLN / 6.7 m PLN - ZFŚS (the net profit amount allocated to the Company Social Benefit Fund) 	Shareholders	<p>PZU has shareholders in more than 50 countries. It is one of the largest Polish companies listed on the Warsaw Stock Exchange. Ever since its debut on the WSE in 2010, more than PLN 29.3 bn was allocated to dividend payments.</p> <ul style="list-style-type: none"> • 1.94 PLN / 2.40 PLN - dividend per 1 share • 5.5% / 6.8% - dividend yield • 5.7% / 40.2% - total (annual) shareholder return (TSR) for PZU shares 	Central administration	<ul style="list-style-type: none"> • 1.5 bn PLN / 1.5 bn PLN - levy on financial institutions • 88.9 bn PLN / 104.0 bn PLN - State Treasury bonds
Local communities							
Climate and environment							

2.3. Suppliers (upstream)

[ESRS G1-2]

Norms and standards

The PZU Group conducts business activity in compliance with all laws, health and safety rules, human rights and health protection. With its implemented measures, it contributes to shaping the attitudes of suppliers.

Procurement Policy

The Procurement Policy in the PZU Group lays down the fundamental principles in the process of selecting the suppliers of goods and services, and the principles of cooperation and information exchange in procurement of the PZU Group. It is in force in all PZU Group companies that are parties to the Agreement on the principles of cooperation within the PZU Group dated 21 March 2017, including: PZU Zdrowie, LINK4, TUW PZUW, TFI PZU, PTE PZU, PZU Pomoc, PZU Centrum Operacji and the PZU Group companies in the Baltic Countries and Ukraine. Bank Pekao and Alior Bank have entered into a cooperation agreement with PZU on cooperation in procurement. Its subject matter is to cooperate for the purpose of achieving procurement-related synergies, exchange information about the supplier market and key variable contractual terms as well as cooperate in the area of procurement procedures, processes and tools.

In line with the Procurement Policy in the PZU Group, persons participating in supplier selection avoid situations in which their personal interests may be in conflict with the interests of the entity. Moreover, they represent the entity with dignity in interactions with

suppliers by presenting merits-based qualifications, a pristine ethical attitude, and concern for image and mutual satisfaction derived from cooperation while simultaneously showing concern for the economic interests of the entity.

The procurement process is conducted in a manner that guarantees observance of the principles of fair competition, while the entity entering into a contract with a supplier undertakes to share information on the contents of the contract with PZU.

Supplier management procedure

PZU and PZU Życie have in place a Supplier Management Procedure governing the area of supplier registration, verification and qualification. In line with the Procedure, the placement of a supplier on the List of Qualified Suppliers is preceded by supplier registration, verification and qualification processes.

- **Registration process** – the supplier registers in the Supplier Database at its own initiative or in response to an invitation from a PZU employee if the supplier has not yet been placed on the List of Qualified Suppliers. It fills out the form with the data and submits declarations that it has familiarized itself and accepted the Code of Conduct and CSR Best Practices for PZU Group’s Suppliers.
- **Verification process** – an employee of the PZU Supplier Qualification and Assessment Team checks the data and documents presented in the form, collects opinions within the organization. Then he or she


decides on whether to reject a Supplier or commence its qualification process.

- **Qualification process** – involves an assessment of the collected data or documents against a specific procurement category. The qualification decision is made by the employee and approved by the manager.

Supplier Status	2022	2023
- registered	904	927
- verified	2,098	2,500

[ESRS S2-1]

Supplier selection procedure

 The “Procedure for the Selection of Suppliers of Goods and Services” defines the principles and method of running the supplier selection procedure in PZU and PZU Życie.

According to this document, suppliers are selected as a result of:

- tender proceedings;
- negotiations;
- single-source procurement.


Documentation related to the supplier selection process, including: requisitioning, invitations to participate in tender proceedings and other tender documents, submitted offers, documents related to the decision-making process of the tender commission or negotiation team and the supplier selection protocol is stored by the Procurement Department or the unit of the company unilaterally making the selection for at least the entire

term of cooperation with the selected supplier, and then is archived according to the principles in force in the company. The Procurement Department has the right to verify a requisition in terms of the expedience of a procurement and the description of the subject matter of the procurement.

Supplier Status	2022	2023
Procurement proceedings completed by the Purchasing Office (tenders, negotiations, negotiated contracts, requests for information - RFIs) in PZU and PZU Życie	290	319
Total contracts concluded with Suppliers in PZU and PZU Życie	8,108	8,616

[GRI 308-1] [GRI 414-1]

Code of Conduct and CSR Best Practices for PZU Group’s Supplier

 Any company wishing to cooperate with PZU shall familiarize itself with and accept the “Code of Conduct and CSR Best Practices for PZU Group’s Suppliers” at the stage of submitting the Supplier Registration Form to be entered into the List of Qualified Suppliers. The Code is a collection of principles for the PZU Group and all its suppliers. Conducting business in accordance with these principles and promoting the Code’s values constitute an important criterion for evaluating potential business partners. Moreover, when suppliers submit their offers, they must sign the declaration that they have familiarized themselves with and accepted the Code.

The Code defines requirements for suppliers in the areas of environment, society and corporate governance.

Society

The PZU Group expects Suppliers to respect human rights, which includes expecting them to:

- ensure safe and ergonomic working conditions for employees;
- guarantee fair wages and respect the right to freedom of association;
- show zero tolerance to any form of slavery and forced labor;
- comply with the applicable regulations prohibiting child labor;
- ensure the development of employee competences;
- take care of work-life balance;
- ensure equal treatment in the workplace and refrain from any discriminatory practices due to age, gender, disability or race;
- strictly prohibit workplace harassment and any other forms of bullying.

Environment and Climate

The PZU Group expects Suppliers to comply with environmental and climate change mitigation rules, which includes expecting them to:

- strive to recycle secondary raw materials, reduce waste production, and segregate waste that has already been produced;
- minimize the emissions of greenhouse gases, exhaust and dust;
- consume electricity and heat rationally,

- strive to use energy from renewable sources;
- participate in actions for environmental protection and biodiversity restoration;
- promote pro-environmental attitudes.

Corporate Governance

The PZU Group expects Suppliers to comply with the highest standards of data protection, and

- apply the highest business standards in terms of the principles of fair and free competition and accuracy and credibility in communication with clients;
- adhere to the rules arising from the anti-corruption standards, as laid down in the PZU Group;
- protect and not disclose confidential information obtained in the course of cooperation;
- prevent conflicts of interest;
- respect the intellectual property, moral and property rights of copyright holders.



Code of Conduct and CSR Best Practices for PZU Group's Supplier

is available on the PZU website:

<https://www.pzu.pl/grupa-pzu/o-nas/kultura-compliance-pzu/kodeks-csr>

[GRI 2-25]

Prevention of corruption and conflicts of interest

The Code of Conduct and CSR Best Practices for PZU Group's Supplier deals with the prevention of corruption and conflicts of interest. Suppliers are also obliged to act in this regard by prohibiting the giving or offering of undue benefits to anyone in exchange for a specific action or failure to do so. A Supplier that respects the Code avoids and prevents situations conducive to the emergence of conflicts of interest, both in the process of applying for cooperation with the PZU Group and during the subsequent course of cooperation.

Corruption risk assessment is a constant part of the procurement process. Each potential supplier is subject to corruption risk assessment on the basis of a pertinent risk assessment questionnaire. In addition, in accordance with the Anti-Corruption Program of PZU SA and PZU Życie², each cooperation agreement between PZU and a business partner should comprise anti-corruption clauses. One of the clauses is a confirmation of acceptance of the anti-corruption standards prevailing in PZU by the supplier. In accordance with the internal procedures, entities cooperating with PZU and PZU Życie are informed about the Anti-Corruption Program in place in the company.

2) The Anti-Corruption Program of PZU SA and PZU Życie lays down the standards of conduct to reduce corruption risk. The master rules described therein for managing corruption risk form the basis for introducing detailed internal regulations in the various areas of the company's business. This Program aims to uphold the company's reputation as an honest company in terms of its managerial practices and business activities.

Within every procurement process, PZU employees who are members of procurement teams are informed about the Rules for managing conflicts of interest, the Anti-Corruption Program, and the need to report to the relevant PZU units when the possibility of a conflict of interest is identified.

Notwithstanding the above, the senior management involved in the purchasing process makes representations regarding business and personal relations with the supplier recommended in a given procurement procedure.

[ESRS S2-1] [ESRS S2-2]

Supplier audits with ESG elements

The Supplier Audit Team administers business audits on suppliers who have concluded an agreement with PZU or PZU Życie or with both companies and on the PZU Group's prospective business partners. Supplier audits are carried out in compliance with specific priorities and criteria.

Types of supplier audits:

- **periodic** – their purpose is to regularly check suppliers with which PZU Group cooperates. They are conducted according to a predetermined plan;
- **ad hoc audits** – they are done under order, e.g. in a situation in which a given supplier needs to be checked urgently on account of problems encountered

during collaboration or as part of checking a new supplier.

A supplier audit may be conducted in a fundamental scope. In that case it encompasses a diagnosis of the supplier utilizing information from inside and outside of the organization, a remote audit using an abbreviated audit form filled out by the supplier and the entire process is wrapped up by drafting a final report and a possible list of recommendations. An extended audit includes an on-site audit in the supplier's premises. The full audit form filled out on site or directly after the visit is utilized in this type of audit. A representative of the substantive unit may also participate in an extended audit. In both cases, the subject matter of the audit covers, among other issues, topics related to data protection, including personal data protection and environmental protection in the context of waste management. Since 2022, the audits also have covered topics related to human rights, employee rights and environmental protection in terms of energy management, water management and production management.



The ESG area has been mandatory as part of supplier audits since 2023. Appropriate audit recommendations may be made if a supplier is found to commit serious violations or fails to comply with required standards of respecting human rights or the environment. Based on these standards, a mitigation plan for the risks as identified may be prepared, implemented and monitored.

Cooperation with suppliers – banks



With a view to ensure the highest operating standards and mitigate the risk of establishing cooperation with an unreliable supplier, Alior Bank has put in place a two-stage supplier verification process within the framework of the supplier qualification procedure described in the Procurement Policy.



At the initial stage of qualification, suppliers establishing a relationship with Alior Bank are verified, within the framework of the applicable procurement procedures, including in particular in terms of: financial stability, “warning signals” (available from open sources), verification of checklists, including the KNF’s Public Warnings List, taxpayer status and incidents threatening the integrity of banking activities.

Moreover, suppliers must submit their “Business Ethics” statements, which concern, among other issues, compliance with employee rights, compliance with applicable standards and laws governing issues related to the natural environment, the immediate surroundings and other entities, compliance with generally applicable laws, principles of ethics and fair competition, and zero tolerance for corruption.

Those suppliers who continue their cooperation with the bank and whose turnover exceeds PLN 100 thousand are subject to the current Annual Supplier Qualification. The areas of verification are in line with those at the initial stage.



The conduct of procurement processes at Bank Pekao is defined by three key regulations that have been in place since 2018: “Procurement Policy at Bank Polska Kasa Opieki Spółka Akcyjna”, “Rules for the execution of purchases by the Procurement Department at Bank Polska Kasa Opieki Spółka Akcyjna” and “Rules for the execution of purchases without the participation of the Procurement Department at Bank Polska Kasa Opieki Spółka Akcyjna”.

In addition, in an effort to act in accordance with the Bank’s values, the Procurement Department had developed the Code of Ethics for Bank Pekao S.A. Supplier, which was adopted by the Bank’s Management Board on 4 October 2023. The Code promotes the Bank’s values, providing its business partners with expectations, principles and standards of Bank Pekao with regard to environmental protection and natural resources, compliance with social factors and corporate governance rules. The Code also presents the business partners with models and ways forward the Bank intends to follow. Suppliers wishing to cooperate with the Bank agree to comply with the Code.

Notwithstanding the principles described in the Code, a requirement is in force in Bank Pekao for suppliers participating in tenders for more than PLN 1 million net to fill out the “Social and Environmental Responsibility (CSR) Form”. The form contains questions regarding the observance of environmental protection regulations and human rights in the daily activities of the supplier or business partner. All potential tenderers are also subject to verification in terms of corruption risks and sanction lists (US and EU sanction lists).



2.4. Operating activities

2.4.1. Insurance

PZU Group offers non-life insurance in Poland under three brands: PZU, the traditional and most well-known brand; LINK4, associated with direct sales channel; and T UW PZUW, i.e., the mutual insurance company. Life insurance is sold in Poland under the PZU Życie brand. Outside of Poland, the PZU Group sells insurance products under the PZU brand (in Ukraine), as Lietuvos Draudimas (in Lithuania and Estonia) and as BALTA (in Latvia).

Major companies and areas of insurance business:



PZU
non-life
insurance



PZU Życie
life
insurance



LINK4



T UW PZUW



**Foreign
companies**



PZU



As the PZU Group's parent company, PZU offers an extensive array of non-life insurance products, including motor, property, casualty, agricultural and third-party liability insurance. Motor insurance was the most important group of products at the end of 2023, just like in previous years.

Faced with changing market conditions, PZU realigned its offering in 2023 to the clients' needs and expectations by rolling out new products and innovative solutions.

In the **mass insurance** segment, PZU:

- made its offering to SMEs more attractive, including:
 - a) introduced a single, unified GTCI for a domestic carrier, international carrier and freight forwarder;
 - b) updated the GTCI in 10 clauses, for example, extended the scope of liability to include damage caused when the means of transport is parked outside guarded parking lots and at rest areas called MOPS (in case of transporting high-risk or non-high-risk goods);
 - c) extended the carrier's TPL to include coverage for environmental damage – incorporation of ESG factors;
 - d) introduced worldwide insurance coverage to the basic scope of the freight forwarder's TPL, and included coverage for financial losses up to the amount of the guarantee sum;

- e) added the cost of parking fees after the accident – including abroad – to the coverage provided for in the clauses on the cost of lifting or pulling out the means of transport and the cost of parking fees;
- f) extended the coverage for damage caused by the malfunction or devastation of refrigerating appliances, also when the damage was not the carrier's fault;
- in the area of travel insurance (PZU Wojazer):
 - a) possibility to enter into insurance agreements with higher sums insured (especially for medical expenses);
 - b) buy purchase a policy with a liability period starting on the date of the agreement;
- in the area of housing insurance, amendments were made to the PZU Dom (PZU Home) GTCI by introducing:
 - a) a grace period for flood risk in new agreements;
 - b) higher liability limits for individual assistance services in the Pomoc w Domu (Home Help) insurance;
- refreshed PZU Uprawy (PZU Crops) offering, including:
 - a) clarified the provisions of GTCI regarding damage caused by the risk of spring frost in the rapeseed crop;
 - b) supplemented GTCI with provisions allowing damage estimation on the basis of the amounts as determined for damage to crops occurring in a given region (comparative method), and



introduced a definition of a region (when using the comparative method of damage estimation);

c) supplemented GTCI with additional time bands and the value of the maximum percentage of damage for these time bands in the scope of total damage caused to ground vegetable crops;

d) improved the competitiveness of the product and met formal obligations, by:

- increasing liability for total damage occurring after 31 May, from 90% to 95%,
- increasing liability for total damage to pip fruit (pear, apple), from 75% to 80%,
- amending the provisions so that the value of damage is determined according to the value of agricultural crops as determined on the conclusion of the insurance agreement, and not according to the value on the date of damage, as it was before,
- adding provisions to the GTCI of PZU Uprawy (PZU Crops) that before the insurance agreement is entered into, standards for determining the amount of damage to crops are to be delivered as a component of the model insurance agreement,
- introducing the possibility of abolishing the deductible in subsidized insurance with premium subsidies from the state budget,
- adding provisions for an additional – 35% limit of liability in the risk of negative overwintering effects for total damage caused to cereal and rapeseed crops incurred before 15 April,

- reducing the minimum plant density for winter rye and winter barley accepted for insurance against the risk of negative overwintering effects;

- reducing the minimum plant density for winter wheat and winter rye to qualify damage caused by the risk of negative overwintering effects;

- provided a private TPL product in the sales path of PZU Gospodarstwo Rolne (PZU Farming);
- pursued further integration with the system of the Central Register of Vehicles and Drivers (CEPiK), thanks to which PZU may download and automatically process details of drivers with regard to their entitlements and traffic offenses, if any (including information on penalty points). The integration allowed further development of MTPL and MOD pricing models, and consequently, better matching of price to insurance risk and maintaining the competitiveness of PZU offering;
- provided tied agents with a new sales path for motor insurance in the transaction system, taking full advantage of the benefits brought by the integration with the Central Register of Vehicles. The reduction in the amount of data vendors have to enter and new validations, as well as the acquisition of reference data from the public database, cause the number of quotes to increase and improve profitability for this business line;
- expended additional products in the line of motor insurance, including:
 - a) with regard to PZU AUTO Assistance, increased the number of insurance options available to clients from two to three, and at the same time, introduced

the highest limit on the market for towing the insured vehicle in the case of the broadest option;

b) with regard to the auto glass insurance, introduced, as the only one in the market, the option of financing the original manufacturer's glass instead of the so-called replacement;

c) with regard to the car tire insurance, extended the offering for the most demanding clients in terms of financing new tires if it is impossible to repair damaged ones (a unique solution on the market).

Within **corporate insurance**, most changes which PZU focused on making the offering more appealing for fleet clients and leasing companies, and continuously making cooperation with intermediaries more effective. Major new products included:

- introducing a new environmental liability insurance – an offer intended for entities using the environment within the meaning of the Environmental Damage Prevention and Remedy Act of 30 April 2007. Insurance covers administrative liability, civil liability and defense costs;
- further development and popularization of the Risk PRO program, including expansion of the program to include an offer for small-scale corporate entities.

In **financial insurance**, PZU was unswerving in its support for the Polish economy by providing insurance guarantees and securing the performance of contracts in such key areas as energy, construction, science and innovation, with the impact of the geopolitical situation taken into account. In order to mitigate emerging risks,

PZU monitors potential threats on an ongoing basis and incorporates them into current operations as necessary.

The most important actions in terms of financial insurance product offering in 2023 were as follows:

- introducing amendments to periodic guarantee contract applications and insurance guarantee contract-of-mandate forms, adapting them to the clients' needs as well as to the current geopolitical situation;
- resuming sales of guarantees securing rent payment;
- continuing to cooperate with leasing companies on financial loss insurance and working on insurance for machinery and equipment;
- continuing to cooperate with banks (including PZU Group banks) in the area of mortgage loan repayment insurance;
- continuing to cooperate in the area of insurance of receivables with existing clients.

PZU Życie



Within the PZU Group, PZU Życie operates on the Polish life insurance market.

The company offers an extensive range of life insurance products, which for management purposes are reported



and analyzed broken down into the following four segments:

- group and individually continued insurance;
- individual insurance;
- investment insurance;
- investment contracts.

PZU Życie, as a popular and the largest insurer on the Polish market, continuously expands its offering by adding new products or modifying existing ones to protect its clients at each stage of their lives. The unique synergy of competences within the PZU Group (insurer, medical operator, investment manager) allows the company to comprehensively take care of life, health and savings of its clients, providing them with the broadest possible support in accordance with their expectations and needs. The changes concern not only the product itself but also entail the modernization and simplification of the way in which insurance is offered and sold. The changes incorporate the new requirements introduced by the regulatory authority and the increasing legal protection of consumers.

Activities of PZU Życie under **group, individually continued and health insurance** included:

- introducing new insurance packages additional to PZU Na Życie Plus (PNŻ Plus) in Q1 2023, including:
 - a) Recepta na Twoje zdrowie (Prescription for Your Health) – a drug card,
 - b) Recepta na Twoje zdrowie Plus (Prescription for Your Health Plus) – a drug card,
 - c) W Razie Wypadku (Once an Accident) – basic and extended coverage;


- expanding the offering to include an insurance rider for hospital treatment, heart attack, stroke or malignant neoplasm in individually continued protection insurance. With the new insurance, clients can avail themselves of financial support in the event of their hospital stay due to the most common civilization diseases;
- implementing systemic changes to the group life and health insurance titled Opieka Medyczna S (Medical Care S), which streamlined the sales process and allowed for adapting the premium, without the need for a new declaration.
- designing new life insurance of a protective nature in a package form. The new solution will enable flexible and time-efficient creation of package solutions tailored to the current needs of clients as well as specifics of sales channels.

The most important issues in individual **pension insurance** were the following:

PZU Życie’s efforts in the area of **individual protection insurance and protection and unit-linked insurance**:

- updating the GTCI with regard to the manner of presenting fees in unit-linked life insurance contracts – applies to the GTCI of the individual unit-linked life insurance IKE PZU and the GTCI of the group pension insurance Pogodna Jesień (GTCI code PJKP42 – continued insurance) – incorporating the position of the Polish Financial Supervision Authority (KNF);
- adapting handling processes of the group unit-linked life insurance Pogodna Przyszłość (PPE) to the Employee Pension Schemes Act of 20 April 2004, as amended.
- aligning key information documents with the Commission Delegated Regulation (EU) 2021/2268 of 6 September 2021 amending the regulatory technical standards laid down in Commission Delegated Regulation (EU) 2017/653) – applies to PZU Gwarantowane Jutro, PZU Na Dobry Początek, PZU Cel na Przyszłość, PZU Pogodna Jesień oraz PZU Firma;
- increasing the minimum premium in individual life insurance for the following products: PZU Gwarantowane Jutro, PZU Ochrona Każdego Dnia, PZU Wsparcie Najbliższych oraz PZU Na Dobry Początek;
- updating the assumed share-to-profit ratio used in the simulation of insurance history for the following products: PZU Gwarantowane Jutro, PZU Na Dobry Początek, PZU Wsparcie Najbliższych. Following the change in this ratio, clients could be offered potentially higher benefit amounts for insurance purchased after 18 March 2023;

LINK4

 LINK4 remains among the leaders of direct insurance products; it extends its business by cooperating with multiagencies, banks and strategic partners. The company offers an extensive array of non-life insurance products, including motor, property, casualty and TPL insurance. Given the changing market situation, LINK4 has focused on the development of innovative solutions providing added value to both its clients and business partners.



By using new technologies in internal processes and in relations with clients, the company continues to challenge the way of thinking about insurance. At the end of 2023, LINK4 had **70 processes that were fully robotized and 12 applications** supporting day-to-day tasks of its employees. LINK4 continues the data-driven digital transformation, while placing the main emphasis on analytics and smart automation. There is currently more than a dozen operational machine learning models, which support the sales, claims handling and service processes. Technological innovation and process automation bring regular efficiency gains and cost optimization, as well as opportunities for employee development.

Continuous development and the introduction of new solutions make it easier for clients to purchase insurance as well as to report a claim, follow the handling process and contact the claim manager; and when it comes to the insurer, they have facilitated the following (among other things):


- Simple Offering – launch of a new calculator on the website and in the Direct channel using data from external sources (CEPIK). Once the clients have entered only 5 parameters, they can get the offer in just 17 seconds;

- implementing (in Q2 2023) an application that uses artificial intelligence in the process of handling motor claims (on simplified paths for clients). The application analyzes the extent of damage in real time, based on the photos attached by the client; it prepares a calculation and proposes a claim amount to the client;
- launching a new web portal, with the introduction of chat in customer service in the Direct channel and the launch of self-service forms for clients.

In 2023, LINK4 focused on expanding its current product offering, adapting it to the changing expectations of its clients and business partners. The most important activities linked to modifying its product offering were the following:

- amending the **Ubezpieczenie Dziecko** (Child Insurance) to expand the coverage of ADD and Health Assistance, and introducing GTCI written in plain language;
- refreshing the **MOD** insurance offering to match it with current clients' needs, and thus increase sales potential.

TUW PZUW


 Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych (TUW PZUW) is a leader in the mutual insurance market and one of the most dynamically growing insurance companies in

Poland. It provides insurance cover that focuses on cooperation with large corporate entities, medical centers (hospitals and clinics), church entities and local government units.

Market advantage that distinguishes TUW PZUW is the care taken to minimize risk and extensive assistance in this respect. This brings tangible financial benefits to the mutually insured, who receive a portion of the premium back if the number and size of damages are small. In 2023, the TUW PZUW paid out a record PLN 1.6 million in premium refunds for the previous year. Half of those eligible received the refunds. TUW PZUW provides expert support in risk analysis and conducts free security audits to mitigate potential risks. Audits are intended both for those insured at TUW PZUW and for those interested in cooperation. As a consequence, there are a number of prevention projects, which include financing purchases of equipment, such as equipment for mine rescuers and monitoring in municipalities.

TUW PZUW's development and aspirations are manifested in its efforts to insure the future nuclear power industry in Poland – TUW PZUW initiated the creation of a consortium of insurers in this field. With this intention, and in order to benefit from the best experience, in November 2023, TUW PZUW signed a strategic cooperation agreement with Nuclear Risk Insurers, the world leader in insurance for the civil nuclear sector. For this, TUW PZUW was awarded the title of „Initiative of the Year” by the prestigious industry „Insurance Gazette.”

Szpital 360 (Hospital 360) project is a TUW PZUW's pioneering initiative in the field of safety launched in 2023. The project involves medical visits conducted by doctors with medical and insurance experience to

diagnose hospitals' problems and needs in terms of safety. The effects include training for doctors and other staff as well as support for hospitals so that they invest in patients' safety and health.

The proactive handling of undesirable events as offered by TUW PZUW is also of pioneering nature on the market. It is based on quick responses to problems by providing the injured with immediate assistance and amicable resolution of disputes, in particular those related to medical errors. For this approach, the Polish Financial Supervision Authority awarded TUW PZUW the title of Mediation-Friendly Financial Institution. These activities are complemented by the market's innovative support for hospitals in crisis communications.

Foreign companies


Lietuvos Draudimas is the largest and the most experienced insurer, the leader of the Lithuanian insurance market and the largest insurance company in the Baltic Countries. Lietuvos Draudimas's ambition is to be the best insurance company in Lithuania. Lietuvos Draudimas is constantly focused on modernization and development. In 2023, it has consistently continued to support the pursuit of stable growth, applying the principles of sustainable and safe lifestyles to both business activity and organizational culture. A modern and responsible organization based on cooperation with partners supporting sustainable development has been strengthened.

Aside from business-as-usual activities and the improvement of existing products, the main activities include:

- updating the GoLD sales platform – more insurance products are being introduced;
- continuing the development of the general TPL product – the products are available on the GoLD platform; state-of-the-art pricing and automation systems have been developed for them, and the pricing process for simpler risks has been streamlined, allowing vendors to independently arrange insurance cover according to client preferences. Clients have easier access to a wider range of choices and receive offers in a shorter period of time;
- implementing an automated payment process through the SEB bank account, which accelerated the process of clients recovering overpaid premiums and receiving claim payouts. The fourth quarter also saw the implementation of an automated process for reconciling overpayment and commission balances through SEB Bank. An automated process for claim payouts in Swedbank is scheduled to be implemented in 2024. The automated process significantly improves the quality and efficiency of operations, in addition to encouraging clients to use the self-service functionality.

In 2023, **PZU Lithuania Life** focused on developing new business options. In October, the Sėkmės kelias (Path of Success) pilot project was launched in three sales units with a view to developing an effective model for consultants and managers. Key components include training sessions, a system for recording, monitoring and compiling feedback from conversations with clients, setting appropriate operational goals, daily debriefing meetings and individual development meetings.



September saw a change in the Unit Linked's product portfolio. The investment funds offered to clients were reviewed and modified. The changes led to a wider range of products provided to clients and more efficient management of the entire investment portfolio.

AAS BALTA is a company with leading position on the Latvian non-life insurance market. In 2023, Balta set its sights on clients and their cooperation experiences. At the end of 2023, a team responsible for client experience management was established as a separate unit within the structure. The team is currently working on several projects to improve the overall client experience. The projects include analyzing the insurance renewal process, reviewing the content of the website www.balta.lv, and preparing customer service training for all Balta employees.

Lietuvos Draudimas – the Estonian branch – the company is working towards an increase in the number of clients. Compared to 2022, in 2023, the number of retail clients increased by 3% and the number of corporate clients – by 5%.

SEB Bank's e-shop (SEB e-shop) was launched in January. SEB e-shop connects to the SEB Internet bank, thanks to which an SEB client enters PZU Estonia's e-shop via the SEB Internet bank and has access to insurance products dedicated to SEB.



A predictive analysis and valuation tool – which uses Machine Learning – is being successively implemented. This will allow such solutions to be used in improving risk models, interest rates and in the area of housing insurance.

PZU Ukraine – non-life insurance company operating in the Ukrainian market. In 2023, PZU Ukraine worked on structuring its product portfolio. A number of changes were made in the product range, with the key ones being:

- updating forms for cargo insurance agreements, rolling stock own damage insurance, carrier's and freight forwarder's TPL, maritime and aviation risks including martial law (additional stipulations added);
- changing the renewal terms of non-life insurance (the condition is to carry out an inspection of the site and analyze the risk coverage even for damage-free renewals);
- updating the terms of movable property insurance in accordance with the new Underwriting Guidelines of the PZU Group;
- updating the authorization limits of underwriters and vendors to accept the terms of insurance agreements in the field of non-life insurance;
- amending the underwriting and acquisition policies for the conclusion of travel insurance agreements;
- implementing the programs of comprehensive insurance for tourists: "Business" and "Without Borders" with the inclusion of non-life insurance "Safe Travel" on the EWA platform for the Partner "KREDOBANK" SA;
- implementing a motor TPL product on the platforms of Privatbank and the online partner Finbest.

Sales development was pursued in various distribution channels. Within corporate insurance, sales were mainly focused on health insurance. The area of voluntary

health insurance was actively developed, with electronic medical cards implemented. New clients were acquired from among companies relocating from eastern to western regions of Ukraine.

Following the lifting of most restrictions on cross-settlements with non-resident reinsurers under reinsurance agreements in March 2023, PZU Ukraine was included in the list of insurers that can conduct reinsurance transactions with non-resident reinsurers.

PZU Ukraine Life – in 2023, PZU Ukraine Life continued to provide life insurance services, ensuring the conclusion of new insurance agreements in all sales channels.

At present, new agreements are being entered into only in safe regions of Ukraine, i.e. in administrative regions of Ukraine not affected by any hostilities (in the west and center of Ukraine), and with restrictions on the sum insured, with the list of risks and special requirements due to the occupation and age of the insured. One of the company's operational priorities is to provide quality service to the existing portfolio of agreements: timely and full payout of sums insured and redemption amounts, in addition to ensuring continuous operation of the contact center.

To improve customer service, in 2023, the company introduced a new mechanism for sending messages to clients: Viber + SMS. First, a message is sent in the Viber app, and if the client's number is not registered with Viber, the next step is to send an SMS. This contributes to meeting clients' expectations for the use of more technologically advanced communication channels, and increases the efficiency of sending information to clients


who are staying abroad due to war, which in turn helps to maintain a high retention ratio of current business.

In Q1 2023, as a result of the VCHASNO KEP project, a multi-stage automated scheme was implemented, and it allows for signing insurance certificates with the insurer's qualified electronic signature (KEP), saving the signed documents in the company's electronic archive (EA) and sending them to clients via email.

Preparatory work was performed to implement a new Ukrainian law "On Insurance"; the company's employees actively participated in discussions on the draft legislation of the National Bank of Ukraine (NBU) during meetings of the League of Insurance Organizations of Ukraine and meetings with the regulatory authority. Both IT systems and existing insurance products were started to be adapted to the requirements of the new law.

2.4.2. Health care

Activity and product offering


 PZU Zdrowie is one of the largest nationwide medical operators. The PZU Zdrowie medical network has almost 130 own centers, including diagnostic imaging labs, and almost 2,400 partner centers in 600 cities in Poland. It has its own 24/7 medical hotline, myPZU patient portal and Telemedicine Center. It provides healthcare in the form of insurance and subscriptions for companies and individual clients. PZU Zdrowie medical centers are also available to patients who do not have PZU packages. The Health Area consists of the PZU Zdrowie medical operator business and health insurance. It is an integral part of the PZU Group's business model and represents one of its most important areas of growth.

PZU Zdrowie's medical operator activities include:

- handling health products in the form of insurance (life and health insurance and non-life and other personal health insurance – products of PZU, PZU Życie and TUW PZUW);
- sales and service of non-insurance products (occupational medicine, group and individual medical subscriptions, partnerships and prevention programs);
- building its own medical infrastructure of a uniform standard (medical centers, diagnostic laboratories and its own Telemedicine Center) to ensure the best possible access to the services as provided and to meet revenue targets.


The medical care model is focused on keeping up the good health of clients, providing a broad range of prevention measures and screening tests and on promoting healthy lifestyles.

Development of health offerings (packages, subscriptions)

In 2023, PZU Zdrowie continued to develop its group and individual medical care offerings to pursue its strategy as a comprehensive medical operator. The main activities included:


- expanding the individual client subscription offerings, introduced in late 2021, with new options – partner, parent, family, Senior and Student packages;
- making e-Rata payments available to clients through Alior Bank and Bank Pekao;
- implementing subsequent prevention packages (prepaid packages of medical services for one-time use at PZU Zdrowie medical centers) – at the end of 2023, there were 23 packages in PZU Zdrowie's offerings targeting various health problems;
- implementing an add-on service to the medical subscription „hotline”, which operates 24/7 and guarantees immediate teleconsultation in cases requiring rapid medical intervention;
- implementing the medical subscription add-on package „COVID-19 prevention” – a post-COVID-19 prevention program aimed at diagnosis and exclusion of complications associated with the presence of COVID-19.

myPZU in Health Project


 In 2023, project work was continued with the aim to develop technological functionalities for patients and to build new lines of business. The development of the myPZU portal included:

- RTF – a new model for payment processing;
- filtering available appointments by the selected facility and physician's name;
- eAPTEKA – ordering medicines to the pharmacy of your choice;
- implementing a process for ordering prescriptions when continuing treatment without an appointment with the physician – process automation for physicians;
- automation of laboratory test appointments at PZU Zdrowie's own facilities.

Development of innovative solutions


 PZU Zdrowie implements innovative solutions that deliver value to patients, physicians and the PZU Group. Areas of analysis include the use of advanced telemedicine systems, artificial intelligence, virtual reality, digital therapeutics. Particular attention should be given to the following activities:

- Cardiomatics pilot in cardiac diagnostics – software streamlining cardiac diagnostics as part of a pilot program supports the work of physicians at several Warsaw PZU Zdrowie medical facilities. The solution, offered by the Polish company – Cardiomatics, is based

on artificial intelligence; it speeds up the receipt of test results and helps effectively analyze and interpret the ECG's results. It is cloud-based and used to automate the analysis of ECG signals. It is a CE IIA Class medical device, functioning on the basis of accurate artificial intelligence algorithms, the effectiveness of which has been confirmed in clinical trials, among others. The software is used by more than 1,000 medical professionals in more than 15 countries, including Switzerland, Germany, the UK and Poland. More than 150,000 patients have already been diagnosed thanks to Cardiomatics by the end of 2023;

- Autenti pilot – with an eye on environmental measures and process efficiency, PZU Zdrowie has been using Autenti's electronic signature to handle documents exchanged between PZU Zdrowie and selected partner centers through this platform since 2022. The solution is used to sign documents remotely and enables qualified signatures to be produced in a matter of minutes. In addition to streamlining internal processes, an additional benefit of the solution is the reduction of paper used;
- Upmedic pilot – the Upmedic solution is a smart text editor that supports the work of radiologists at selected PZU Zdrowie's facilities. With this tool, you can create medical records of the highest quality with just a few clicks of the mouse, and this reduces the time to describe imaging by up to 70%. Startup Upmedic has been recognized in international innovation accelerators, such as the Health Venture Lab General Electronics and the Roche Healthcare Lab, as the best medical data management solution.
- Pilot with Telemedicine Poland – two pilot packages of the telemedicine service are available for patients

of the PZU Zdrowie Medical Center Stawki to address different needs in the diagnosis and monitoring of heart rhythm disorders;

- Telecare – remote cardiac care lasting up to 6 months. As part of the service, a patient can avail themselves of unlimited ECG tests and unlimited teleconsultations on demand;
- Telediagnosics – remote event-holter cardiac diagnostics lasting up to 30 calendar days. A patient can avail themselves of unlimited ECG tests;
- Membership in the AI in Health Coalition – within the framework of its activities, the Coalition aims to promote the use of artificial intelligence in the Polish health care system. Bringing together a group of experts and entities pursuing the ultimate objective

of the well-being of patients, its ambition is to set directions for the development of the use of AI-based technologies in the sector. The Coalition aims to develop conditions that will enable the broadest possible use of solutions of this kind. At the same time, it highlights the significance of professional medical personnel, pointing to the supporting role of technology, which is to augment the treatment process rather than eliminate or diminish the role of a physician. In its activities, the Coalition gets involved in projects seeking to advance the digitization of the health care system, in cooperation with the Ministry of Health and the Office of the Prime Minister. PZU Zdrowie undertakes a range of activities, both nationwide and locally, with the aim of improving Poles' health.

PZU Health Services Management Center (CZUM) in Gdańsk

In addition to standard patient services, the PZU Health Medical Hotline is the operator of the following Ministry of Health projects:



HPV vaccination hotline

- More than 67,000 calls handled at HPV vaccination hotline in May-December 2023.



First Contact Teleplatform

- 169,000 calls handled and more than 88,000 teleprompted in 2023 as part of night and holiday medical assistance available outside the working hours of primary health care (PHC) facilities, i.e. Monday through Friday from 6:00-08:00 p.m. and around the clock on weekends and public holidays.



40 Plus Prevention

- More than 240,000 questionnaires qualifying patients aged 40 and over for free preventive examinations completed in 2023.

2.4.3. Investments

TFI PZU



TFI PZU

Towarzystwo Funduszy Inwestycyjnych PZU (TFI PZU) operates on the investment fund market in the PZU Group. TFI PZU offers products and services for retail and institutional clients. It also operates investment and saving programs under the third pillar of the social security system:

- Individual Retirement Accounts (IRA) and Individual Retirement Security Accounts (IRSA);
- Employee Savings Plans (ESP);
- Employee Pension Schemes (EPS);
- Employee Capital Schemes (ECS);
- Group Pension Schemes (GPP) and the Higher Pension Package (HPP), within which IRAs and IRSAs are available, dedicated to employees of corporate clients serviced by TFI PZU.

As at the end of 2023, TFI PZU had 66 funds and sub-funds in its portfolio, including 9 ECS sub-funds.

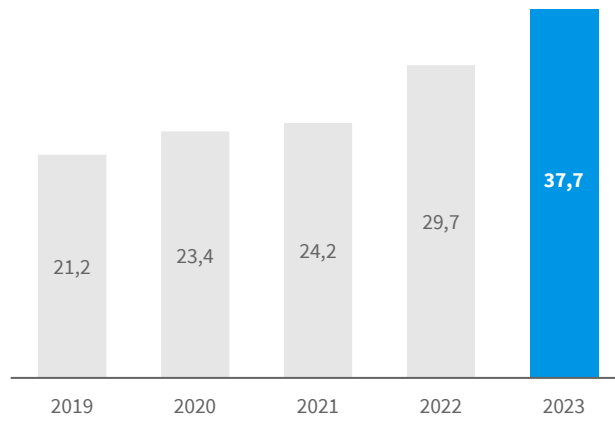
A new TFI PZU information service was launched in the first half of 2023, and is available at in.pzu.pl. The inPZU service has started to offer “lifecycle” funds for sale in inPZU investment portfolios, introduced changes to model portfolios under the PZU Model Portfolios program, and enabled orders to actively managed funds. At the end of the year, clients were given the option of their identification through mDowód and the mObywatel

app. This became possible after the merger of inPZU.pl with Węzeł Krajowy (National Node).

In 2023, TFI PZU extended the offering of “green” funds. As part of the inPZU SFIO umbrella, alongside the inPZU Akcje Sektora Zielonej Energii fund, inPZU Akcje Sektora Zrównoważonej Gospodarki Wodnej (a passive fund that seeks a rate of return equal to the rate of return on the MSCI World IMI Sustainable Water Transition Net Total Return USD index) and inPZU Zielone Obligacje (a passive fund that seeks a rate of return equal to the rate of return on the Bloomberg MSCI Euro Green Bond index) were created. The latter is a fund referred to in Article 9 of the SFDR Regulation (the so-called dark green fund).

In November 2023, two more funds were launched that are part of the sustainable investment trend. The first one focuses on shares of companies whose activities contribute to the Sustainable Development Goals (SDGs), including tackling climate change and its effects. The second one focuses primarily on bonds issued to finance projects pursuing environmental or social goals. Both funds are compliant with Article 8 of the SFDR Regulation, meaning that they promote environmental and social aspects through their investment policies. And while their investment goal is not “sustainable investment” within the meaning of Article 92 point 17 of the SFDR Regulation, such investments account for a minimum of 50% of the funds’ net asset value.

Net assets of TFI PZU funds (in PLN billion)



Source: IZFiA

At the end of 2023, TFI PZU managed investment funds with net assets of PLN 37.7 billion, an increase of 27% as compared to the end of 2022 and an 11.76% share of the investment fund market. Thus, within the investment fund management market, TFI PZU achieved the status of one of the three largest investment fund companies in Poland (in the reports of the Chamber of Fund and Asset Management, it was ranked third after Ipopema TFI and PKO TFI).

As part of its progressively expanding asset management service on behalf of clients (asset management service), TFI PZU managed nearly PLN 11.5 billion in assets as at the end of 2023, including nearly PLN 0.82 billion for an external client. The value of assets under management in investment funds and under the contract management service amounted to nearly PLN 49 billion, of which assets from an external client amounted to PLN 24.6 billion.

The balance of sales in 2023 ranks TFI PZU third among all TFIs in the market and second among “non-bank” TFIs.

TFI PZU saw the largest asset growth in 2023 in its PZU Sejf+ (+PLN 815 million) and target date funds: inPZU Puls Życia 2030 (+ PLN 401 million), inPZU Puls Życia 2040 (+ PLN 356 million), ECS inPZU 2035 (+ PLN 297 million), ECS inPZU 2040 (+ PLN 279 million), ECS inPZU 2030 (+ PLN 244 million) and ECS inPZU 2045 (+ PLN 210 million).

Funds whose net assets recorded the greatest decrease in 2023 were as follows: PZU Stabilnego Wzrostu Mazurek (- PLN 407 million), PZU Obligacji Krótkoterminowych (- PLN 73 million), PZU Papierów Dłużnych Polonez (- PLN 49 million), FIZ Akord (- PLN 46 million), PZU Medyczny (- PLN 12 million) and PZU FIZ Forte (-7 million).

Changes in assets under management within the funds were driven predominantly by:

- the positive situation in debt and equity markets;
- the merger with TFI Energia;
- development of the inPZU service and offering and the support actions;
- systematic contributions as part of Employee Capital Schemes;
- ECS auto-enrollment;
- systematic contributions as part of Employee Pension Schemes;
- migration of selected EPS programs from FIO Parasolowy to SFIO inPZU;
- National Central Bank policy in the area of interest rates;

- declines in Polish bond yields, increasing their valuation;
- interest rate cuts by central banks.

TFI PZU is also one of the market leaders in Employee Capital Schemes (ECS) and Employee Pension Schemes (EPS). This result is due to the extensive support that TFI PZU offers to employers in implementing and operating ECSs, the satisfactory investment performance of the ECS sub-funds, and the well-prepared and executed process of supporting ECS auto-enrollment in Q1 2023.

The continued stabilization of the ECS and EPS portfolios in 2023 has strengthened the PZU Group’s position in both areas in terms of asset value and number of participants. TFI PZU’s ECS fund assets amounted to PLN 4.60 billion, compared to PLN 2.44 billion at the end of 2022, an increase of 89% y/y. In total, at the end of 2023, TFI PZU had 108,586 ECS management agreements in place, with 823,353 employees enrolled.

On the other hand, 194,817 employees participated in the 552 EPSs run by TFI PZU, which collectively accumulated savings worth PLN 8.0 billion at the end of 2023.

PTE PZU

PTE PZU manages the following entities:

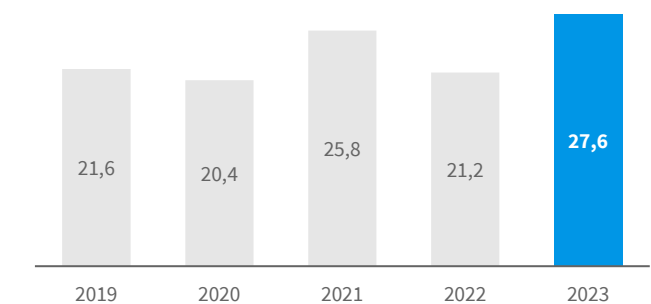
- OFE PZU “Złota Jesień” open-end pension fund;
- DFE PZU voluntary pension fund.

OFE PZU “Złota Jesień” is one of the largest participants in the pension funds market in Poland. At the end of 2023, OFE PZU was the third largest pension fund, both in terms of the number of members, as well as in terms of net asset value:

- the fund had nearly 2.2 million members, or 14.9% of all participants in open-end pension funds;
- net assets amounted to more than PLN 27.6 billion, or 13.3% of the total assets of open-ended pension funds operating in Poland.

As at the end of 2023, DFE PZU had 43.0 thousand IKZE accounts with assets worth PLN 754.1 million. As such, it remained one of the leaders in the voluntary pension fund segment.

Net assets of OFE PZU “Złota Jesień” (in PLN billion)



Source: KNF

2.4.4. Banking

Bank Pekao Group



Bank Pekao is a universal commercial bank offering a full range of banking services to individual and institutional clients operating primarily in Poland. The Bank Pekao Group consists of financial institutions operating on the following markets: banking, asset management, brokerage services, transaction advisory, leasing and factoring. Since 2017, Bank Pekao has been part of the PZU Group.

On the Polish market, the Bank offers competitive products and services, high-level customer service and a developed distribution network. A broad product offering, innovative solutions and individual approach provide clients with comprehensive financial services. An integrated service model, in turn, guarantees the highest quality of products and services, as well as their alignment with the changing needs. The Bank systematically strengthens its market position in the strategic areas of business.

At the end of Q3 2023, Bank Pekao was the second largest bank in Poland (in terms of the value of its assets).

Development of product portfolio

In 2023, with regard to the offering for retail clients, Bank Pekao achieved its highest-ever account acquisition result by opening 583,000 accounts – sales growth was +5.5% y/y, and new clients accounted for 72% of these sales.

Bank Pekao continues its strategy of increasing digitalization, intensively developing digital channels and providing fast and convenient services that translate, among other things, into an increase in the number of accounts opened with a selfie (over 127,000 accounts, increase of 27% y/y). As part of a special offer, clients who used online identity verification could receive PLN 200 for opening an account and actively using a debit card.

In the pursuit of the goal to rejuvenate the demographic structure of retail clients, the bank aims to acquire 600,000 clients under the age of 26 by the end of 2024. Bank Pekao opened 204,000 accounts for young people in 2023, which accounted for 35% of retail account sales that year.

In 2023, the Bank continued to develop its offer dedicated to young clients by offering accounts for children (aged 0 to 17) and young people (aged 18-26). The PeoPay Kids app, aimed at children aged 6-13, features an educational game that introduces the world of finance; kids can solve quizzes, answer questions and complete tasks.

In 2023, Bank Pekao decided to extend a special offer for Ukrainian citizens, waving fees for account maintenance, card processing and ATM withdrawals, as well as for transfers to and from banks in Ukraine for transactions

made by retail clients. 41,000 accounts were opened in 2023, compared to 96,000 in 2022.

In 2023, Bank Pekao reported a 65% y/y increase in credit card sales. By the end of 2023, 125,000 clients used the Credit Card with Bison, introduced in 2022.

Meanwhile, the business sector saw an almost 6-fold increase in credit card sales, which may be attributed, among other things, to the implementation of a new sales process and an attractive offering, including the MOTO Business card with a promotional interest rate of 9.99% and reimbursement of expenses for payments at gas stations of up to PLN 600 a year.

Cash and mortgage loan volumes increased significantly in 2023, compared to 2022. The value of cash loans, measured by net volume, increased to PLN 5.2 billion, up +16.4% y/y, compared to 2022. Sales growth was supported by the development and increased availability of remote loan processes and through the “Take a convenient loan where you want and for what you want” marketing campaigns on TV, VOD, the Internet, social media and the bank’s electronic channels.

In addition, Bank Pekao continues to provide a loan for medical studies with a repayment guarantee from Bank Gospodarstwa Krajowego. The loan offer is available for current students and candidates who will be starting medical programmes at Polish higher education institutions. By the end of 2023, nearly 3,000 loan agreements were signed and PLN 133 million of term loan tranches were disbursed.

In 2023, sales of mortgage loans returned to the record level of 2021 and amounted to 10.4 billion, a 201.4% y/y increase compared to 2022. The key programs in the Bank’s offering in 2023 included “Bezpieczny Kredyt 2%” (2% Safe Mortgage) under the “Pierwsze Mieszkanie” (First Apartment) government’s program and mortgage loans under the “Mieszkanie bez wkładu własnego” (Housing without own contribution) program with a guarantee from the Bank Gospodarstwa Krajowego.

Since the beginning of October, Bank Pekao has been offering its clients a new settlement agreement aimed at borrowers with active CHF mortgage loans which are included in the bank portfolio almost entirely as a result of the merger of the spun-off part of BPH SA in 2007. Under this program, in Q4 2023, the bank prepared settlement offers for more than 4,000 clients, that is nearly 1/4 of all active CHF-denominated agreements. The program met with strong client interest, with nearly 70% of client choosing to sign settlements with the bank.

As part of its activities for entrepreneurs, in cooperation with the Agency for Restructuring and Modernization of Agriculture, Bank Pekao introduced two new loans: a liquidity loan and a purchase loan. They will provide comprehensive support for farmers, allowing, among other things, for subsidies to interest on loans and for securing repayment of loans (with a guarantee or surety) granted to finance part of the investment costs (purchase credit) or mitigate the risk of financial liquidity loss due to restrictions in the agricultural market caused by the aggression of the Russian Federation against Ukraine (liquidity loan). The interest rate on these loans is 2% per year.

As of 2023, Bank Pekao has a so-called Single European Passport, which allows it to provide cross-border banking

services in the European Economic Area (EEA), without opening a branch. As a result, the Bank will be able to support, in a more active way, corporate clients operating outside Poland and to acquire new clients in Europe.

Pekao TFI

The Pekao Mutual Fund Management Company (Pekao TFI) is member of the Pekao Group. It is the oldest mutual fund management company in Poland. Pekao TFI provides clients with modern financial products and offers opportunities to invest in the largest capital markets on the globe. For many years it has been devising savings programs, including programs affording an opportunity to put aside more money for retirement under the third retirement pillar. Pekao TFI also offers portfolio management services and Employee Capital Schemes (ECSs). The company is in the ECS records and its offering is available also through the mojeppk.pl portal.

As at 31 December 2023, the net asset value of Pekao TFI's investment funds (including Employee Capital Schemes) totaled PLN 24.2 billion, up by PLN 5.1 billion or 26.4% compared to the end of December 2022.

Alior Bank Group



The Alior Bank Group is headed by Alior Bank. Alior is a universal deposit and credit bank, providing services to natural persons and legal persons, including domestic and foreign entities. The bank's core business comprises maintaining bank accounts, granting cash loans, issuing bank securities and purchase and sale of foreign currencies. The bank also conducts brokerage activity, provides financial advisory and intermediation services, arranges corporate bond issues and provides other financial services. Alior Bank has been a member of the PZU Group since 2015.

Alior Bank provides services predominantly to clients from Poland. In 2017, Alior Bank opened a foreign branch in Romania, offering retail banking products and services. The percentage of international clients in the overall number of the bank's clients is low.

At the end of Q3 2023, Alior Bank was the 8th largest bank in Poland in terms of the value of its assets.

Development of product portfolio

In 2023, the Bank continued its work on optimizing the existing and introducing new solutions for Alior Online and Alior Mobile. These efforts were correlated with the new strategy of Alior Bank and aimed at increasing revenue from the Internet and mobile channels. The bank continuously strives to improve the appeal of its flexible personal accounts offering by adding special options for key client segments (medical bundle, discounts and additional services for players). The focus on the continuous development of online processes and offers was reflected in the clients' growing interest in the loan sales processes available online, and thus the Bank achieved excellent sales results. In 2023, the bank reported a 48.5% increase in online loan sales compared to the previous year.

In terms of mortgage loans, 2023 ended with record sales for Alior Bank, doubling the sales of 2022. The high sales resulted from the bank becoming one of the first to join the government program "Pierwsze Mieszkanie" (First Apartment). As part of the program, clients could, for example, take advantage of an attractive form of loan under the "Bezpieczny Kredyt 2 procent" (2% Safe Mortgage), which was based on a periodic fixed interest rate.

The bank also continued to offer mortgage loans with a variable rate as well as with a periodic fixed rate (for a term of 5 years). In the structure of sales in 2023, the share of the periodic fixed rate increased and reached nearly 80%. The above efforts ultimately increased the Bank's market share in mortgage loan sales. It amounted to 6.6% in 2023.

As part of the government First Apartment Program, the bank clients also have the option to use the Home Savings Account, introduced in July 2023. With this account, clients can save for a long-term housing goal and get a housing bonus from the Government Housing Fund managed by the Bank Gospodarstwa Krajowego.

In 2023, the Bank also offered term deposits with fixed rates in PLN, USD and EUR to retail clients. Clients could choose the optimal option of the savings period and open a deposit in a selected distribution channel (including Alior Online and Alior Mobile). Clients showed a strong interest, especially in deposits for new funds in PLN. Continuing efforts to digitize clients, a mobile deposit was offered, available exclusively on Alior Mobile for new users of the app.

Insurance from the PZU Group's offerings continued to play a dominant role in bancassurance in 2023. In Q4 2023, the Bank achieved record written premium in mortgage-linked life insurance, which was directly attributable to record mortgage sales.

In August 2023, to develop the offering as part of the cooperation with PZU Życie, a guaranteed fund was implemented in the individual life insurance product with unit-linked funds "Multi Kapitał II" – a guarantee was introduced to maintain or increase the value of the unit share, which translated into an increase in the premium generated from this product. Written premium in "Multi Kapitał II" insurance in all of 2023 was as much as about 60% higher than in 2022.

The Bank's activities in the business segment focused on new advanced technologies, an efficient and fast lending process, and long-term relationships, based on four strategic pillars: a self-service module, a native mobile app, a modern online banking service, and integrated ERP tools.

Alior TFI

Alior Towarzystwo Funduszy Inwestycyjnych or Alior TFI (formerly Money Makers) is part of the Alior Bank Group. The company was established in 2010 and its operations, originally as a brokerage house, focused on asset management services. Following a transformation, from July 2015, it has been operating as a Mutual Fund Management Company.

Alior Bank's cooperation with its subsidiary Alior TFI comprises primarily the company's core business, i.e. development and management of mutual funds and representing them vis-a-vis third parties.

As at 31 December 2023, the net asset value of Alior TFI's investment funds totaled PLN 1.6 billion, up by PLN 0.8 billion or 101% compared to the end of December 2022.

2.4.5. Other areas

Brief description of other PZU Group companies

PZU Pomoc

PZU Pomoc provides auxiliary services to PZU Group companies:

- managing the PZU repair network – at the end of 2023, the company cooperated with 853 repair shops;
- organizing motor assistance services for LINK4 and InterEurope (a company outside the PZU Group), and additionally, providing assistance services for SOS Ukraine;
- conducting salvage auctions and sales after loss and damage incidents;
- supporting technical claims handling in motor claims;
- handling assistance products for PZU and PZU Życie (among others, legal consulting, organization of assistance services);
- managing the loyalty program, PZU Pomoc w Życiu Club — at the end of 2023, over 2.2 million club members were able to take advantage of insurance discounts and products of cooperating companies (rebate programs offered by partners).
- managing PZU Sport in the form of sports and recreation subscriptions, the PZU Benefits platform, and operating a loyalty program for individual shareholders of PZU called Moje Akcje PZU.

PZU Cash

PZU Cash operates to provide employee benefits financial products for members of cooperating institutions. The company is an intermediary of Alior Bank and Bank Pekao, and also offers its own loan product as a lending institution.

PZU LAB

PZU LAB is a company dealing with advisory services and assistance in implementation of all kinds of solutions improving the security of the strategic corporate clients of PZU and TUW PZUW.

The company cooperates with numerous academic centers and experienced experts (local and foreign). Constantly seeks new and effective technological solutions to enable mitigation of risks that have the greatest impact on the insurance activity.

The PZU LAB team has developed methods for cooperation with the existing and prospective clients. First, the engineers identify critical installation sites, simulate critical events such as fire, flooding or explosion, and determine their consequences. Then the possible scenarios and the methods of minimizing the negative consequences are discussed. Ultimately, PZU LAB engineers implement innovative technological solutions in client companies that are to improve their safety.

PZU LAB has implemented Poland's first product certification system in property damage prevention. The purpose of the certification system is to improve

the effectiveness of products deployed to ensure the safety of enterprises and thus to reduce the instances of damage and the scope of losses to company assets. Certified products are marked with the patented "PZU LAB Approved" logo.

The company conducts intense safety-related educational and promotional activities. At the initiative of PZU LAB, the Maritime Industry Safety Forum, the Energy Industry Safety Forum and the Wood Industry Safety Forum are held annually. Moreover, a series of training courses entitled "Pyramid of competences" was launched for all participants in the insurance market, aiming to increase the level of knowledge in risk management among businesses.

This approach signifies an evolution in client relations. PZU ceases to be only a seller of insurance and becomes a risk management advisor.

PZU Finanse

PZU Finanse sp. z o.o. is a service company established to keep accounting ledgers for subsidiaries of the PZU Group (excluding PZU and PZU Życie).

PZU Centrum Operacji

PZU Centrum Operacji provides services supporting the operation of PZU Group companies. PZU Centrum Operacji SA's line of business is the provision of the following services:

- 1) auxiliary services related to insurance and pension funds;



- 2) constant intermediation in conclusion of insurance agreements, financial and investment agreements, and assistance agreements;
- 3) Contact Center;
- 4) Data Center;
- 5) polygraphic services;
- 6) IT services;
- 7) keeping the accounting records;
- 8) human resources and payroll;
- 9) brokerage in selling and redeeming investment fund participation units and titles, as well as investment advice with regard to such instruments.

Tower Inwestycje

The company's line of business is to invest available funds in real estate development initiatives, in particular in the construction of commercial properties.

The company conducted the office and retail project in a prestigious location in Wrocław at ul. Oławska 35 (Plac Dominikański) in the space occupied for the past several decades by an office building owned by PZU. This project is partially intended for the PZU Group's needs and partially for lease.

The company aims to begin preparations for launching activities in the field of institutional rentals.

Ogrodowa-Inwestycje

The core business of the Company is the commercial rental of office and commercial space in the City Gate office building owned by the Company in Warsaw.

The services of the Conference Center are provided on a designated area of nearly 800 sq m; the scope of the services includes commercial rental of professionally equipped conference and training rooms for the organization of conferences, business meetings, training courses and seminars. The services of the Ogrodowa 58 Business Center are provided on a designated area of 1480 sq m; the scope of the services includes commercial rental of 135 modern workstations.

PZU Corporate Member Limited

On 28 September 2017, PZU acquired shares in PZU Corporate Member Limited, entitling it to 100% of votes at the shareholder meeting. The company is a member of Lloyd's, a market for insurance companies, brokers and agents, bringing together nearly 100 syndicates. PZU Corporate Member is handled by Argenta Holdings Limited agency, which deals with the ongoing activities of syndicates, invests their funds and employs underwriters.

Armatura Kraków

The PZU Group has had a capital commitment to Armatura Kraków since October 1999, and PZU has owned 100% of the shares since November 2020.

The business of Armatura Kraków lies outside the domain of financial and insurance services. The group is a leading manufacturer in the sanitary and heating industry in Poland. It specializes in the manufacture of bathroom and kitchen taps, aluminum central heating radiators, shower cabins and screens, and a wide range of valves.

2.5. Sales and distribution

The PZU Group has created the geographically biggest sales network in Poland. It provides clients with a comprehensive product offering through synergies within the PZU Group using a variety of distribution channels. As a result, clients enjoy easy and convenient access to financial products and services. The Group also ensures quality service by upskilling the sellers and providing them with modern tools, and by removing barriers.

2.5.1. Insurance products

PZU has the largest sales and service network. It includes 409 branches across the country, with 189 in small communities, and tied agents, multiagencies, insurance brokers and remote distribution channels.






























In 2023, the PZU Group's distribution network included:

- **tied agents** – in Poland, PZU's own agency network consisted 8,200 tied agents and agencies. Sales are conducted through the agency channel predominantly in the mass client segment, particularly of motor and non-life insurance as well as individual insurance (life insurance). LINK4 cooperated with 624 agents not tied to any aggregator. In the Baltic Countries, the Group's agency network comprised over 548 agents, while in Ukraine there were 250 agents;

- **multiagencies** – on the Polish insurance market, the PZU Group cooperates with more than 3.8 thousand multiagencies. They perform sales operations targeted mainly at the mass market (insurance of all types is sold through this channel, especially motor insurance and property insurance) as well as individual life insurance. LINK4 cooperated with 61 multiagencies, while in the Baltic Countries, Group companies cooperated with 20 multiagencies and in Ukraine with 26 multiagencies;
- **insurance brokers** – in Poland, the Group, in particular PZU's Corporate Client Division, cooperated with over 1,000 insurance brokers. In the Baltic Countries, where the brokerage channel is a major insurance distribution channel, the Group companies cooperated with 447 brokers and in Ukraine with 38 brokers;
- **bancassurance and strategic partnership** – in the insurance area in 2023, PZU cooperated with eight banks and eleven strategic partners, PZU Życie with six

banks, TUW PZUW with two banks and nine strategic partners. LINK4 cooperated with six banks within various distribution models for mostly motor insurance and six strategic partners. In the Baltic Countries, the cooperation included five banks and eleven strategic partners, and in Ukraine – eleven banks;

- **remote channel** – non-life insurance sales through this channel is conducted in particular by LINK4 and comprises cooperation with price comparison engines, a website and a call center. This channel also includes the PZU sales hotline and mojePZU portal.

Distribution network	Poland		Baltic Countries and Ukraine
	90%		10%
Gross insurance revenue of PZU Group	non-life insurance	life insurance	
 Tied agents			
 Multiagencies			
 Insurance brokers			
 Employees			
 Branches			
 Bancassurance and strategic partnerships			
 Online/Phone			
 Car dealers			

Key:  (1%-10% of sales),  (11%-20% of sales),  (21%-30% of sales),  (31%-40% of sales)

Branches and agencies

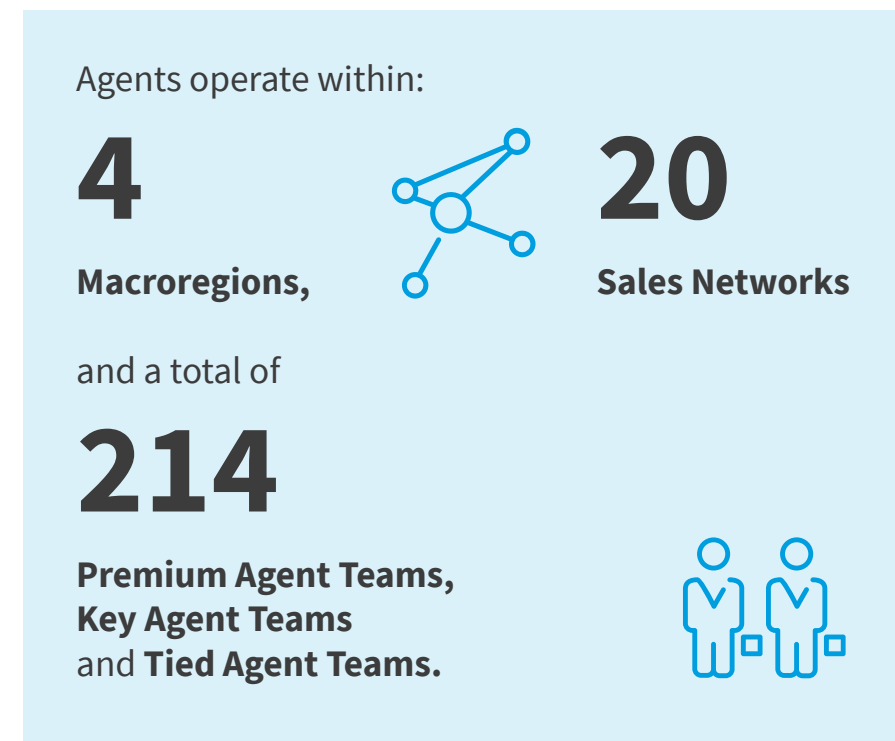
The bulk of PZU’s clients prefer direct service by the agent and in the agent’s office. The network of standardized PZU branches is evenly distributed across Poland in carefully selected locations. PZU branches are the only distribution channel ensuring comprehensive sales and aftersales service of PZU Group’s non-life, life and pension insurance and investment products in each outlet. The offering in PZU branches is targeted at individual clients as well as businesses from the small and medium-sized enterprise (SME) segment.

PZU continues to develop the professional agency sales network. Agent offices offer spacious and modern layouts and the quality of service appreciated by millions of clients. PZU is working on a new visualization standard for branches; the standard will combine modernity and functionality. Continuous work is conducted on professionalizing the network and improving the quality of customer service, through attractive training courses and workshops. Agents actively use modern CRM and remote service systems such as mojePZU. Most agents running offices offer advice regarding the clients’ property, life and health insurance. They provide clients with comprehensive service as part of the product offering of the entire PZU Group.

PZU supports agents by developing and promoting their online presence, as clients show great interest in seeking contact with an insurance consultant using this particular channel. The agentpzu.pl site is continuously developed together with agent websites in the agentpzu.pl domain. Support is also provided through management of Google

business cards of the agency establishments and joint administration of agents’ professional Facebook profiles.

Changes continued in 2023 with the separation of resources for sales support and the creation of teams to support agents. Care was taken to ensure development (training and a new work model) and an attractive remuneration model for agents. In the new structure, the sales function is clearly separated from the administrative and support functions. The purpose was to ensure that all sales managers are able to focus more on supporting their agents in retaining existing clients and attracting new ones.



The separation of underwriting processes and handling fleets at the channel level have brought more inquiries and significantly reduced response times. The changes have improved the efficiency of underwriting and sales processes. The agent segmentation and the bonus system were modified in 2023 to increase the influence of

the sales network on remuneration levels and to better align remuneration with performance. Simplification of the system, stronger dependence of remuneration on goals and plans as achieved, allowed to increase remuneration for more than 65% of Tied Agents.

A new recruitment and deployment offer for new agents was prepared in 2023. Vendors wishing to cooperate with PZU can receive full support: additional remuneration for sales during the first 12 months of induction, and a client base. The induction process for new agents also changed; in addition to the standard on-site training, new vendors can extend their knowledge through webinars or e-learning. As at 31 December 2023, the agency network had 4,354 Tied Agents and 4,400 OFWCAs (Natural Persons Performing Agency Activities).

Tied Agents cooperate with PZU in two models: as field agents and office agents, and they meet strict client service standards. The number of tied agent offices in Poland amounted to over 1,400 as at the end of 2023. Improvement of the professionalism and quality of customer service in the agent’s offices, and increasing their physical presence in the field are the priorities of the network development. Training in service quality standards, substantive support for the sales teams, and even financial support from PZU.

PZU Życie Tied Agent network

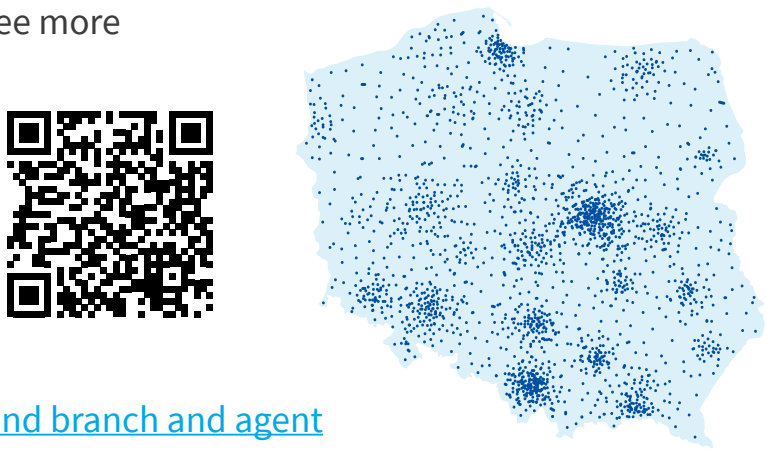
In 2023, PZU Życie continued the development of the PZU Życie Tied Agent network, improving client service standards and implementing new products. These activities are primarily aimed at high quality and availability of products and services to the client.

The operations of The MDRT.PZU Club were continued in 2023. It is a mentoring program aimed at supporting salespeople in achieving sales goals that enable them to join the Million Dollar Round Table (MDRT), an organization of the top 1% of the world’s best financial agents and advisors. The program includes development activities to improve participants’ sales skills and competence in organizing and managing their own work. The Mystery Shopper program was also continued, with the aim to implement targeted development and management activities based on detailed information on compliance with sales and client service standards.

In 2023, work was in progress on an electronic application to support the referral conversation during a sales meeting and to ensure that the referrer is comfortable with providing the agent or advisor with contacts to third parties. This will result in the use of an electronic process for communicating with the referral before direct contact is made, obtaining confirmed consent from the referrer for the referral, and a secure and GDPR-compliant process for processing and archiving personal data.



See more



[Find branch and agent](#)

PZU sales hotline



Clients interested in buying insurance remotely can contact PZU via a hotline; whereas clients with active agreements are taken care of by specialists who ensure the continuity in insurance cover and its alignment with the clients' current needs. In 2023, sales hotline consultants handled nearly 2.5 million calls. Text messages announcing a call from PZU and notifying of an unsuccessful attempt to contact the client were also launched.

Clients' trust in the brand is also strengthened by other system solutions, such as the use of technology that identifies the hotline number using the PZU logo.

90% of clients highly rate the knowledge and competence of hotline consultants. The same percentage of clients positively rated their commitment and willingness to help when talking about insurance purchase. Overall satisfaction with the purchasing process is expressed by as many as 80% of clients.

Customer Experience in the Remote Sales Officej



The Remote Sales Office is pursuing, as a matter of priority, the optimization of customer-focused processes. The breakthrough in this aspect was the implementation of the property inspection process via the Video Inspector application. This solution provides the option to purchase insurance for a car or property remotely, although their technical condition must be verified by a PZU employee. Remote inspection is mostly applicable to the purchase of MOD insurance. Work is ongoing to further improve this process by incorporating AI-based tools. In 2023, it became a standard in the process of purchasing insurance through the PZU hotline to provide a client with a quick payment link, so that the client can pay for their policy in a convenient way; also, the option was introduced to pay the premium with a BLIK code. This solution is especially needed by clients who use travel insurance and decide to purchase it on the day of departure.

mojePZU (myPZU)



Launched in 2018, the mojePZU (myPZU) portal is a way to interact more with clients. This is a one-of-a-kind dashboard enabling clients to check their insurance cover at any time, manage their medical coverage and appointments as well as their investments. Through the mojePZU portal, PZU Group clients may:

- purchase a policy;
- receive an insurance offer from an agent;
- view their policies you have, along with the ability to apply for a change, as well as the pension products they have;
- make an appointment with a physician;
- collect a referral for examination or an e-prescription;
- check their medical records;
- invest their savings;
- report a claim and check its current status;
- pay online for insurance with a payment method as preferred;
- use the sports and recreation subscription of PZU Sport.

Modern self-service offers a single location to access PZU Group's products and services and helps in the handling of numerous matters without the need to visit a branch or contact a hotline. Clients can access mojePZU from anywhere and anytime through the mojePZU mobile app or the website moje.pzu.pl.

At the end of 2023, the mojePZU portal was used by **more than 4 million users**



Platform MojePZU is still being developed and enhanced with further functionalities and services, among others, in sales and renewals of insurance products, claims and benefits handling in health and investment, as well as the expansion of the online payment module. MojePZU also features Klub PZU Pomocni, a loyalty program thanks to which clients have access to discount codes and additional benefits.

Among other things, new payment methods – ApplePay and Google Pay – were added in 2023. An online RTF payment module for PZU Życie was made available, giving customers access to numerous payment methods such as: BLIK, fast transfer, payment card, Apple Pay, Google Pay, but also the possibility of using subscription payment options in the form of recurring payments. While ensuring the full security of transactions, mojePZU enables full online payment processing in the PZU Group payment gateway, which is particularly important in the era of growing cyber threats. The information architecture in the PZU Sport area was unified with the rest of the application, a new sales and service space and a view for the status of the claim were made available.

Premium refund service was made available in the process automation category. The details of full insurance cover and the document preview for the

Individual Continuation product were made available in the life area.

In 2023, mojePZU was a winner in the competitions – e-Commerce Poland Awards 2023, in the Best Online Insurance category, and the Banking & Insurance Forum’s Leader of the Banking and Insurance World, in the Best Digital Insurer category.

Cooperation with banks in the area of distribution



Distribution of insurance via the banking channel is an important element of the PZU Group’s business model. Cooperation with the banking segment forms an additional plane for PZU to build lasting client relations at every stage of their personal and professional development.

PZU’s bancassurance and assurbanking business is based on cooperation with the PZU Group banks: Alior Bank (in PZU Group since 2015) and Bank Pekao (in PZU Group since 2017), as well as in distribution of bancassurance insurance products through banks outside the Group. At the end of 2023, more than 8 thousand banking advisors (4.6 thousand in Bank Pekao and 3.4 thousand in Alior Bank) were enrolled in the Register of Insurance Agents.

The overriding objective of the cooperation is to reach the largest number of clients using multiple distribution channels and provide insurance cover to bank clients. In the PZU Group Strategy for 2021–2024, the cooperation with banks and other non-financial partners is one of the Group’s priorities. By actively cooperating with Bank

Pekao and Alior Bank, PZU continues the implementation of a comprehensive offering using the banks’ distribution networks. This cooperation has allowed PZU to steadily expand the offering and scale of its sales of insurance products linked to bank products, including insurance coverage for cash and mortgage loans.

Bancassurance

Within bancassurance, cooperation with Bank Pekao and Alior Bank covers the sales of the following products:

with Bank Pekao:

- non-life and life insurance with mortgage loans, cash loans, personal bank accounts (RORs) and credit cards;
- investment products,
- travel insurance;
- motor insurance;

with Alior Bank:

- non-life and life insurance for cash and mortgage borrowers;
- travel insurance;
- ADD insurance with health package.

In 2023, PZU Życie continued its cooperation with Bank Pekao and Alior Bank in selling unit-linked and single premium endowment(SPE) products. In Q2 2023, PZU Życie started cooperation with the VeloBank to offer SPE insurance “PZU Bezpieczne Jutro (PZU Stable Tomorrow)

to the bank’s clients. In Q3 2023, the unit-linked insurance offering was expanded to include a guaranteed fund, as a response to the current macroeconomic situation.

Thanks to the cooperation with these banks, the high level of sales of SPE products, which take advantage of the potential of high interest rates, continued in 2023, and a gradual increase in sales of unit-linked investment products was observed. In Q4 2022, PZU Życie extended its offering with individual life insurance for those who took out a housing or mortgage loan from Bank Pekao. PZU Życie solutions may be used by both those who want to take out a loan or mortgage, as well as those who are already repaying it. Insurance is purchased for four years, and the premium is paid monthly. Bank clients may extend cover for another four years after the insurance period. In the event of death, PZU Życie may repay the housing loan in full or in part at Bank Pekao, and any excess benefit payable will be paid to persons additionally insured, e.g., the close relatives of the insured. What is important, in this situation, persons additionally insured receive excess benefits without testament proceedings or inheritance and donations tax.

Bank Pekao also offers PZU motor insurance. Bank clients who are car owners, depending on their needs, may at any branch of the bank in Poland purchase a TPL insurance and selected voluntary insurance products: MOD, ADD, Windshields, PZU AUTO Assistance, PZU Health Assistance. PZU has prepared an offer for drivers with an option to adjust cover to individual need. Since November 2022, Bank Pekao has been offering LINK4 motor insurance as well. An advisor may present the insurance offers of both insurers. Offers are compared

within one process, leading to the selection of predefined packages or offer personalization.

Group travel insurance for Pekao Visa Infinite credit card holders and users was introduced to the Bank Pekao’s offering in 2023. The insurance allows the Bank’s wealthiest group of Private Banking clients to enjoy comprehensive insurance cover during their travels. The product is distinguished by very high sums insured, which reach up to EUR 6 million for medical expenses.

Assurbanking

PZU is one of the largest Bank Pekao’s external partners acquiring new clients for the Bank in the sales of personal bank accounts (RORs) via the bank’s Pekao360 app.

In 2023, PZU increased the scale of sales and expanded the banking product sales network to include more PZU branches. It also continued sales of end-to-end individual and corporate accounts in the remote and on-site channels and acquiring loan leads. Pilot sales of a cash loan to the bank’s existing clients were implemented at the PZU Call Center, and technological work was completed on adapting Bank Pekao’s sales application for PZU Tied Agents, with the aim of starting to sell banking products in this distribution channel in 2024. PZU and Pekao service desks were integrated, allowing for the transfer of requests concerning the Bank’s applications.

Since 2019, PZU, together with Alior Bank and now also with Bank Pekao, have been developing the Cash Portal, a unique platform on the Polish market with financial product offerings for employees of companies and members of institutions. In 2023, the portal was made available to further groups of clients, including new bodies corporate, reaching a total of 1 million retail clients who can use the Cash platform. In addition, another product was added to the Cash Portal offer: the Alior Bank currency exchange office. PZU Cash is also proud to have created and further developed its first own product. The MiniCash cash loan acts like an advance on the monthly income, and allows employees to cover smaller, unexpected expenses.

The Cash Project is a good example of synergy and leveraging the strengths of the two companies in the PZU Group, especially when it comes to relations with work establishments, and also of banking product competencies within the PZU Group. Further, the Cash Portal is an example of implementing an innovative business model and following market trends – in this case the trends pertaining to financial well-being and digitization of finance product distribution channels.

Strategic partnerships

The PZU Group strives to create an ecosystem in which the overriding objective is to manage client relations skillfully by offering clients solutions in all venues accessible to them. This contributes to intensifying activities in strategic partnerships with companies operating on the Polish market, among others, telecommunication operators, power utilities, retail chains and airlines, regarding joint offering of non-life and life insurance to the clients of such institutions.


Within the framework of its strategic partnerships, PZU offers a number of insurance contracts to the business partners' clients, including:

- electronic equipment insurance and phone insurance;
- assistance insurance guaranteeing services of professionals, e.g. electrician, plumber and brown goods/white goods servicing staff, who provide help in the case of a failure in the household;
- insurance of photovoltaic installations;
- travel insurance.

In 2023, PZU cooperated with 11 strategic partners. Those are leaders in their respective industries and they have client bases offering the possibility of extending the PZU's offering with additional innovative products geared towards those clients. For example, PZU cooperates with power sector companies to offer assistance services – assistance of an electrician, a plumber, or health assistant. PZU's insurance offering is also present on the e-commerce market through cooperation with PLL LOT, iSpot and Cortland.








In 2023, PZU expanded its insurance offer by launching the sale of electronics insurance in the Cortland store chain, and also introduced a modified insurance offer in the iSpot store chain. In both cases, Apple-branded electronic equipment is covered for post-warranty failure, damage, and loss due to robbery or burglary. In addition, clients have options to purchase display insurance for iPhones in case of a broken or cracked display.

2.5.2. Health products

 Health products – in the form of life & health and property insurance as well as non-insurance products – are distributed through all sales channels of the PZU Group, including the corporate and agency network of PZU and PZU Życie and the sales

network of PZU Zdrowie. The COVID-19 pandemic also contributed to an increase in sales through the digital channel of the mojePZU website where clients may choose from the new offering of prevention packages and individual medical subscriptions as well as individual medical consultations delivered both in the form of teleconsultations and stationary appointments.

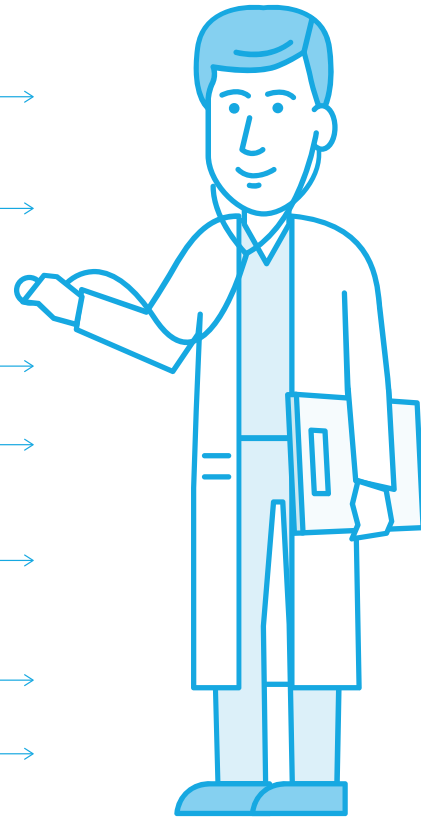
Health products distribution network

	Corporate insurance	Mass insurance	Individual insurance	Non-insurance products
 Corporate sales	✓	✓		
 Tied agents	✓	✓	✓	
 Multiagencies/Brokers /Dealers	✓	✓	✓	
 Branch	✓	✓	✓	
 Direct (mailing)				✓
 Strategic partners		✓		✓
 PZU Zdrowie's employees (corporate network and branches)				✓

Amenities for patients receiving medical care from PZU Zdrowie

What distinguishes us:

- access to specialist doctors without a referral
- accepting referrals from outside the network PZU Zdrowie
- reimbursement of the costs of medical visits and examinations outside PZU Zdrowie facilities
- modern and accessible patient portal
- Scientific Council - expert support from various fields of medicine
- modern medical centres equipped with top-class equipment
- electronic medical interview "Symptom Checker"
- emergency medical assistance



- wide range of telemedicine services
- high standards of patient service
- organization and management of occupational medicine using a dedicated portal
- preventive programs
- psychological help and vouchers for psychological consultations
- smooth process for proceeding to medical care
- pregnancy care and access to birthing school

Contact channels

A patient can make a doctor's appointment or an appointment for any other medical service provided by PZU Zdrowie through:

mobile app / self-service website

mojePZU

with access to the calendar of appointments of each center

PZU Zdrowie's 24-hour medical hotline

801 405 905 or 22 505 15 48

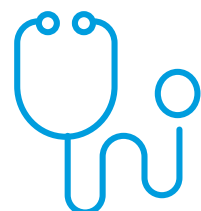
directly

at the branch

Development of the scale of PZU operations



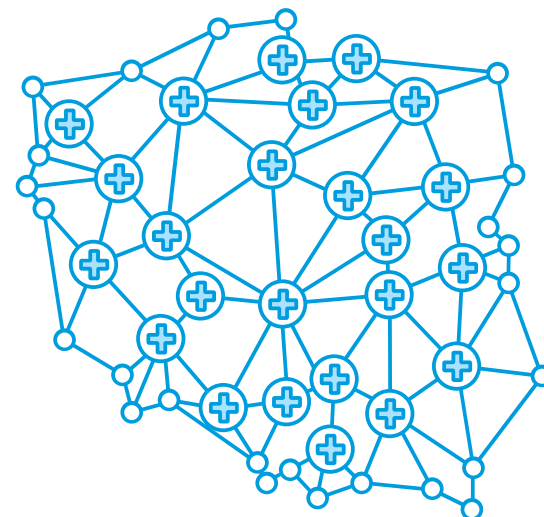
~2 300
cooperating
medical partners



~4 350
medical personnel



~9 000
cooperating pharmacies



See more



[Medical centers and physicians](#)

2.5.3. Investment products




TFI PZU acquires assets for management within the framework of the following four business models:

- the first one of these, the most important one, is based on obtaining funds through strengthening the company's market position in the pension market within the framework of EPSs and ECSs, whose assets exceeded a total of PLN 12 billion;
- the second model involves cooperation with external entities, such as banks, brokerage houses, insurers and independent financial advisors (IFAs) that distribute TFI PZU funds to retail and institutional clients. The external distribution model was launched in 2011 and is rapidly expanding in scope by acquiring new partners in traditional and remote channels. As at the end of 2023, TFI was working with 19 institutions in this channel;

- the third model is based on the use of own and partner networks related to PZU – a network of PZU insurance branches, PZU Group member banks (Bank Pekao and Alior Bank) and TFI’s own sales network.
- the fourth and youngest distribution model is the online inPZU platform launched in 2018 along with the launch of the first umbrella of passive funds in Poland, which at the end of 2023 was comprised of 22 asset classes. In November 2023, sales of actively managed funds (PZU FIO Parasolowy and PZU FIO Ochrony Majątku) were launched on the platform.

inPZU

 The online platform, inPZU.pl, launched in 2018, enables clients to independently invest in the first fully proprietary passive funds and actively managed funds in Poland. The platform is available 24/7, both in the desktop version and on any mobile device, and since 2020 also an English language version has been available. On the inPZU website, users may compare funds, define their investment objectives and personalize them. inPZU also enables users to search for funds and ready-made model portfolios as well as pay for their orders online. The platform is available to both individual and institutional clients. This is an attractive tool both for advanced investors and persons who are just starting to invest their savings.

In the first half of 2023, a new information service was launched at in.pzu.pl, and new model portfolios and “lifecycle” funds in allocated portfolios were implemented for sale. To celebrate the 5th anniversary of the inPZU service client survey and lotteries

were carried out. In the second half of the year, six new index funds were launched, and the sale of active funds from the umbrella of PZU FIO Parasolowy and PZU FIO Ochrony Majątku was implemented. Work also continued on providing clients with new authentication methods: mObywatel and eDowód.

At the end of 2023, there were more than

196,000 active users of inPZU.pl

Call Center

TFI PZU provides a dedicated hotline to serve clients, participants, TFI PZU fund distributors and Employers. The hotline is open Monday through Friday on business days, and the number of calls received on the hotline in 2023 reached about 200,000.

The scope of information provided by the consultant on the hotline depends on the caller’s level of identification. Clients can receive public information about the Funds or the rules of participation in the Funds. Information related to the handling of a register of a specific Participant can be provided after they are identified by a Consultant (the Consultant authorizes the Participant during the call by verifying the selected sets of data recorded in the Participant’s register). Participants who are fully verified in the IVR system, and in the next step, by a consultant can place orders and instructions by

phone in selected products. Participants in this service have a wide range of financial orders and non-financial instructions at their disposal.

The **Transfer Agent** also operates a hotline dedicated to serving distributors and employers.

PTE PZU

Payments to OFE PZU originate from pension insurance contributions transferred by the Social Insurance Institution (ZUS) in accordance with the decision made by the insured, under the second pillar of the pension system.

Client acquisition for individual pension security accounts by DFE PZU is carried out through five distribution channels:

- PZU Życie;
- Bank Pekao;
- PZU CO;
- own sales network of PTE PZU;
- the Internet.

The online contracting tool is the Contract Wizard, available at <http://ikze.pzu.pl>. With this solution, clients may easily open their individual pension security accounts without the need to send any documents. Sales activities carried out in 2023 indicate that Bank Pekao’s branches and online actions have the greatest sales potential.


In 2023, educational activities were carried out; they were related to communication of contribution limits on individual pension security accounts, information on the possibility of taking advantage of the tax credit, and building awareness of pension security and retirement saving.

In 2023, PTE PZU started its efforts to introduce a new individual product: Individual Retirement Account (IRA) at DFE PZU. The product is scheduled to be launched in the first half of 2024.

2.5.4. Banking products

Bank Pekao

Distribution channels

 The Bank Pekao’s clients can use a broad network of branches and ATMs, which provides convenient access throughout Poland, as well as a professional call center and a competitive Internet banking and mobile banking platform for individual and corporate clients, and for small and micro businesses.

As at 31 December 2023, the bank had 574 own branches and 1,306 own ATMs.

Online and mobile banking

In 2023, Bank Pekao consistently executed the digital transformation process, comprising initiatives focused on development of sales and improvement of the quality of service in the remote channels, automation and robotization of the processes and enriching the offering to include state-of-the-art digital services. A digitization

rate of nearly 100% is one of the bank’s key strategic aspirations.

The PeoPay app, which provides fast and secure access to personal and business accounts, cards and savings from a smartphone, celebrated its 10th birthday in 2023. The app is actively used by 2.9 million users.

In 2023, Bank Pekao added numerous new solutions and options to its online banking **Pekao24**, **PeoPay** and **PeoPay Kids**, for instance:

- new self-service process “I forgot my Pin” on the PeoPay login screen, allowing clients to regain access to the app themselves;
- process of selling an home savings account for children 13+ in the Parent Panel;
- option to redirect a client, when served by an employee, to the PeoPay app or Pekao24 service – to any screen in the app or the service, including to sales processes;
- new version of the currency exchange office;
- innovations in transfers: implementation of Sorbnet instant transfer, implementation of split payment with future date – disclosed and undisclosed split payments, transfer between own accounts of a natural person and a one-person business;
- option to update company data from PeoPay and Pekao24;
- request for an auxiliary account in PLN and foreign currencies for one-person businesses;
- pekao24 integration with the Accounting with Bison service, a debit card request for businesses;

- launching a Merchant Portal for companies leasing terminals, to handle payment and settlement of payment transactions;
- notifications to corporate clients;
- option to verify the identity of a Bank employee in the PeoPay app and Pekao24 service, by a client during a phone call;
- a device counter that allows PeoPay to be installed on up to three devices;
- an educational game for children aged 7-13 in the PeoPay Kids app.

Alior Bank

Distribution network



At yearend 2023, Alior Bank had 522 outlets (161 traditional branches, 7 Private Banking branches, 13 Corporate Banking Centers and 341 partner centers). The bank’s products were also offered in the chain of 10 mortgage centers and a network of roughly 3 thousand intermediaries. The Bank also conducts its business through a Branch in Romania, where customer service is provided through remote channels.

By the end of 2023, Alior Bank upgraded its 85 branches to the new format. The role of the new branches is primarily to digitize clients and branch processes, provide convenience and privacy for clients, and improve bankers’ convenience. The distinguishing features of these branches include their innovative design and the use of modern technologies.

Alior Bank’s traditional branches are located throughout Poland, in particular in cities with more than 50 thousand residents. They offer the full range of the bank’s products and services. Partner centers are located in smaller towns and in selected locations in Poland’s major cities. They offer a broad range of services and deposit and credit products for retail and business clients.

Cooperation between the bank and its partner centers is based on an outsourcing agency agreement. Agents provide exclusive agency services to the bank in respect to the distribution of products. These services are provided in locations owned or leased by agents approved by the bank. The bank’s products are also offered through the networks of financial intermediaries.

Alior Bank also uses distribution channels based on a modern IT platform incorporating: online banking, mobile banking, call centers and the DRONN technology. Online channels make it possible to enter into agreements for: savings and checking accounts, currency accounts, savings accounts, deposits, debit cards and brokerage accounts. These channels are also used to accept applications for credit products: cash loans, credit cards, overdraft limits and mortgage loans. Via Internet, the bank also offers installment loans in an on-line process and offers services of a currency exchange office.

Online and mobile banking

As part of the Bank’s new “Bank for Everyday, Bank for the Future” strategy, the year 2023 focused on the preparation and first implementations within the new inclusive mobile app. In parallel, the Bank continued its work on optimizing the existing and introducing new solutions for Alior Online and Alior Mobile.

In 2023, the Alior Mobile app and Alior Online banking underwent a number of changes in their image, in handling of deposit and loan products, and more new features were implemented. Much of the change was directed at increasing sales in the mobile channel.

As expected by Alior Mobile app users, further options for its personalization were added, including the option to select products shown on the start screen or the option to create shortcuts to the most frequently used functions.

In December 2022, Alior Bank launched Alior Pay, a service with a credit limit to defer and spread payments made with a card, BLIK in stationary and online stores or by transfer from an account with Alior Bank.

As at September 2023, the option to apply for an Alior Pay credit limit was made available to any interested Alior Bank client. Once this Alior Pay service had been made available to all Alior Bank clients, there was a 68% increase in sales, as well as a 14% increase in transactions on the accounts of clients who use the service. On average, 22% of Alior Pay clients took advantage of the installment option.

2.6. Clients (downstream)

[IIRC]

A detailed description of client and consumer relations is provided in the Society chapter.

Client

The impact of the PZU Group on clients, in the broad context of capital utilization and sustainability, is presented below.

The Group enjoys the trust of 22 million clients in five countries. It offers products and services to retail clients, small and medium enterprises and big business entities.

Poland is the PZU Group's core market measured by its magnitude and client numbers. Nevertheless, the Group's subsidiaries play an important role on the markets in Lithuania, Latvia, Estonia and Ukraine. Insurance is the core business of the PZU Group.

The core business of the PZU Group is insurance. PZU companies also offer investment, pension, and banking products as well as medical services. They render assistance services to retail clients and businesses through strategic partnerships.

The Group companies' operations are founded on clients' trust. PZU places the client in the center of attention and integrates all areas of activity around the client. This allows it to offer increasingly personalized, flexible and comprehensive products and services matching

the needs of clients at every stage of their private and professional lives and at the suitable place and time.

Due to the scale and scope of its operations, the PZU Group has a significant impact on the economy, society and the environment. With several dozen thousand employees, it makes contributions to the state budget from the taxes it pays, invests its assets in stocks, providing the funding needed for the development of companies, and acquire bonds, helping finance investment, business and infrastructural projects.

By insuring millions of Poles, PZU has real influence on their lives. Above all, the claims and benefits paid out help families to maintain financial stability in difficult situations caused by sudden and unforeseen events. Additionally, thanks to its products and investment funds, PZU supports Poles in accumulating savings and increases their awareness in this area, thus improving the welfare of society.

From the corporate perspective, the claims paid out contribute to the stabilization of business operations, as well as improve competitiveness and economic viability. As climate change proceeds, this will be even more important, both for entrepreneurs themselves and from a systemic point of view, that is as a safety buffer against catastrophic events.

Insurers serve a special function for institutional investors, directing financial flows to companies and projects that fight the climate change. Insurance companies are becoming a key factor in redirecting capital toward sustainable investments.

By consuming energy, hiring employees and maintaining relationships with many entities, insurance companies can have a significant impact on the surrounding reality. The PZU Group, being an active participant in the market, takes pro-climate actions both in the product area and in the investment area. It also supports its partners in their efforts to reduce emissions. Details in this regard are presented in the Chapter "Strategy and Perspectives".

Strategy and perspective

[GRI 201-1]

Direct economic value generated and shared (data in PLN million)	2020	2021	2022*	2023
Insurance revenue	37,102	39,127	45,583	59,097
Operating expenses excluding payroll, tax on financial institutions and investments in the community	(26,069)	(25,166)	(30,581)	(34,735)
Total costs from salaries and benefits for employees	(5,366)	(5,642)	(6,073)	(7,104)
Income tax	(1,841)	(1,492)	(1,672)	(3,126)
Levy on financial institutions	(1,203)	(1,290)	(1,452)	(1,496)
Voluntary contribution to invest funds in the wider community	(93)	(103)	(138)	(185)
Dividends paid to all shareholders	0	(3,696)	(2,578)	(3,206)
Economic value retained	2,530	1,738	3,088	9,245

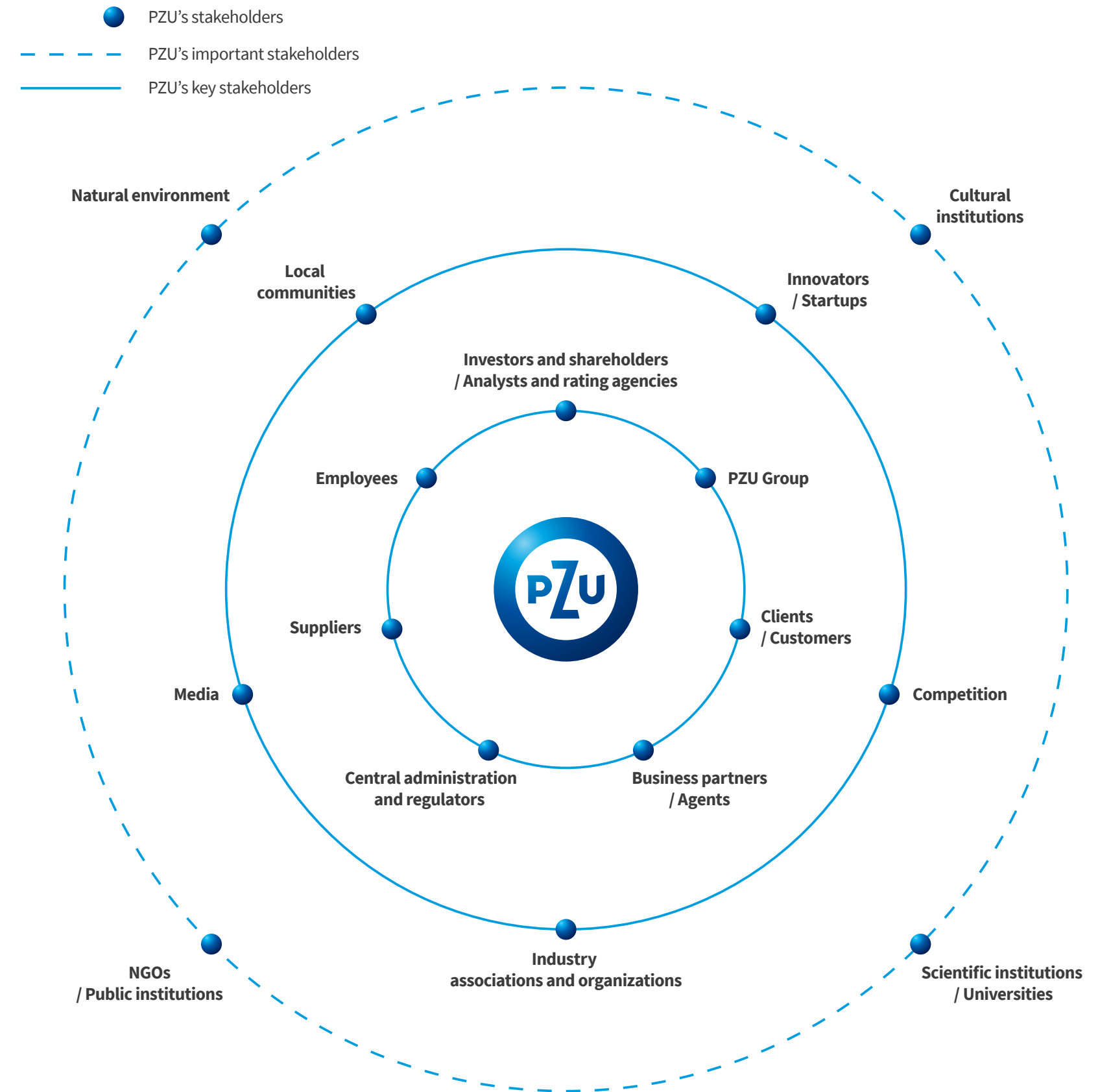
The retained value presented represents the amount remaining after dividing the generated economic value among the company's stakeholders. This amount does not coincide with the net profit presented in the Income Statement, as it also includes dividends paid (as divided economic value).

*) Restated data. Restatement of comparative data resulting from the application of IFRS 17

2.7. Dialog with stakeholders

[ESRS SBM-2]

From a management perspective, the analysis of the value chain and the strategic actions taken based on this value, takes into account the needs and specifics of the stakeholder groups involved. The implementation of these assumptions relies on the process of mapping, needs research and active dialog. Groups are distinguished based on the degree of involvement in the Group's activities and the degree of relevance when it comes to the impact on the PZU's business model*.



*) the list does not include the activities of the Pekao Group and Alior Bank, which have separate approaches to external relations

[GRI 2-29]

The PZU Group engages in dialogue with stakeholders in a regular and transparent manner through various channels of communication.

Stakeholders involvement			
Stakeholder group*	Approach	Purpose	Method and forms
Employees	<ul style="list-style-type: none"> ongoing, open communication between employees and their employer; ongoing dialog with labor unions; engaging workplace. 	<ul style="list-style-type: none"> providing development opportunities for employees; building understanding of the strategy implementation and of the performance; activating employees to participate in new initiatives; promoting best practices of hybrid work and optimal work style; cooperation and understanding of needs between four generations of employees, inter-area cooperation; preparation and adaptation to change and crisis situations; engaging in social initiatives and actions (ESG, volunteerism); health prevention and prevention of professional burnout; strengthening responsibility for one's own development and well-being; creating a sense of influence over performance, decisions and the work environment; ensuring that trade unions engage in dialog with the employer, as required by the law and as needed to maintain good relations with employee representatives. 	<ul style="list-style-type: none"> engagement survey, pulse check, focus group, other surveys; clear, measurable goals to be achieved, measured on a quarterly or annual basis; direct meetings and discussions with the supervisor on an annual or quarterly basis; internal, team meetings; functional mailboxes to clarify uncertainties; chat rooms, discussion forums; information campaigns about opportunities for development, assistance and support; promotion of engaging forms and tools, such as: gamification platform, online chats with experts, hotlines; live debates with experts and organization leaders; promotion of plain language; involvement to make change in the work environment, e.g.: creating ambassador groups; preparing managers for open dialog with employees, contracting, discussions; inviting trade unions to participate in both consultation and reconciliation processes, as well as keeping them informed of significant changes in the company's operations; employee support program #rozmawiajMY (#let's talk); the #GoodStan (#well-being) program – towards the work-life balance; internal portal/intranet; company-wide newsletter and thematic newsletters; information and awareness-raising campaigns about the organization; webinars with experts; broadcast of quarterly performance meetings with the participation of board members; video materials displayed at the company's headquarters; whistleblowing system.

**Stakeholders involvement**

Stakeholder group*	Approach	Purpose	Method and forms
<p>Clients</p>	<ul style="list-style-type: none"> ongoing and open communication with clients; quality and customization of products and services; experiences with purchasing and service processes; Client Ombudsman; Health Ombudsman. 	<ul style="list-style-type: none"> incorporating clients' opinions when designing business solutions; drafting transparent terms of offers and agreements; offering quality products and services tailored to client needs; providing multiple channels of access to products and services that match client preferences; building positive client experiences; preventing exclusion. 	<ul style="list-style-type: none"> ongoing face-to-face meetings and in-person conversations at branches, agents' offices, medical centers, and by phone (hotline, contact center); constant online contact, including social media profiles, chat, website contact form, functional mailboxes, mojePZU, inPZU; plain language in communication with clients; satisfaction and opinion surveys on product and service quality to respond to client needs; Client Improvement Database through which employees can propose pro-client initiatives and improvements; omni-channel solutions, removing barriers and facilitating access to products and services, for example branches adapted to the needs of people with disabilities; International Quality Certificate OK SENIOR®, confirming that PZU branches are tailored to the needs of clients over 60; participation in trade fairs, conferences, networking meetings; financial and insurance education programs: webinars, podcasts, blog, articles in the trade press, interviews, social media, TV programs; publication of CX Reports.
<p>Business partners, agents</p>	<ul style="list-style-type: none"> ongoing cooperation for mutual benefit, including experience sharing, feedback seeking; 	<ul style="list-style-type: none"> getting to know expectations, understanding the needs and challenges of business partners; presentation of strategic plans; summary of the achievement of business goals; product improvement; Improvement of contracting, product sales and customer service processes. 	<ul style="list-style-type: none"> building and maintaining fair terms of cooperation by, among other things, providing/ensuring access to accurate and timely information, opportunities to ask questions and voice opinions (surveys, focus groups, meetings; satisfaction and opinion surveys); ongoing and recurring meetings with agents (annual and monthly); internal communication portal for agents; use of social media in communications; newsletters; sales training and support programs; consulting groups, business communities of agents; Elite Agent Club – meetings with key agents.



**Stakeholders involvement**

Stakeholder group*	Approach	Purpose	Method and forms
Suppliers	<ul style="list-style-type: none"> ongoing cooperation in accordance with the principles of the Code of Conduct and CSR Best Practices for PZU Group's Supplier; supplier audits. 	<ul style="list-style-type: none"> transparent rules of selection and cooperation with suppliers; supporting the implementation of the PZU Group's strategy and access to innovation; shaping business standards – conducting business in a responsible and sustainable way; promoting ethical procurement practices; expanding suppliers' knowledge of PZU Group's needs and PZU Group's knowledge of suppliers' potential and capabilities; improving the quality of supply of goods and services; increasing ESG awareness in the economic environment and integrating ESG principles into business and procurement processes; knowing about preselection of business partners willing to cooperate with the PZU Group – as part of the supplier verification process. 	<ul style="list-style-type: none"> ongoing and periodic meetings and negotiations with new and existing suppliers; frequent communication with suppliers on important cooperation issues; use of plain language rules in communication with suppliers; providing support to suppliers so that they understand relevant issues concerning the subject of communication; joint effort during supplier audit processes to improve the quality of supply of goods and services; list of PZU Qualified Suppliers.
Investors and shareholders / analysts and rating agencies	<ul style="list-style-type: none"> ongoing bilateral communication between the company's management board and capital market players, based on good capital market practices. 	<ul style="list-style-type: none"> building investor confidence; transparency of operations; equal access to information influencing investment decisions; activating shareholders to participate in key decisions; developing understanding of the PZU Group's business model, strategy and value creation; growth of the company's capitalization and distribution of profits. 	<ul style="list-style-type: none"> shareholder meetings in which as many eligible persons as possible can participate; proper fulfillment of disclosure obligations for listed companies – current and periodic reports; quarterly performance presentations and newsletters; quarterly performance meetings with representatives of the management board; meetings with representatives of the management board following the announcement of key decisions for the company (for example, strategy, acquisitions); live webcasts (with questioning and English translation) of quarterly performance meetings, shareholder meetings and other key corporate events; online Investor Relations service (in Polish and English) providing up-to-date information, including presentations and recordings of shareholder meetings, quarterly meetings, key corporate events, etc.); online integrated annual report; regular meetings with institutional investors (during investor conferences, roadshows, video/teleconferences and at the company's headquarters); WallStreet annual conference for individual investors; “My PZU Shares” loyalty program for individual investors.



**Stakeholders involvement**

Stakeholder group*	Approach	Purpose	Method and forms
Central administration and regulators (for example, KNF, UOKiK, GPW)	<ul style="list-style-type: none"> cooperation in debates and conferences; ongoing dialog and incorporation of recommendations; legislative cooperation with the Polish Insurance Association (PIU). 	<ul style="list-style-type: none"> ensuring compliance with requirements and regulations; supporting the creation of new rules in the market, including best practices; ensuring compliance with regulatory and supervisory requirements, as well as with the corporate governance rules; co-shaping the regulatory environment; identification of actual and potential impacts when implementing new regulations (laws, recommendations) from both EU and national legislation; determination of preventive and mitigating actions for negative impacts. 	<ul style="list-style-type: none"> active participation in reviewing draft legislation and – if some threats, irregularities or risks of negative impacts for the insurance business are identified – making comments on these proposals as part of the cooperation with the PIU; participation in the work of committees, sub-committees and working groups of the PIU, whose tasks include performing legislative activities aimed at protecting and improving the conditions for the functioning of the insurance market. This work focuses on analyzing and opining on an ongoing basis draft legislation, preparing assumptions and agreeing on market practices; participation in meetings, reconciliations, clarifications and consultations (for example, recommendations) with KNF to determine the market impact of planned solutions.
PZU Group	<ul style="list-style-type: none"> corporate governance over subsidiaries. 	<ul style="list-style-type: none"> effective cooperation between the units of the PZU parent company and the PZU Group's subsidiaries. 	<ul style="list-style-type: none"> exchange of experience, meetings, reports; PZU and PZU Życie representatives sitting on the supervisory boards of the Group companies; uniform approach to governance standards in the key areas of the PZU Group's functioning; cooperation based on the policies as adopted (in more than 30 areas).
Local communities	<ul style="list-style-type: none"> ongoing direct communication; employee volunteerism; supporting the development of local communities. 	<ul style="list-style-type: none"> encouraging employees to participate in social and environmental actions; implementation of social projects – volunteerism projects based on the cooperation of PZU employees (volunteers) with local communities; improving the physical fitness of children and young people; improving safety and life quality in local communities; reducing disparities in the development of sports infrastructure and in access to sports between large cities and smaller communities. 	<ul style="list-style-type: none"> implementing sponsorship and prevention projects to improve health and safety; opportunity for PZU employees to receive a grant for a volunteerism project authored by them; the grant may be used for the benefit of their local communities whose problems they know well; subsidies to people in difficult life circumstances; activities aimed at equalizing opportunities for children and young people from small communities; supporting sports activation of children and young people by subsidizing local sports clubs and associations through the Dobra Drużyna PZU (Good Team PZU) program.



**Stakeholders involvement**

Stakeholder group*	Approach	Purpose	Method and forms
Media	<ul style="list-style-type: none"> ongoing cooperation with journalists. 	<ul style="list-style-type: none"> transparency of operations; easy and quick access to information about the company and the PZU Group; developing insurance awareness; increasing the level of knowledge about financial products; correct perception of the external information policy and strategy of PZU and PZU Group; consistent media coverage of events as well as key corporate and business topics. 	<ul style="list-style-type: none"> maintaining good relations with key media and opinion-forming journalists; inviting thematically selected editors and journalists to participate in corporate events; providing answers (consistent with the PZU Group's information policy and strategy) to questions from editors and journalists; preparing press releases; organizing press conferences, organizing and participating in expert interviews and trade conferences; social media presence.
Industry associations and organizations	<ul style="list-style-type: none"> active participation in industry initiatives; cooperation in the development of standards and regulations; exchange of knowledge and experience within industry institutions. 	<ul style="list-style-type: none"> promoting industry growth and innovation; creating uniform industry standards and norms; improving the quality of reporting data. 	<ul style="list-style-type: none"> organization and participation in trade conferences, symposia and seminars; participation in panel discussions and trade conferences; conducting training and development programs for companies in the industry; regular meetings within industry working groups; market reporting for industry institutions.
Competition	<ul style="list-style-type: none"> market monitoring and competition analysis; cooperation within the PIU with insurance market participants. 	<ul style="list-style-type: none"> development of the sector through healthy competition; supporting the development of the Polish insurance market; increasing efficiency and innovation; developing a common stance to protect the interests of the insurance industry, for example in the area of legislation, reporting. 	<ul style="list-style-type: none"> market research and trend analysis; participation in trade conferences and events; constructive exchange of experiences and best practices; participation in initiatives promoting fair competition and sustainable development; cooperation within committees and teams.



**Stakeholders involvement**

Stakeholder group*	Approach	Purpose	Method and forms
Innovators and startups	<ul style="list-style-type: none"> ongoing cooperation for mutual benefit; joint planning, implementation and evaluation of projects; sharing experiences and knowledge; supporting the development of the Polish startup ecosystem. 	<ul style="list-style-type: none"> improving the PZU's financial result and operating efficiency; identifying areas to build PZU's competitive edge; increasing the level of knowledge about innovation and new technologies; developing a culture of innovation; agile and quick adoption of the best solutions. 	<p>External activities:</p> <ul style="list-style-type: none"> program of cooperation with startups as part of the innovation implementation at PZU – “PZU Ready for Startups;” external communication portal https://www.pzu.pl/innowacje, a dedicated email box innowacje@pzu.pl; participation in expert interviews and trade conferences on innovation; participation in startup accelerators; use of social media (LinkedIn) in communication with Startups; information and awareness-raising campaigns about innovative activities implemented at PZU; building and maintaining relations with ecosystem partners. <p>Internal activities:</p> <ul style="list-style-type: none"> internal communication / Intranet, a dedicated email box innowacje@pzu.pl; Innovation newsletter. information and awareness-raising campaigns about innovative activities implemented at PZU and about innovations and new technologies; Idea Generator – a solution that allows PZU employees to submit interesting ideas for innovation; InTalki – a series of webinars also with external guests, aimed at familiarizing PZU employees with innovative solutions and inspiring them to constantly look for new solutions in their business activities; Innovation Days – an event dedicated to innovation, an opportunity to explore projects that are in progress at PZU and to transfer knowledge between PZU areas; exchange of experience in the area of innovation within the PZU Group companies (including foreign ones).
NGOs and public institutions	<ul style="list-style-type: none"> building partnerships and conducting social diagnosis; joint planning, implementation and evaluation of projects; evaluation of employee volunteerism program; knowledge sharing. 	<ul style="list-style-type: none"> developing the idea of employee volunteering in cooperation with NGOs and institutions; identification of the needs of specific social groups that can be implemented through employee volunteering; minimizing the risk of occurrence or consequences of insurance accidents; exchange of knowledge and experience, analysis of trends and challenges for sustainable development, including environmental protection. 	<ul style="list-style-type: none"> participation of PZU employees in working groups ran by partner organizations, participation of organization representatives in thematic meetings, creation of joint publications; implementation of volunteerism activities that meet the needs of NGOs and institutions; implementation of educational and social programs for health, safety, social welfare and climate change mitigation; evaluation research summarizing PZU's employee volunteerism program; organization of joint conferences, seminars and other activities with the participation of representatives of the third sector and the academic community.



Stakeholders involvement			
Stakeholder group*	Approach	Purpose	Method and forms
Cultural institutions	<ul style="list-style-type: none"> projects promoting education and cultural events; patronage and partnerships. 	<ul style="list-style-type: none"> promotion and protection of Polish culture and national heritage; cultural education among children and young people. 	<ul style="list-style-type: none"> providing patronage and partnership to Polish cultural institutions; supporting Poland's largest cultural institutions, which, due to their size and format, require large amounts of funding to conduct their statutory activities; promoting high culture among children and young people as a factor supporting the development of proper cultural competences; joint planning of projects that promote cultural education; joint initiatives that promote cultural events; organization of the setting of major cultural events.
Scientific institutions / Universities	<ul style="list-style-type: none"> partnerships with selected universities. 	<ul style="list-style-type: none"> promoting the employer brand and attracting young talents for the Apprenticeship and Internship Program and for junior positions; sharing knowledge and experiences; building relations with the academic community. 	<ul style="list-style-type: none"> participating in job fairs; PZU experts participating in university events; promoting PZU as an employer in communication channels used by the university to reach students.

*) The environment is considered a silent stakeholder of the Group.

[GRI 2-28]

Participation in associations and industry organizations

The PZU Group is engaged in the activity of numerous organizations and associations: PZU is active in the following organizations:

- **Polish Insurance Association (PIU)** – a self-governing organization of insurance undertakings to which all the insurance undertakings operating on the market belong; membership is compulsory;
- **Polish Motor Insurers' Bureau (PBUK)** – an organization of insurance undertakings that

do business in Poland, membership in PBUK is compulsory;

- **Insurance Indemnity Fund (IIF)** - its members are domestic and foreign insurance companies that conduct insurance activity on the Polish market in the area of mandatory motor TPL insurance and mandatory TPL insurance for farmers, established in 1990;
- **Polish Association of Listed Companies (SEG)** – a self-governing organization of issuers that represents the interests of the companies listed on the Warsaw Stock Exchange. PZU has been a member since 2010;

- **British Polish Chamber of Commerce** – PZU has belonged to this business organization since 2016;
- **The Heart Corporate Club** – zrzesza firmy, które chcą budować silne kompetencje w innowacjach;

Membership in the organizations listed above is of a strategic nature to PZU. The company supports the activities laid down in their articles of association and takes part in additional projects run by these institutions.

Description of cooperation with international public institutions:

- **EBRD – European Bank for Reconstruction and Development.** PZU Group companies cooperate with the EBRD and the European Investment Fund in financing projects. Within the framework of the subordinated bonds issuance, in 2017, the EBRD acquired PLN 300 million in securities;
- **Qorus (formerly EFMA) – is a non-profit organization aimed at fostering innovation and cooperation** among financial institutions around the world. It brings together banks, insurers, as well as technology and service providers. Membership in this organization gives PZU access to a wide network of contacts from

various financial institutions around the world, conferences, reports, which enables the exchange of knowledge in the field of innovation in the financial sector including insurance.

- **The Geneva Association** – an international association of insurance companies (think tank), whose members are CEOs of insurance and reinsurance companies. PZU participates in events to identify and analyze key trends and areas of risk that may shape or affect the insurance industry, and has the opportunity to contribute to recommendations for the industry and policymakers;
- **The World Economic Forum** – an international organization for public-private cooperation. PZU’s participation in events dedicated to the exchange of opinions and discussion of contemporary world problems, with the aim of building initiatives for cooperation and global progress.

PZU has also been a signor of the Charter of Diversity since 1 July 2013. This is an international initiative to advance diversity and equal opportunity in employment regardless of gender, race, sexual orientation, ethnic origin, age, disability or religion.

PZU is also engaged in external (domestic and international) sustainability initiatives, as described in [8.1.1. Global Challenges to Sustainable Development](#).

Best practices of PZU and PZU Życie

Self-governing activities – strengthening protection for insurance market participants

The representatives of PZU and PZU Życie participate in the work of the committees, sub-committees and working groups of the Polish Insurance Association. Their tasks include conducting legislative activities that aim to protect and improve the conditions for the functioning of the insurance market. This work focuses on analyzing and opining on an ongoing basis draft legislation, preparing assumptions and agreeing on market practices.



3. External environment

- 3.1. The most important economic trends in Poland and abroad
- 3.2. Polish and Baltic Countries insurance sector compared to Europe
- 3.3. Polish health care sector compared to Europe
- 3.4. Polish banking sector compared to Europe
- 3.5. Financial markets in Poland and around the world
- 3.6. Regulations pertaining to the insurance market and the financial markets in Poland
- 3.7. Factors that may affect PZU Group's operations and results in 2024 and in the medium term



3.1. The most important economic trends in Poland and abroad

The year 2023 was a period of battling inflation in the global economy, which, as a result of the energy crisis, the shock to commodity markets following the outbreak of the war in Ukraine and, previously, severe supply constraints due to the pandemic, rose to levels not seen in decades.

3.1.1. Situation in the world economy

In response to unprecedented price increases, central banks responded with a rapid interest rate increases. In the U.S., the series of 11 raises in the 2022-23 cycle was the steepest in 40 years. The European Central Bank, in turn, raised interest rates by a total of 450 bps, to the highest level in 22 years. Tight monetary policy was often accompanied by an expansionary fiscal policy, designed, among other things, to mitigate the effects of high inflation.

Eventually, in the light of monetary tightening on an unprecedented scale, with global trade tensions easing significantly, inflation began to fall rapidly. In the eurozone, it was still as high as 10.6% y/y in October 2022, only to fall to 8.6% y/y in January 2023 and 2.9% y/y at the end of the year. The U.S. started 2023 with inflation at 6.4% y/y, and ended with a rate 3.0 pp lower.

At the same time, contrary to the fears of some analysts, the largest economies managed to avoid a so-called “hard landing.” In 2023, the U.S. achieved growth even higher than in 2022 (2.5% and 1.9%, respectively). The eurozone also defended itself from recession, with a GDP growth of 0.5%, although first estimates say that the GDP in the German economy, which is key to Poland because of its trade ties, will fall by 0.3% in 2023. The labor market remained strong globally. The U.S. unemployment rate at the end of 2023 was 3.7%, close to pre-pandemic levels and historical lows. In the eurozone, in turn, the unemployment rate in December 2023 was at a record low of 6.5%.

Under such conditions, the topic of public debt and the rising cost of financing it occupied an important place in the economic discourse of 2023. Record levels of debt were recorded in the U.S., among other countries, where concerns about debt sustainability have prompted Fitch to downgrade the country’s credit rating from AAA to AA+. Further geopolitical tensions persisted. In addition

to Russia’s ongoing invasion of Ukraine, Israel’s war with Hamas broke out and the situation in the Middle East has escalated. China, contrary to expectations, did not drive global GDP growth on a post-COVID rebound. Although the sheer growth rate of the Chinese economy (5.2% GDP) was slightly higher than the target of around 5%, the country is still struggling with the effects of the real estate crisis, forcing the authorities there to stimulate domestic demand with further administrative impulses.

The world and Europe are on the way to a green economy. That is why 2023 was marked by an accelerated energy transition related to, among other things, investments in renewable energy sources and the transition to low-carbon industry and transportation. Digital transformation has also been on a faster course, aided by the flourishing of artificial intelligence-based solutions.

3.1.2. Trends in the Polish economy

GDP and production

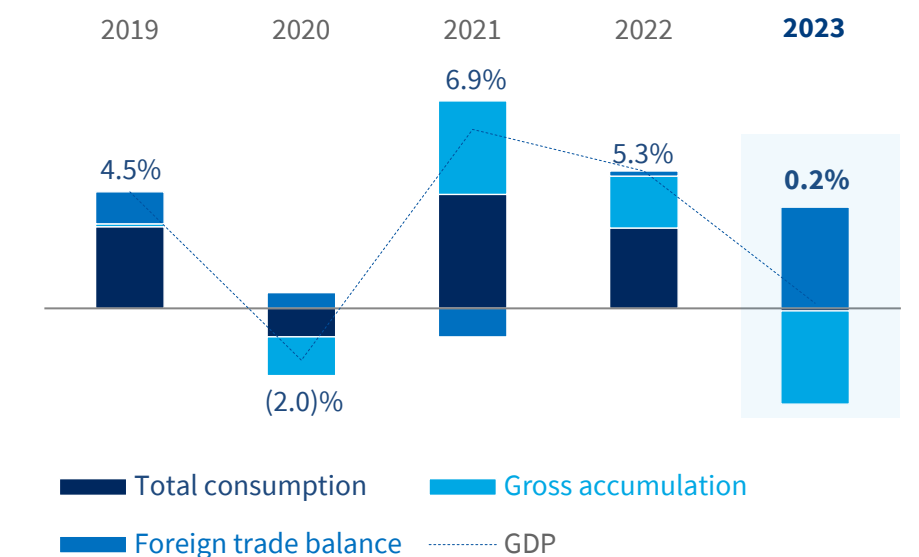
According to the preliminary estimates of Statistics Poland, Poland’s GDP in 2023 grew by 0.2% in real terms. This is substantially less than in 2021 (6.9%) and in 2022 (5.3%), when the growth of GDP was supported by the dynamic recovery following the COVID-19 pandemic.

The weaker growth rate was primarily the result of lower consumer demand. Consumption was not helped by high inflation, reducing household incomes in real terms, and high loan servicing costs. As a result, consumption in the household sector fell 1% y/y, and the contribution

of consumption to GDP last year was -0.6 pp. At the same time, investment recorded a solid performance, growing by 8.4% y/y and adding a total of 1.4 pp to GDP growth in 2023. As a result, the national economy’s investment rate (the ratio of gross fixed capital formation to gross domestic product at current prices) rose to 17.5% in 2023, up from 16.8% in 2022.

Looking at the impact of individual components on GDP growth, the biggest and also the record-breaking one was the movement in inventories, subtracting as much as 5.0 pp from GDP growth. This is the result of adjusting the high growth in tangible current assets from 2021-2022 due to heightened uncertainty in the face of the war in Ukraine, rising commodity prices and disruptions in supply chains occurring since the pandemic. The positive contribution of net exports to GDP growth, on the other hand, was historically high, reaching 3.9 pp.

Decomposition of GDP growth



Source: Statistics Poland/PZU Department of Macroeconomic Analyses
The figures for 2023 are a preliminary estimate.

In 2023, **industrial output sold** in enterprises employing more than nine people decreased by 1.7%. After a very challenging 2022, when industrial production in many industries grew at an above-average rate due to the recovery of demand suppressed during the pandemic, 2023 brought a slowdown in growth. The largest was in mining, the smallest in water supply, sewerage, waste management and remediation. Declines in output have been accompanied by a reduction in price pressure – the price index for industrial output sold stood at 2.4% in 2023, compared to 22.4% in 2022, with producer price deflation at a record -6.4% y/y at the end of 2023. Despite the still-prevailing negative sentiment and declines in new orders, the end of the year in the industry brought positive surprises, which, together with the expected strong rebound in domestic demand and thanks to the diversification of Poland’s manufacturing sector, should allow it to return to a stable growth path fairly quickly in 2024.

Construction and assembly output grew in 2023 by 5.0%. An increase in output was recorded by entities engaged in civil engineering construction (up 11.3%) and specialty construction (up 2.7%), while a decrease was recorded for entities engaged in building construction (down 1.3%). The sector has been significantly affected by the tightening of credit terms and conditions, which in particular has reduced demand for mortgage loans. Contributing to its recovery in the second half of the last year were the interest rate cuts introduced and the launch of the “Bezpieczny kredyt 2%” (“2% Safe Mortgage”) program, under which some 63,000 contracts were concluded. In turn, the engineering work was facilitated by the energy transition process and the completion of investments funded by the EU Financial Perspective 2014-2020.

Labor market and consumption

Average employment in the business sector increased by 0.3% in 2023, but declines of 0.1-0.2% y/y materialized at the end of the year, and the number of full-time jobs in companies decreased by 10,000 between December 2022 and December 2023. Weaker labor demand manifested itself primarily through very marked declines in the number of job postings. On the one hand, this was due to the effects of pandemic support expiring; on the other hand, this was brought about by the delayed effect of high operating costs for companies related to energy or transportation, among other things. The figures for the first three quarters of 2023 show that the growth in employment in the domestic economy as a whole was probably slightly lower to that observed in the corporate sector.

In contrast, the weaker economy has not significantly affected **unemployment**. The number of registered unemployed people and the registered unemployment rate were, at the end of 2023, below the 2022 level. At the end of December 2023, there were about 788,000 unemployed people in the registers of labor offices (24,000 fewer than in December 2022), which translated into an unemployment rate of 5.1% (0.1 pp lower than a year ago). In turn, the deseasonalized unemployment rate published by Eurostat, calculated with a methodology harmonized for EU countries, amounted to 3.0% in December 2023, with the average for the EU European Union at 6.0%. A lower rate than in Poland indicator could only be boasted by Malta (2.4%) and the Czech Republic (2.8%).

The average gross monthly salary in the business sector in 2023 was PLN 7,444.39. Compared to 2022, it grew by 11.9% in nominal terms and 0.5% in real terms. The high

inflation mainly lowered household incomes in real terms in the first half of last year, which translated into lower consumer demand. It was only in the second half of the year that nominal wage growth began to outpace price growth. In the first three quarters of 2023, the average growth rate for remuneration in the entire domestic economy was slightly higher than in the corporate sector.

Retail sales fell by 4.1% in real terms in 2023. Real growth in this category was not helped by a high 2022 base conquered by, among other things, spending related to the arrival of Ukrainian citizens, which, along with a decline in the purchasing power of household income, contributed to a worse sales performance in 2023. Consumers mainly reduced demand for durable goods, with the largest declines in newspapers and books, as well as furniture and household appliances. In contrast, sales of motor vehicles fared best, especially in the second half of the year. A return to wage growth in real terms influenced a marked improvement in consumer sentiment at the end of 2023 and provides a good basis for a rebound in consumption in 2024.

Inflation, monetary policy and interest rates

In 2023, **consumer prices** rose by an average of 11.4%. In February, inflation reached 18.4% y/y, the highest level since December 1996, more than 25 years ago. The subsequent months saw a process of disinflation, made possible in part by the stabilization of prices after the shock to commodity markets, especially energy markets. The government’s protective measures, i.e., VAT cuts on food or frozen gas and electricity prices, also played an important role. This brought inflation to 6.2% y/y at the end of 2023.

Declining, though nonetheless high inflation, which remains clearly above the target of the National Bank of Poland (2.5% +/- 1 pp), was accompanied by the maintenance by the Monetary Policy Council (MPC) **of interest rates** at 6.75% for most of 2023. MPC had reached this level as a result of a fairly dynamic tightening of the monetary policy, which curbed lending, especially in the mortgage loan market. The MPC cut interest rates only in September, by 75 bps, and then in October by another 25 bps. Since then, NBP’s reference interest rate has been 5.75%.

Public finance

According to Statistics Poland’s fiscal notification of October 2023, **the deficit in the government and local government sector** in 2022 stood at 3.7% of GDP, after being at 1.8% of GDP in 2021. The main reason for increased deficit in 2022 were the inflation mitigation measures introduced by the government under the Anti-Inflation, Energy and Solidarity Shield. Also significant was the reduction in the tax rate introduced in the middle of the year from 17% to 12%. In 2022, efforts aimed at assisting and supporting Ukrainian citizens were also implemented.

The Budget Act for 2023 assumed a maximum state budget deficit of PLN 68 billion, and after its July amendment, PLN 92 billion. Estimates from the Ministry of Finance for January-December 2023 show that during this period, the



deficit amounted to PLN 85.6 billion, which was 93% of the level allowed by the amended Budget Act. The 2023 estimates transmitted to Eurostat show that the deficit of the entire general government sector deepened to 5.8% of GDP in Q3 2023. The Ministry of Finance, in its forecast for the autumn fiscal notification, assumed a government deficit of 5.6% of GDP for all of last year.

According to the last of Statistics Poland's fiscal notifications, **the deficit in the government and local government sector** in 2022 went down to 49.3% of GDP from 53.6% of GDP in 2021. The Ministry of Finance estimates that ultimately, in ratio to GDP, the debt in 2023 will be at a similar level as in 2022. Estimates available from Eurostat indicate that it was at 48.7% of GDP as recently as in Q3 2023.

3.1.3. External environment in the Baltic Countries and Ukraine

Lithuania

Lithuania's economic activity in 2023 was hampered by the unstable external environment, global economic uncertainty caused by the war in Ukraine, and also the conflict in the Middle East. Figures of the State Data Agency of Lithuania show that GDP in Q4 2023 increased by 0.2% y/y. Compared to Q3 2023, GDP decreased by 0.1%. Economic growth was heavily influenced by a decline in household consumption and a drop

in industrial activity due to weak foreign demand. At the same time, economic development was positively influenced by investments.

Lithuania's inflation rate fell sharply in 2023. In December, annual inflation eased to 1.2%. This situation was mainly influenced by the drop in the price of energy commodities on international markets, which affected the price of automotive fuels, thermal energy and electricity for both households and businesses. Declining inflation since the beginning of the year reflects the fact that the country's inflationary pressures are fading due to falling prices for food commodities on international and local markets and the lower household purchasing power. A large decline was also recorded in services, which was particularly evident in the food, leisure, and accommodation services sector as a result of the weaker post-pandemic growth in demand for these services.

As the number of workers increased, there was a high demand for workers. In some industries, such as construction, domestic trade, information and communications, real estate, finance and insurance, the number of vacancies has been significantly lower than in 2022 for several consecutive quarters. With the increase in employment, the unemployment rate fell from 7.7% in Q1 to 7.4% in Q4 2023.

Wage growth in 2023 was driven by ongoing labor market tensions. Average gross monthly wages increased by 12.6%. In the public sector, wages grew faster than in the private sector, by 13% and 12%, respectively. The dynamic growth in wages is influenced by the minimum wage, which rose 15.1% to reach EUR 840 per month.

Latvia

Figures from the Central Statistical Bureau of Latvia show that in Q4 2023, GDP decreased by 3% compared to the Q4 2022, while remaining unchanged compared to the quarter immediately prior (according to seasonally and calendar-adjusted data at constant prices). The change was driven by a decline in manufacturing sectors, while service sectors maintained 2022 levels. Growth in construction (up 16.1%) had the largest positive impact on overall economic development.

Annual inflation fell with each month of 2023 from a very high level in the first half of the year to 0.6% in December. The price drop in the second half of the year was mainly due to a reduction in the prices of heat, fuel and natural gas, which reduced pressure on the prices of other goods and services. Prices of food and non-alcoholic beverages rose by 2.7%, while those of alcoholic beverages and tobacco products – by 8.3%. The average prices of housing-related goods and services fell by 10.3%, while health care rose by 6.8%. Prices for transportation-related goods and services fell by 1.1%, mainly as a consequence of falling fuel prices.

In 2023, there was a significant increase in wages. The average gross monthly salary in Q3 2023 year was 11.8% higher than in the same period last year. In the public sector, growth was 13.7%, while in the private sector it was 11.1%.

The real unemployment rate stood at 6.6% in December 2023, up 0.2 pp from November. In contrast, there has been no change compared to December of the previous year.

Estonia

Figures of Statistics Estonia show that GDP following Q4 2023 was 0.7% lower than in the previous quarter and 3.0% lower y/y. This means that the Estonian economy contracted for the second year in a row. Although inflation continued to slow down, this did not help to stimulate the economy. There were some signs of economic improvement in Q2, but the decline in subsequent quarters accelerated to levels seen in the previous periods.

In 2023, the largest positive contribution to GDP came from real estate activities, as well as trade, which maintained a good pace from the preceding quarter. Agriculture, forestry and fishing, and the energy sector also made significant positive contributions. Transportation and warehousing, in turn, performed the weakest, affected by the difficult situation in foreign trade. The development of the Estonian economy was also stunted by performance in information and communications as well as professional, scientific, and technical activities, which until now have often been key drivers of the country's economy. The construction sector also had a negative impact, continuing the trend of the last last year and a half.

Private consumption rose slightly in Q4, its decline slowing to 1.5%. The largest decline in spending was on basic goods and services as well as home furnishings and recreation. Household spending on household furnishings and equipment, alcoholic beverages alcoholic beverages and tobacco. At the same time, spending on communications, housing, and restaurants and hotels.



Spending on education and sports also increased significantly in the Q4. Government consumption experienced a decline in the Q3, but quickly recovered and grew by 2% in the Q4. Overall government consumption growth in 2023 was 0.9%.

In 2023, the consumer price index increased by 9.2% compared to 2022. What had the biggest impact on this were increases in the prices of food and non-alcoholic beverages. At the same time, the producer price index for industrial production fell by 2.5% y/y, mostly influenced by declines in heat and electricity production prices.

The unemployment rate in 2023 was 6.4%, an increase of 0.8 pp compared to last year. The average gross monthly salary in the third quarter was 10.4% higher than in the same quarter last year.

Ukraine

The war instigated by Russia on 24 February 2022 against Ukraine made most risks for both the citizens and the business materialize. The loss in human life and destruction of infrastructure due to Russian terrorist attacks and military action caused the economic situation to be substantially worse. Ukraine's economy is adjusting and gradually rebuilding, overcoming the challenges of the war. In 2023, there was a recovery in GDP, strengthened by the implementation of recovery programs and support for businesses.

Since the beginning of 2023, inflation has been declining from 26% y/y in January to 5.1% y/y in December, driven by ample food and fuel supply and the rapid rebuilding of the energy system after the effects of the Russian terrorist attacks. Another

important factor was the improvement in inflationary expectations since the start of the year, against the backdrop of the strengthening hryvnia exchange rate and the increased appeal of assets in hryvnias due to the monetary policy of the National Bank of Ukraine. The NBU lowered the discount rate to 15%, as inflation slowed down rapidly and the foreign exchange market was stable.

There were shortages of workforce in the labor market as of mid-2023 due to migration and conscription. The unemployment rate in 2023 is estimated at around 20%. According to UN figures as at June 19, 2023, more than 6 million people have left Ukraine and remain abroad since the start of the war. This figure also includes those who were forced to leave or were deported to Russia.



3.2. Polish and Baltic Countries insurance sector compared to Europe

In 2022,¹ insurers operating in the European Union raised EUR 1,073 billion in premiums, representing approximately 17% of global gross written premium².

The year 2022 brought further challenges for the insurance market. The outbreak of war in Ukraine – as a result of Russia’s attack – has put the Polish and European economies under tremendous pressure. Broken supply chains, problems with the availability of energy commodities, and the consequent rise in their prices, as well as the food crisis, have all contributed to rising inflation. Growing risks of natural disasters and from the progressively faster digitization, automation of processes and use of artificial intelligence also as persisted as challenges for the insurers in 2022.

In 2022, the average European spent approximately EUR 2,110 on insurance. This figure stood at EUR 1,977 a year earlier. The average Pole spent EUR 388 on insurance in 2022, which is nearly five times less than the average European citizen. The insurance expenses of Lithuanian and Latvian residents amounted to EUR 432 and EUR 359 respectively, while the statistical resident of Estonia

spent EUR 403 on insurance³. In 2022, the average Ukrainian spent only EUR 30 on insurance.

In Poland, the market insurance model has been developing since 1990. At present, Poland has the largest insurance market in Central and Eastern Europe. Gross written premium in the Polish market in 2022 amounted to EUR 14.7 billion. In 2021, it was EUR 14.4 billion⁴.

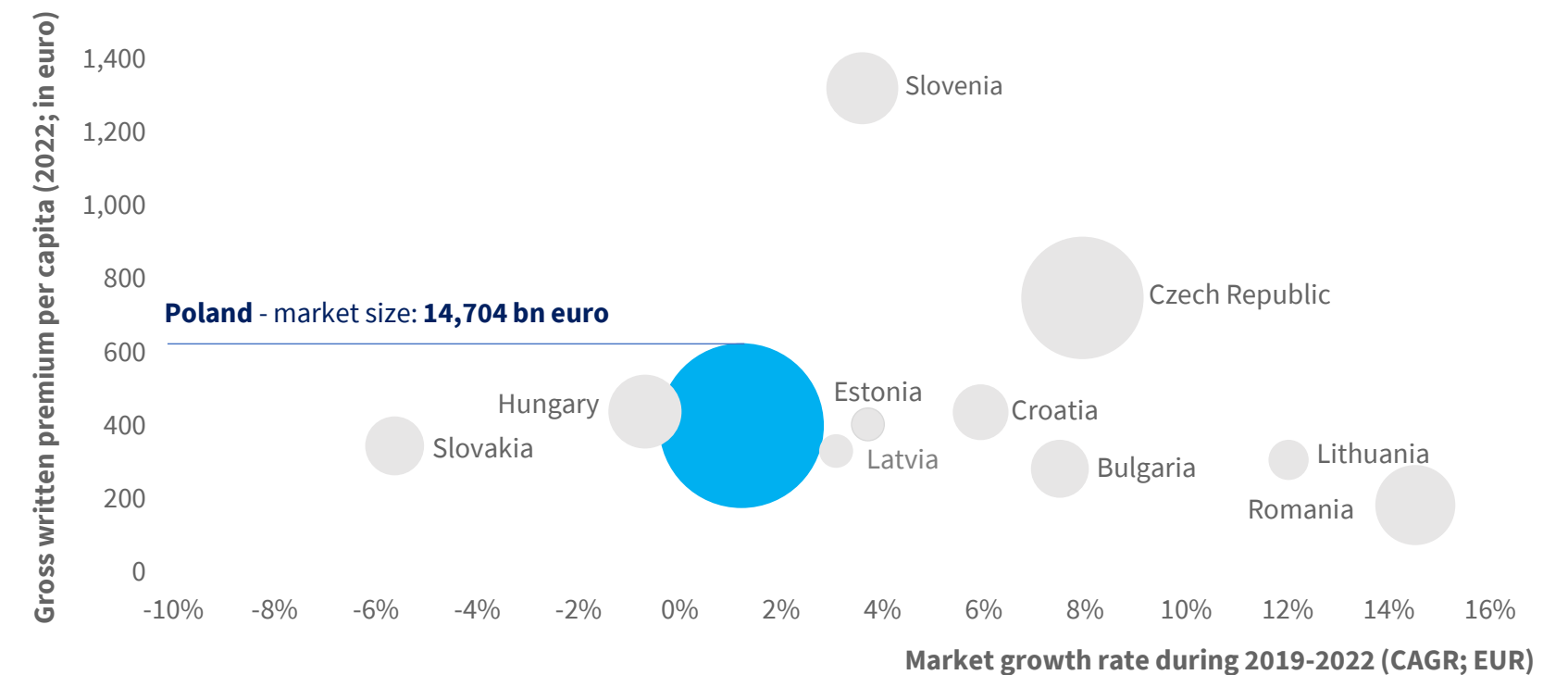
The United Kingdom enjoys the largest insurance market in Europe (EUR 344.7 billion in written premium in 2022). Markets above the EUR 100 billion gross written premium threshold include Germany (EUR 229.4 billion), France (EUR 248.0 billion), and Italy (EUR 152.1 billion). In 2022, as regards its value, the Polish insurance market was also superseded by those countries in Western Europe which have a much lower population than in Poland, e.g.: Austria (EUR 19.4 billion), Belgium (EUR 34.4 billion), Denmark (EUR

41.0 billion), Finland (EUR 26.6 billion), the Netherlands (EUR 79.7 billion), Switzerland (EUR 53.2 billion) and Sweden (EUR 51.6 billion)⁵.

The structure of the Polish market is dominated by non-life insurance (70.2% of the market), with the majority of gross written premium generated by motor insurance. In 2022, gross written premium collected on motor third party liability insurance and motor own damage insurance accounted for 37.4% (37.0% in 2021) of the entire market’s gross written premium. The share of life insurance in Poland’s total gross written premium (29.8%) was lower than the European average.

The Baltic Countries have a similar structure of insurance markets to Poland, with property and other personal insurance dominating. In Western European countries, the situation is different and life insurance dominates. In 2022, close to 40% of insurance premiums in Europe was generated in life insurance and over 60% in non-life insurance. Countries with the most developed life insurance market are countries that also have the largest insurance markets. These include Italy (in 2022, life insurance accounted for 72.4% of gross written premium), United Kingdom (68.4%), France (60.2%) and

Gross written premium per capita (2022, EUR) in relation to the insurance market growth rate (2019-2022)

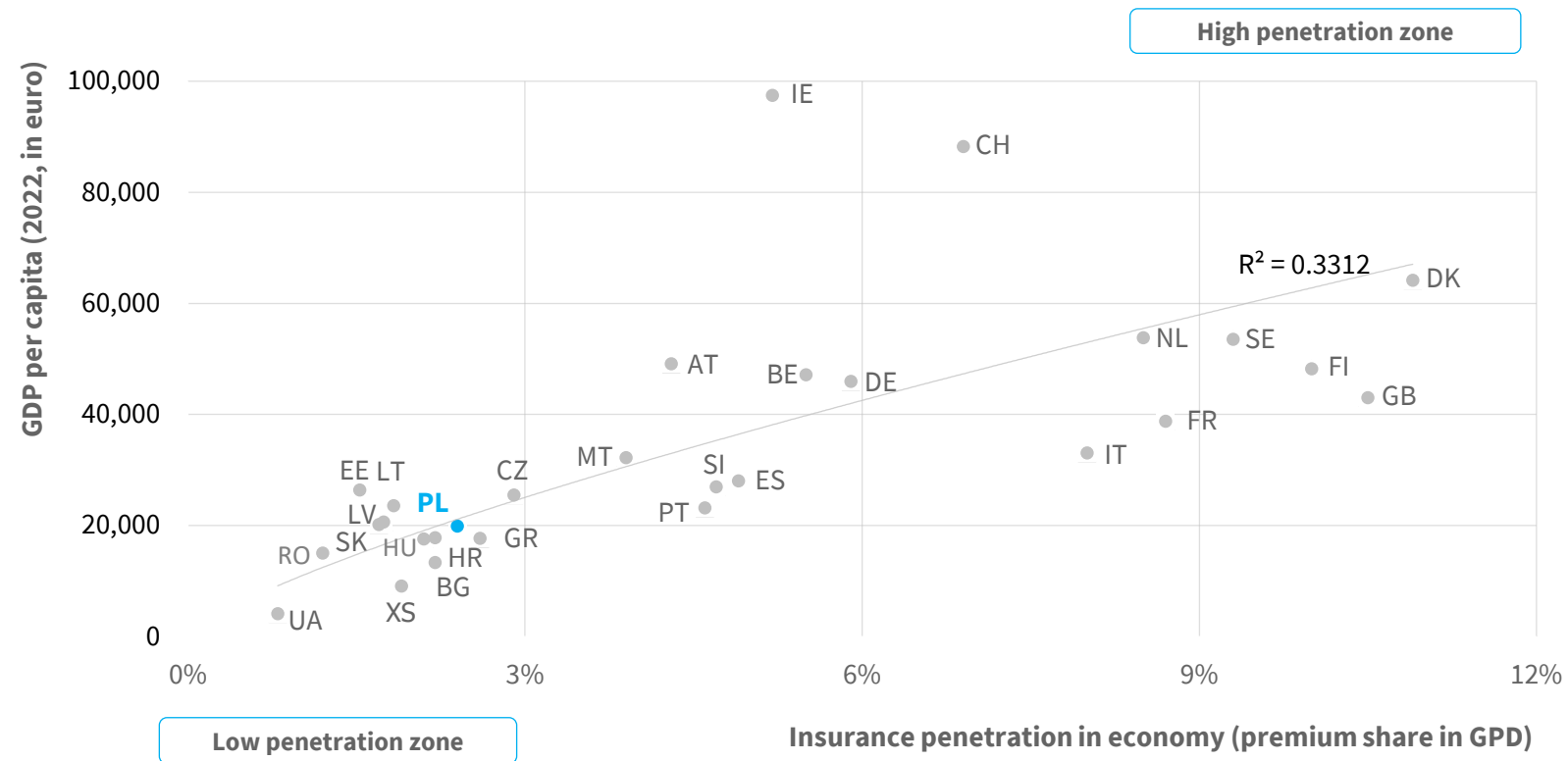


Source: Swiss Re, sigma 3/2023: World insurance: inflation risks front and centre; Eurostat; www.osp.stat.gov.lt; www.fktk.lv; www.andmed.stat.ee

5) Sigma No 3/2023 World insurance: stirred, and not shaken; Swiss Re Institute

1) The most up-to-date figures as at the date of publication of the Management Board’s report on the Company’s activity
 2) Sigma No 3/2023 World insurance: stirred, and not shaken; Swiss Re Institute
 3) Figures for Lithuania, Latvia and Estonia provided on the basis of www.lb.lt; www.bank.lv; www.andmed.stat.ee
 4) Sigma No 3/2023 World insurance: stirred, and not shaken; Swiss Re Institute; Eurostat; www.osp.stat.gov.lt; www.fktk.lv; www.andmed.stat.ee

Penetration of insurance in relation to GDP per capita in Europe (2021, EUR)



Source: Eurostat, Swiss Re Institute (sigma 3/2023)

the Scandinavian states: Finland (81.4%), Sweden (81.2%), Denmark (75.6%) and Norway (58.7%)⁶.

Poland's insurance penetration rate, which is the ratio of total gross written premium to gross domestic product (GDP), is below the European average. In 2022, this rate stood at 2.2%, whereas the European average was 4.6%. Even lower penetration rates were achieved in the insurance markets of Lithuania (1.8%), Latvia (1.7%), Estonia (1.5%) and Ukraine (1.0%). The highest penetration rates were recorded by Denmark (10.9%),

the United Kingdom (10.5%), Finland (10.0%) and France (8.7%)⁷.

Analyzing the penetration of insurance in relation to GDP per capita, it can be expected that the Polish insurance sector will develop as Poland economy (GDP) grows, society becomes more affluent (with increasing disposable household incomes) and insurance awareness of the local population grows, which was exactly the path taken by West European countries.

6) Sigma No 3/2023 World insurance: stirred, and not shaken; Swiss Re Institute

7) Sigma No 3/2023 World insurance: stirred, and not shaken; Swiss Re Institute

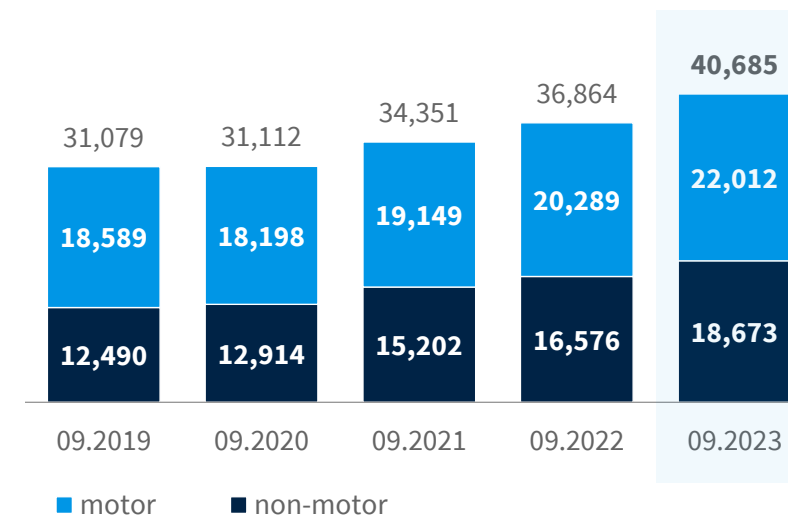
3.2.1. Description of the insurance markets on which PZU Group companies operate

Non-life insurance market in Poland

Measured by gross written premium in the first three quarters of 2023, the non-life insurance market in Poland grew by a total of PLN 3.8 billion (+10.4%) in comparison to the corresponding period of the previous year.

Total written premium on direct business grew by PLN 3.4 billion (+9.8% y/y), and on indirect business – by PLN 0.4 billion (+17.7% y/y).

Gross written premium of non-life insurers in Poland (in PLN million)



Source: The Quarterly Bulletin of the Polish Financial Supervision Authority (www.knf.gov.pl). Rynek ubezpieczeń [Insurance market] 3/2023, Rynek ubezpieczeń 3/2022, Rynek ubezpieczeń 3/2021, Rynek ubezpieczeń 3/2020, Rynek ubezpieczeń 3/2019

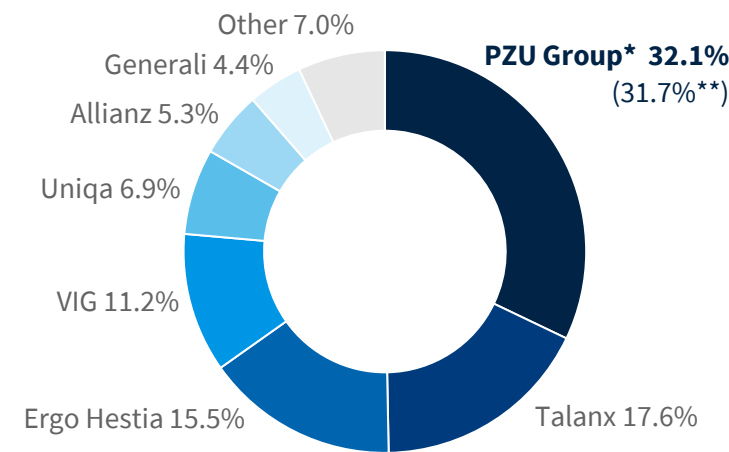
The market growth resulted from the increase in gross written premium in non-motor insurance (by PLN 2.1 billion, +12.7% y/y) as well as in motor insurance (by PLN 1.7 billion, +8.5% y/y).

In **non-motor** insurance, the biggest contributor to the higher level of gross written premiums was an increase in sales of insurance against fire and other damage to property (by PLN 1.1 billion, +13.3%y/y, of which PLN 0.3 billion related to indirect business). Sales increases were also seen in general third-party liability insurance (up PLN 406 million, 16.8% y/y), accident and illness insurance (up PLN 243 million, 11.7% y/y), and assistance (up PLN 239 million, 16.9% y/y). Sales declined in insurance against various financial risks (by PLN 73 million, -7.5% y/y) and legal protection (by PLN 3 million, -5.2% y/y).

It was mostly the dynamic rise in MOD insurance (PLN 1.2 billion, +15.2% y/y) that drove the higher written premium in **motor** insurance. Motor TPL insurance remains the largest insurance group, generating PLN 12.6 billion in premiums written after three quarters of 2023, accounting for 31.1% of the non-life insurance market. The increase in gross written premiums from motor TPL insurance amounted to PLN 0.5 billion y/y (+4.0% y/y) in this period.

In the first three quarters of 2023, the overall non-life insurance market generated a net result of PLN 5,327 million, which is PLN 3,095 million more in comparison with the corresponding period of 2022 (up by 139%). The increase was almost entirely due to the investment activities of insurance companies.

Non-life insurers – percentage of gross written premium in the first three quarters of 2023 (in %)



***) PZU Group's market share in non-life insurance on direct business
 Groups: PZU Group – PZU, LINK4, TUW PZUW; Talanx – Warta, Europa; VIG – Compensa, InterRisk, Wiener, TUW TUW; Allianz – Allianz, Euler Hermes, Aviva, Santander Aviva TU S.A.;
 Source: KNF's Quarterly Bulletin. Rynek ubezpieczeń [Insurance Market] 3/2023

The technical result of the non-life insurance market after Q3 2023 remained at a similar level compared to 2022, at PLN 2,127 million (up PLN 2.6 million, +0.1% y/y). There is a noticeable trend of a large decrease in the profitability in motor TPL insurance (technical result down PLN 356.7 million to PLN -136.6 million). A significant decrease in the technical result was also recorded in general third-party liability insurance (by PLN 119.4 million to PLN -6.9 million) and in the accident and illness insurance group (by PLN 38.3 million). These decreases were offset primarily by an improvement in the technical result in insurance against fire and other damage to property (up PLN 428.4 million) as well as in credit insurance and financial guarantees (up PLN 55.8 million).

After three quarters of 2023, the PZU Group had a 32.1% share in the non-life insurance market, measured by the gross written premium (31.7% on direct business) compared with 32.3% in the corresponding period of 2022 (31.6% from direct business), meaning a decrease of 0.2 p.p. (while there was a 0.1 p.p. increase from direct business).

After the first three quarters of 2023, the PZU Group's technical result (PZU together with LINK4 and TUW PZUW) stated as a percentage of the overall market's technical result was 48.9% (the PZU Group's technical result was PLN 1,040 million while the overall market's technical result was PLN 2,127 million).

The total value of the investments made by non-life insurers at the end of Q3 2023 (net of the investments made by subordinated entities) was PLN 78,862 million, up 8.8% compared to the end of 2022.

Non-life insurers estimated their net technical provisions at an aggregate amount of PLN 70,708 million, signifying a 5.9% growth compared to the end of 2022.

Life insurance market in Poland

After three quarters of 2023, the life insurance market in Poland, measured by gross written premium, was estimated at PLN 17,022 million, meaning that it has grown over the most recent five years, on average, by 1.7% per annum, whereas this is the result of the considerably dynamic growth last year. The premiums collected during the three quarters of 2023 were 7.2% higher than those in the corresponding period of 2022, driven by an increase in both periodic and single premiums. In products of both payment types, the premium for protection insurance has increased, both in life insurance (class I) and in accident and illness insurance (class V).

In 2023, the decline in gross written premium continued from insurance with a single premium from investment

products (PLN -90.9 million, -25.2% y/y). The reasons can be traced to changes in the capital market situation and the legal and macroeconomic environment. The decline is influenced by the gradual withdrawal of these products (mainly those with a fixed rate of return) in response to the tax on short-term life and endowment products with either a fixed rate of return or index-based returns, introduced in 2015. In subsequent years, the guidelines of the regulatory authority, including those on the level of fees charged to customers of unit-linked products, as well as EU directives regulating the market for unit-linked products and their distribution led to a limitation in offering these types of products. Following the sudden fall in sales in 2018, starting the second half of 2020, we have been observing a gradual comeback to single premium volumes; however, another slump came in Q1 2022, mostly in products offered in cooperation with the banks; this was largely caused by the entry into force on 1 January 2022 of the Recommendations of the Polish Financial Supervision Authority of July 2021 prohibiting the marketing, distribution, and sales of insurance-based investment products if linked to an insurance fund satisfying any criterion indicated by the Polish Financial Supervision Authority (on customer profitability or investment policy).

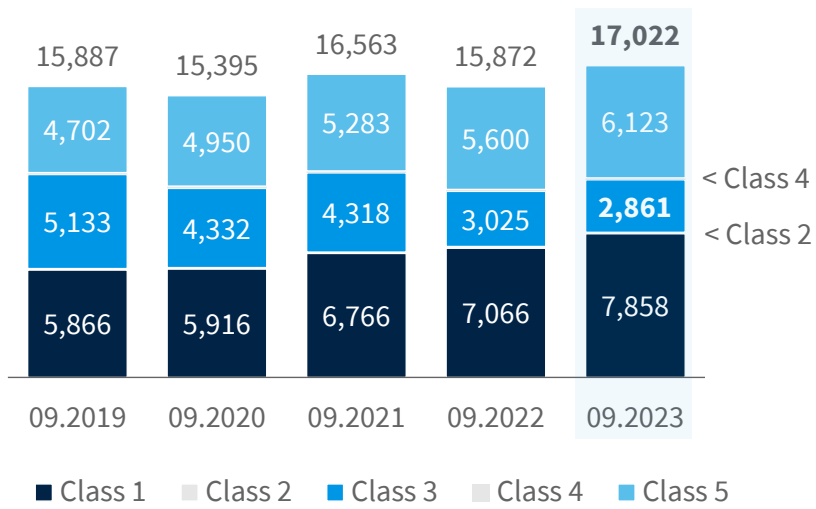
As a result of these market changes, periodic premium products that constitute PZU Życie's competitive edge on the market became more important. During the three quarters of 2023, premium from these products was 4.8% higher compared to the same period in 2022, with a cumulative average growth rate of 3.8% for the last five years. Despite the declining periodic premium in unit-linked life insurance (by PLN 72.4 million y/y), the premium on protection products in classes I and V

Non-life insurance – Gross written premium vs technical result (in PLN million)

Gross written premium vs technical result	1 January – 30 September 2022			1 January – 30 September 2023		
	PZU*	Market	Market excl. PZU	PZU*	Market	Market excl. PZU
Written premium	11,903	36,864	24,961	13,045	40,685	27,640
Technical result	1,060	2,124	1,064	1,040	2,127	1,086

*) incl. LINK4 and TUW PZUW
 Source: KNF's Quarterly Bulletin. Rynek ubezpieczeń [Insurance Market] 3/2023 (www.knf.gov.pl), PZU figures

Gross written premium of non-life insurers in Poland (in PLN million)



Source: KNF's Quarterly Bulletin. Rynek ubezpieczeń 3/2023, Rynek ubezpieczeń 3/2022, Rynek ubezpieczeń 3/2021, Rynek ubezpieczeń 3/2020, Rynek ubezpieczeń 3/2019

increased (by PLN 728.4 million y/y) in both group and individual insurance.

At the same time, market concentration measured by the periodic gross written premium remained high. During the last year, the list of the five largest market players has not changed, and their combined market share was 79.6%.

Within the three quarters of 2023, life insurers generated a total net result of PLN 2,707 million, up by PLN 1,108 million, 69.2% y/y. This was the effect of the technical result being higher than in the corresponding period of 2022.

The technical result of life insurance companies in this period amounted to PLN 3,221 million and was PLN 1,245 million higher (+63% y/y) than in the corresponding

period of 2022. Growth largely occurred in the life insurance group (Group I), and to a lesser extent also in life insurance linked to an insurance capital fund (Group III) and in accident and illness insurance (Group V). The increase by PLN 1,080 million in the technical result for life insurance, mostly due to higher premiums and higher revenues from investments, with a movement in reserves due to lower claims and benefits resulting from a lower number of deaths, was of particular importance.

The total value of the investments made by life insurance companies at the end of Q3 2023 was PLN 42,601 million, signifying an 8.1% increase compared to the end of 2022. The better results of the investment funds brought about an increase in the net asset value of life insurance in which the policyholders bear the investment risk (up 2.6% to PLN 38,354 million).

During Q1-Q3 2023, PZU Życie accounted for 40.1% of the gross written premium of all life insurers on the market, signifying an increase versus the last year's market share (by 0.3 pp), mostly as a consequence of the growing share of PZU Życie in the single premium market (+9.8 pp).

At the same time, PZU Życie continued to be the leader in the periodic premium segment. In the first three quarters of 2023, it generated 42.3% of these types of premiums, signifying a small decrease (-0.7 pp) in the market share in this segment as compared to the previous year. PZU Życie's gross written premium growth in this segment was 102.9% y/y.

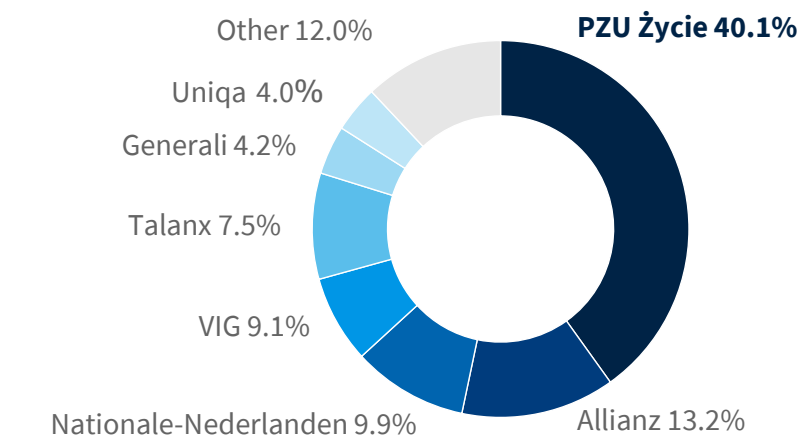
PZU Życie's share only in the life insurance segment (class I) for periodic premiums at the end of Q3 2023 was 50.7% when measured by gross written premium, and 52.9% when measured by the number of contracts in force. PZU Życie's market share in terms of the method of entering into a contract in the life insurance segment

Life insurance – Gross written premium vs technical result (in PLN million)

Life insurance – Gross written premium vs technical result	1 January – 30 September 2022			1 January – 30 September 2023		
	PZU Życie	Market	Market excl. PZU Życie	PZU Życie	Market	Market excl. PZU Życie
Written premium	6,306	15,872	9,566	6,819	17,022	10,203
Technical result	801	1,976	1,175	1,627	3,221	1,594
Profitability	12.7%	12.4%	12.3%	23.9%	18.9%	15.6%

Source: The Polish Financial Supervision Authority (www.knf.gov.pl). Quarterly Bulletin. Rynek ubezpieczeń III/2023, PZU Życie figures

Life insurers – percentage of gross written premium in Q1-Q3 2023 (%)



Groups: **Talanx** – Warta, Europa, Open Life; **VIG** – Compensa, Vienna Life, Aegon; **Grupa Allianz** – Santander Allianz TU na ŻYCIE, Aviva TUnŻ, TU Allianz Życie Polska;
Source: KNF's Quarterly Bulletin. Rynek ubezpieczeń [Insurance Market] 3/2022

was 59.6% for group contracts and 38.2% for individual contracts (measured by gross written premium).

PZU Życie's technical result represented close to 50,5% (+9.9 p.p.) of the result earned by all life insurance companies. This proves high profitability of the offered products. PZU Życie's technical result margin on gross written premium was higher than the overall margin generated by other companies offering life insurance (23.9% versus 15.6%).

Insurance markets in the Baltic Countries and Ukraine

Lithuania

The Bank of Lithuania has stated that in 2023 the gross written premium in non-life insurance amounted to EUR 1,093 million, up 22.2% in relation to 2022. Motor insurance remained the most significant insurance class

on the market (54.0% of all gross premiums written in non-life insurance). Market growth occurred mostly in motor TPL insurance which constitutes almost one-third of the non-life insurance market (30.7%). Within motor insurance, gross written premium on MTPL insurance grew by 18.0% y/y, whereas sales of MOD - by 21.9% y/y. Significant growth was also observed in property and health insurance (29.7% y/y and 32.3% y/y, respectively).

As at the end of December 2023, there were 11 companies operating in the non-life insurance sector, including 7 branches of insurance companies registered in other EU member states. The combined market share of top 4 players in the non-life insurance market totaled 82.2%.

The PZU Group has been present in Lithuania since 2002. As of November 2014, it has been conducting its activity on the non-life insurance market as Lietuvos Draudimas, which, as of May 2015, is also the owner of the PZU branch in Estonia.

Lietuvos Draudimas is the leader of the non-life insurance market in Lithuania. Its 2023 market share was 30.2%. Lietuvos Draudimas posted an increase in gross written premium by 23.7% y/y to EUR 330 million. The biggest growth was achieved in property insurance (up EUR 21 million), MOD motor insurance (up EUR 17 million) and motor TPL insurance (up EUR 16 million).

Gross premiums written by Lithuanian life insurance companies in 2023 amounted to EUR 354 million, up 4.3% relative to 2022. Sales of regular premium insurance rose 5.8% y/y. Sales of single-premium insurance products increased by 20.8% y/y (i.e., by EUR 3.9 million).

In the life insurance structure, unit-linked insurance represented the largest share at 79.5% of the market value. Traditional life insurance accounted for 10.1% of written premium. New sales measured by annualized premium decreased by 10.7%. The growth of new sales was negatively affected by the tense geopolitical situation, high inflation and tighter monetary policy.

As at the end of 2023, eight companies operated on the Lithuanian life insurance market. The said market was highly concentrated – in 2023, the share held by the three largest life insurance companies in total gross written premium was 62.9%.

The largest life insurance company in Lithuania in terms of total gross written premiums was Compensa (23.5% market share), followed by Swedbank (21.2% market share) and Allianz (18.3% market share).

PZU Group's life insurance operations in Lithuania are conducted through UAB PZU Lietuva Gyvybės Draudimas (PZU Lithuania Life). The gross written premium posted by PZU Lithuania Life was EUR 24 million, up 6.6% from 2022. This corresponds to a market share of 6.7%.

Latvia

According to Bank of Latvia data, at the end of 2023 gross premiums written from non-life insurance and other personal insurance amounted to EUR 588 million. This is EUR 96 million (19.4%) more than in 2022.

The largest increase, by EUR 23 million (+23.9%), took place in health insurance. There was also a significant increase in MOD insurance (by EUR 22 million, or 19.3%), motor TPL insurance (by EUR 19 million, or 17.7%) and property insurance (by EUR 20 million, or 18.4%).

Motor insurance is the most important insurance class. MTPL and MOD insurance accounted for 21.7% and 23.0%, respectively, of the entire non-life insurance market in terms of gross written premium. Health insurance (20.3% of gross written premium) and property insurance (22.4% of gross written premium) also had an important position in the product mix.

As at the end of 2023, there were 10 insurance companies operating on the Latvian non-life insurance market; the top four insurers held 75.8% of the market.

In June 2014, the PZU Group was joined in Latvia by AAS BALTA, which in May 2015 took over the PZU Lithuania branch operating in the Latvian market since 2012.

AAS BALTA is the largest insurer by written premium in Latvia. At the end of 2023, the share of AAS Balta in the non-life insurance market was 28.7%.

In 2023, the gross premium written by AAS Balta reached EUR 169 million, up 17.0% (by EUR 25 million) relative to 2022. Greatest growth was observed in motor insurance and health insurance.

Estonia

In 2023, gross written premium in non-life insurance amounted to EUR 554 million, up 17.6% in relation to the corresponding period of 2022.

Market growth was supported mainly through MOD insurance (+ EUR 27 million, or +17.6% y/y) and motor TPL insurance (+ EUR 22 million, or +20.6% y/y), driven by increases in insurance rates. Dynamic growth was also enjoyed in mass property insurance (up EUR 16 million, i.e., +18.8% y/y) and corporate property insurance (up EUR 10 million, i.e., + 19.7 y/y).

The sales structure of non-life insurance did not change significantly in 2023: it was dominated by motor insurance, which accounted for 55.1% (including 32.2% MOD) of gross written premium, with property insurance accounting for 28.8% of gross written premium.

As at the end of December 2023, there were 14 companies operating in the non-life insurance sector (including six branches of foreign insurance companies), among which the top four held a combined market share of 67.4%. November 2023 saw a new non-life company, Balcia Insurance SE, Branch in Estonia, enter the market.

Since May 2015, the PZU Group's operations in Estonia have been conducted by the Lietuvos Draudimas branch, established through the merger of a branch of PZU's Lithuanian subsidiary and the Estonia branch, which had operated under the Codan brand.

The PZU Group's share in the Estonian non-life insurance market reached 15.2% in 2023, and the accumulated



gross written premium was EUR 84 million, up 18.7% (i.e., EUR 13 million) relative to 2022.

Greatest growth was observed in motor TPL and MOD insurance, as well as property insurance.

Ukraine

The National Bank of Ukraine (NBU) has taken over the supervision of the insurance market in Ukraine as of the end of June 2021. NBU made supervision more efficient by monitoring compliance with applicable regulations and applying appropriate measures against the violators.

Since March 2022, NBU has regulated the activities of parties to non-banking financial services during martial law, and among other things extended the deadlines of enforcement. In relation to Russia's aggression in Ukraine, NBU made more specific the manner in which certain normative and legal acts should be implemented to relieve market players of that burden, and also implemented a series of restrictions to minimize new risks arising due to the war. In mid-February 2023, the NBU eased restrictions for insurers on payments under foreign reinsurance contracts, expanding the ability to provide insurance benefits under reinsurance contracts with non-resident reinsurers.

After Q3 2023, the Ukrainian insurance market, measured by gross written premium, grew by 19.5% up to UAH 34 billion. The premium accumulated in non-life insurance was UAH 31 billion, signifying 21.8% growth compared to the same period in 2022.

In 2023, motor insurance, particularly Green Card insurance, had a significant impact on sales dynamics, due to the fact that people traveling abroad were mass taking out policies. The negative rate in some types of

insurance is related to the outbreak of hostilities within the Ukrainian territory. The largest decline in Q3 2023, compared to the same period of 2022, was recorded in agricultural and accident insurance.

As at the end of September 2023, insurance companies offering life insurance collected gross written premium of UAH 3.6 billion, signifying 2.7% growth compared to the corresponding period in 2022.

The Ukrainian insurance market is highly fragmented. As at the end of September 2023, there were 101 insurance companies operating there, 89 of which offered non-life insurance. Despite the large number of insurers, the top 10 non-life insurers generated 64.7% of gross written premium.

On the Ukrainian market, the PZU Group operates the insurance business via two companies: PrJSC IC PZU Ukraine (PZU Ukraine) in non-life insurance, and PrJSC IC PZU Ukraine Life (PZU Ukraine Life) in life insurance. In addition, LLC SOS Services Ukraine offers assistance services.

In 2023, gross written premium collected by PZU Ukraine amounted to UAH 1,869 million, or 45.2% more than in the previous year. The increase in sales was recorded primarily in motor insurance, in particular Green Card insurance. In 2023, gross written premium collected by PZU Ukraine Life was UAH 401 million, up 0.8% from 2022.

During the first three quarters of 2023, PZU Ukraine attracted 4.3% of the gross written premium on the Ukrainian non-life insurance sector, and its market share went up by 0.6 pp versus Q3 2022. This ranked the company tenth on the non-life insurance market. PZU Ukraine Life ranked fourth in the life insurance market

with an 8.0% market share (down 0.4 p.p. relative to the previous year).



3.3. Polish health care sector compared to Europe

In OECD countries in 2022⁸, outlays on health care, defined as health services and prevention were estimated at 9.2% of GDP, compared with 9.7% in 2021⁹. In European Union states, this figure was 8.9% of GDP in 2022 versus 9.4% of GDP in 2021.

Average health expenditures in OECD countries per capita, by purchasing power parity, reached USD 4,986 in 2022. Among OECD countries, after adjusting for differences in purchasing power, the United States had the highest spending on health care with USD 12,555 per capita (16.6 % of GDP), followed by Switzerland with USD 8,049 (11.3 % of GDP) and Germany with USD 8,011 (12.7 % of GDP). Mexico, Colombia, and Costa Rica are estimated to have the lowest per capita health care spending at USD 1,181 (5.5% of GDP), USD 1,640 (8.1% of GDP) and USD 1,658 (7.2% of GDP), respectively.

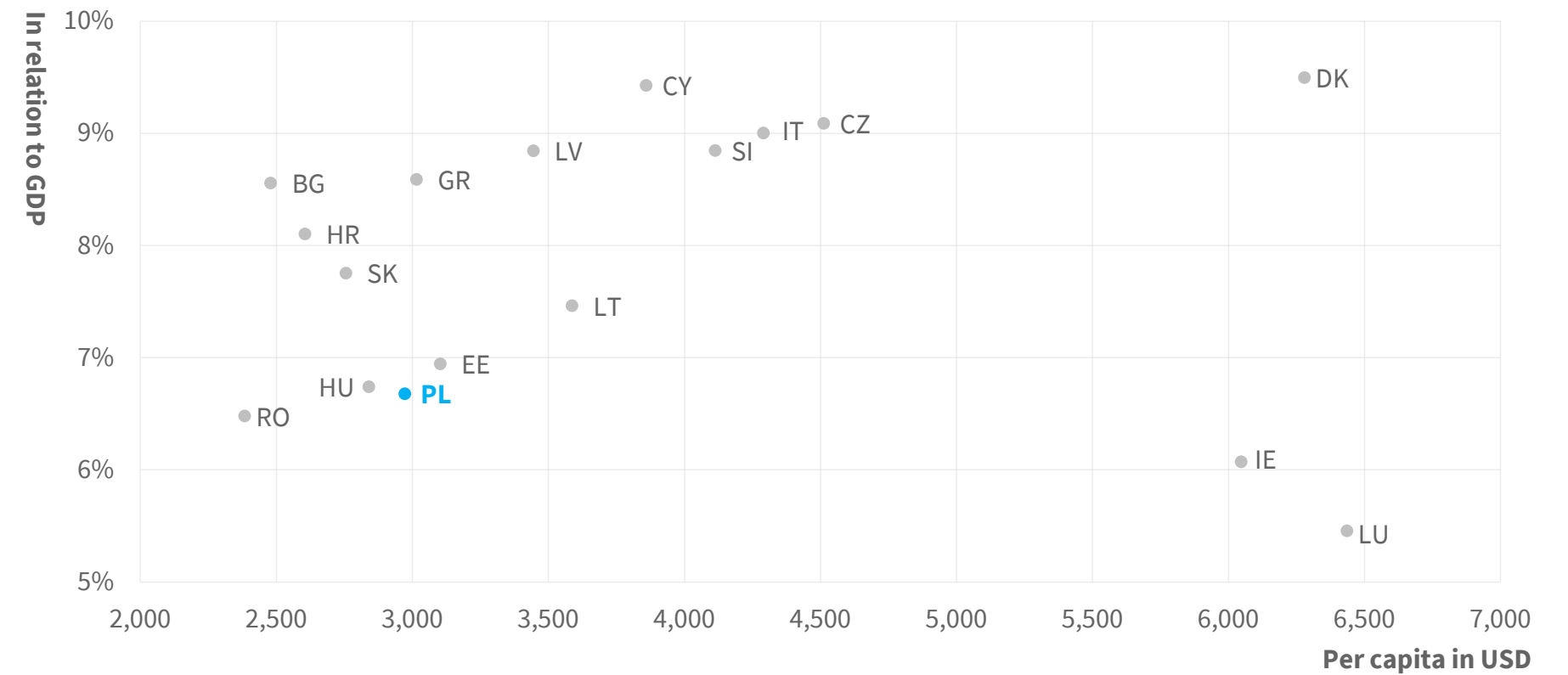
In this breakdown, health care spending in Poland is at USD 2,973 (6.7% of GDP) and, despite y/y growth of nearly 18%, this remains below the European Union average (USD 4,639)¹⁰. Compared to EU states, Poland's outlays on health are among the lowest in, surpassing only Hungary, Slovakia, Croatia, Bulgaria, and Romania.

According to an OECD report, in 2022, the number of practicing physicians per 1,000 citizens in Poland was 3.4, with the OECD average of 3.7 lifted by countries such as Greece with a ratio of 6.3, Austria with 5.4, Portugal with 6, and Norway with 5.2. In contrast, a comparison with Poland's EU neighbors shows that Poland had fewer doctors than Germany (4.5), the Czech Republic (4.3), Lithuania (4.5) and Slovakia (3.7).

The index of nurses was also unfavorable, at 5.7 per 1,000 with the OECD average of 9.2. In addition, the ratio of doctors to nurses in Poland was also unfavorable and differed from many reference countries. In Germany, for example, there are 2.6 nurses per doctor, and in the Czech Republic – just over 2. By contrast, Lithuania and Slovakia has only slightly more nurses than doctors. In Poland, there are less than 1.7 nurses per doctor.

Although the number of health care workers continues to grow, concerns about staffing shortages are becoming more severe. The global aging of the population is increasing the demand for health care and long-term care workers.

Health care expenditures in European Union states in 2022 (in USD per capita in relation to GDP)



In terms of infrastructural resources, assessed as the number of hospital beds per 1,000 people, the OECD report states that Poland had a pretty high ratio of 6.3, with an OECD average of 4.3. Among Poland's EU neighbors, the resources were greater in Germany (7.8), the Czech Republic (6.7), and slightly smaller in Slovakia (5.7) and Lithuania (6.1). What may come as a surprise, is the very low said rate in the US, UK, and Sweden (2.8, 2.4 and 2.0, respectively) may come as a surprise, but hospital stays in these countries are short. In turn, Japan's hospital bed ratio was at a record high of 12.6, but there, hospital stays are twice as long as in Europe, where people stay four or five days.

Despite universal health insurance in most OECD countries, there are still some barriers to accessing health care, as gaps in financial protection make it impossible for low-income households to afford health care. Out-of-pocket payments account for nearly one-fifth of health care spending in OECD countries. People in the lowest income quintile are, on average, three times more likely to delay care or not seek assistance compared to those in the highest income quintile.

8) The most up-to-date figures as at the date of publication of the Management Board's report on the Company's activity
 9) OECD Health at a Glance 2023 Report, <https://www.oecd.org/health/health-at-a-glance/>
 10) https://stats.oecd.org/Index.aspx?DatasetCode=HEALTH_STAT#



3.3.1. The health care market in Poland

The Polish health market is a dynamically developing and prospective business area. Its most important segments include fee-for-service (FFS), medical subscriptions, health insurance, and drug and non-drug expenses¹¹.

Experts from PMR, dealing with market research and analyzes in Central and Eastern Europe, expect that in 2023-2028¹²:

- the growth rate of private health insurance will reach the average annual level of approx. 8.6% for supplementary health insurance and approx. 8.4% for subscriptions;
- the average growth rate of the fee for service market will be 8.3% per year.

Also expected:

- further intensive development of telemedicine and service opportunities through remote channels;
- increasing number of persons outside working age and greater need to provide care to senior citizens;

- increasing public awareness of prevention and periodic examinations;
- persistently high inflation of medical services, in particular due to wage pressures from medical staff.
- reducing the materiality of the COVID-19 pandemic factor and its impact on the health market.

According to PMR, the private health care offered under fee-for-service products will be worth, at the end of 2023, PLN 26.4 billion (increase by 14.1% y/y). The value of medical subscriptions will reach PLN 6.7 billion (up 14.1%), while the value of private health insurance will be over PLN 1.4 billion (up 14.3% y/y). Spending on drugs and non-drugs will amount to PLN 43.8 billion.

As of mid-2023, the National Health Fund increased valuations of services in specialized outpatient care. This has a positive effect on medical centers offering healthcare services under public financing. According to PMR, medical inflation will be an important factor affecting the value of the private healthcare care market. The trend of growing prices, visible since 2022, will be maintained in the coming years and its pace will be even higher. The above aspects will be particularly important for the prices of outpatient care and physician services. The healthcare services market (fee for service, subscriptions, insurance) is sensitive to marked increases in the price of electricity and materials and raw materials, which raise operating costs. In 2023, the growth rate for remunerations in private health care was as high as 14.0% y/y, which was mainly due to remuneration claims of white staff including nurses, physical therapists, physiotherapists, hygienists and dental assistants.

The projected total value of the private health care market will increase by over 8% to PLN 84.7 billion in 2024, of

which the value of the market excluding medicine and non-medicine expenses will be about PLN 38.2 billion.

Health insurance

The number of supplemental health insurance holders is growing every year. The vast majority of people holding these products are group policyholders, although there has been an increase in interest in individual policies since the outbreak of the pandemic. At the end of Q3 2023, there were 4.69 million people in Poland with health insurance, up nearly 15% year-on-year. Poles spent nearly PLN 1.2 billion on private policies, up nearly 34% y/y (according to PIU figures). However, this represented only 2.0% of the total Polish insurance market.

PZU Zdrowie (operating in the health area of the PZU Group) is the leader of the health insurance market in Poland and remains among the largest companies in the overall private health care market, where the main competitors are the LUX MED Group and Medicover. In terms of the value of revenue within the Health Pillar, the PZU Group ranks third.

11) The „medicine and non-medicine expenses” category includes: (1) patient spending on medicines (reimbursed, non-reimbursed Rx and OTC), dietary supplements and other products in pharmacies, and (2) patient spending on OTC medicines and dietary supplements outside of pharmacies (in convenience stores, including grocery stores, gas stations, drugstores, herbalists, herbal and medical stores, specialized supplement stores, sporting goods stores and others), including online sales in e-stores (including e-pharmacies) and sales platforms.

12) PMR report, “Private healthcare market in Poland 2023 – market analysis and development forecasts for 2023–2028”



3.4. Polish banking sector compared to Europe

Assets of the Polish banking sector – value and structure compared to Europe

The Polish banking sector, measured by the value of its assets, is in the middle of the ranking of European markets. According to the figures of the European Central Bank (ECB), at the end of 2022, the Polish banking sector's assets¹ totaled EUR 586.0 billion (up 4.0% y/y).

The largest banking sector in the European Union is that of France (EUR 9,191.2 billion at the end of 2022²), with Latvia occupying the other end of the spectrum (EUR 25.8 billion at year-end 2022³). The assets of European banks (EU-27) as at the end of 2022 stood at over EUR 37 trillion (about EUR 33.7 trillion in the eurozone)⁴.

The Polish banking sector's asset-to-GDP ratio remains one of the lowest in the European Union. In 2022, the growth rate of the banking sector's assets was slower than the rate of Poland's economic growth, contributing to an 8 pp. y/y reduction in this index to 89% at the end of 2022, whereas the average in the eurozone was more than 254%⁵. The low level of the index in Poland in 2022

results from rising interest rates and escalating inflation, which contributed to a decline in interest in loans. At the same time, quickly growing prices and consumer with lower interest rates meant that the banks' balance sheet growth was not driven by the rapid growth in banking sector deposits. Deposits of businesses grew dynamically, while those of households grew much more slowly, as their owners sought alternative forms of financial investment⁶.

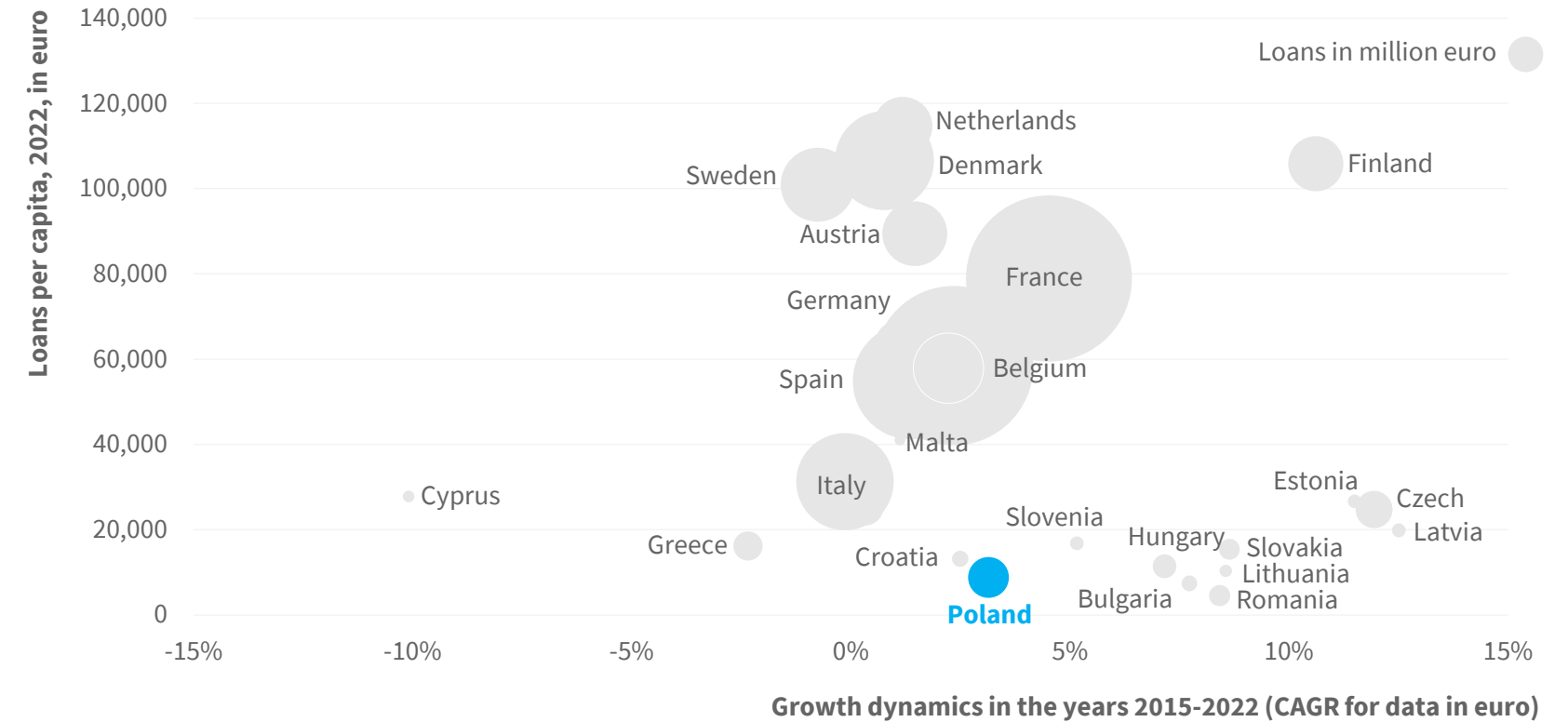
The asset structures of the Polish banking sector and the European Union differ. Compared to other EU Member States, Poland has the highest share of debt securities in banking sector assets, this share amounting to 27%⁷ at the end of 2022, with the average European share being 10%. The persisting significant excess liquidity of the Polish banking sector in 2022 and the limited demand for credit resulted in many funds being used to purchase debt securities.

The Polish banking sector operates in accordance with the classic model of financial intermediation in which banks mainly provide loans to the non-financial sector

1) The most up-to-date figures as at the date of publication of the Management Board's report on the Company's activity
 2) ECB data, data.ecb.europa.eu
 3) https://datnes.latvijabank.lv/ar/AR/LB_AR_2022.pdf
 4) ECB data, data.ecb.europa.eu
 5) ECB data, Eurostat.

6) Polish Bank Association, Report on the economic situation of banks. Banks 2022.
 7) National Bank of Poland, Rozwój systemu finansowego w Polsce w 2022 r.

Loans per capita (2022, EUR) in relation to the insurance market growth rate (2015-2022)



Source: Own calculations based on Eurostat and European Central Bank figures

using their customers' deposits in the process. The Polish banking sector is characterized by a high share of loans for the non-financial sector in the structure of assets; at the end of 2022, it accounted for 42% (46% in 2021)⁸, more than the average in the European Union (31%)⁹. This is reflected in the high general share of loans in the Polish banking sector's assets, which at the end of 2022 accounted for 55% of such assets and was, however, lower than the average for the banking sectors of the European Union (64%)¹⁰.

8) Figures from the National Bank of Poland
 9) National Bank of Poland, Rozwój systemu finansowego w Polsce w 2022 r.
 10) ECB data, data.ecb.europa.eu

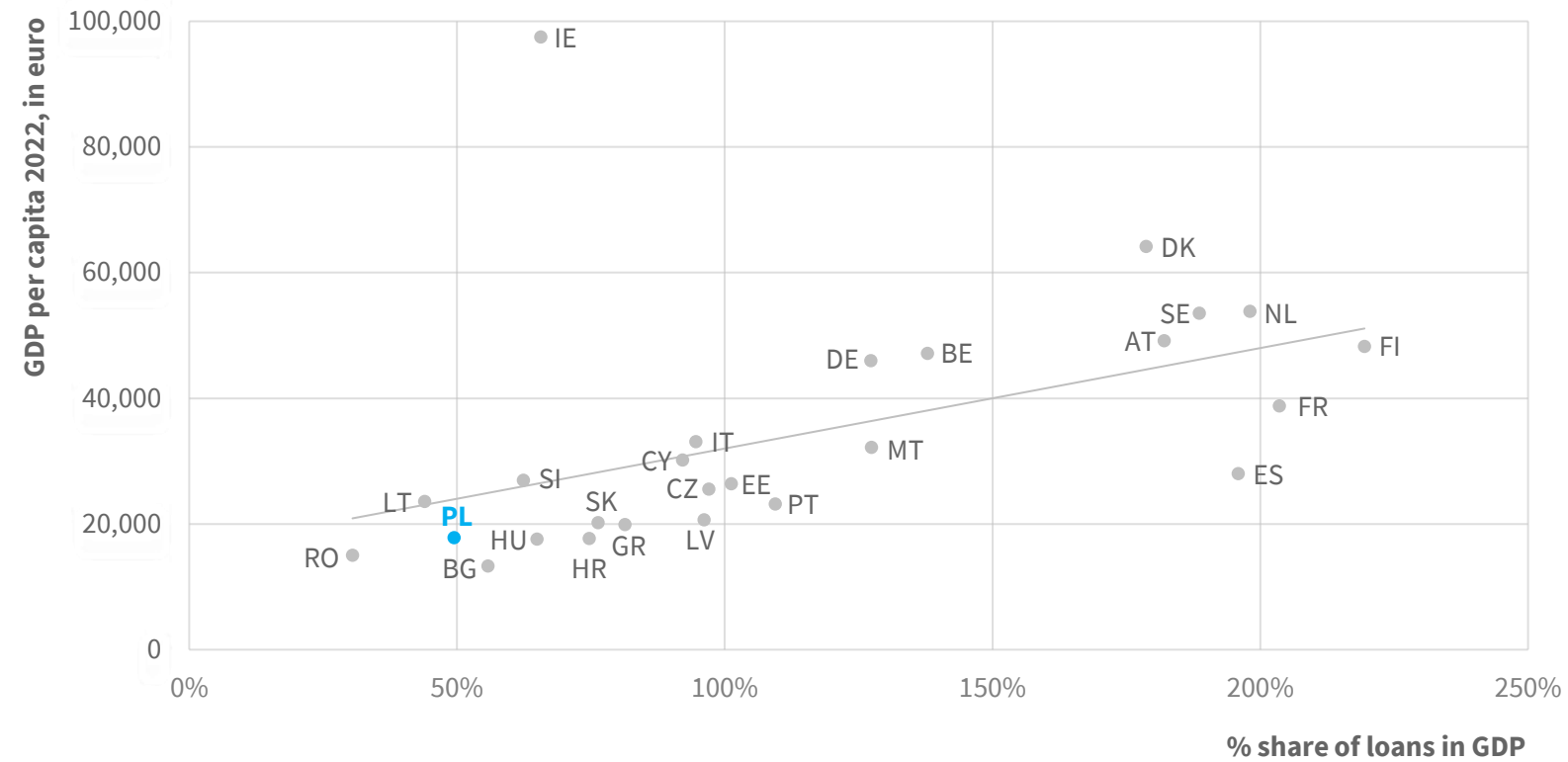
Loans of the Polish banking sector

At the end of 2022, the value of loans in the Polish banking sector amounted to EUR 324.0 billion, which places Poland in the middle of the ranking of European Union countries. The average value of loans furnished in the European Union in 2022 was EUR 850.7 billion¹¹.

Compared to other European Union states, Poland's banking sector is small as regards the ratio of loans to the country's GDP. The ratio declined in 2022 due to reduced credit demand and high nominal GDP growth. Bank loans

11) ECB data, data.ecb.europa.eu

Share of loans in GDP (2022, %) to GDP per capita (2022, EUR)



Source: Own calculations based on Eurostat and European Central Bank figures

in the Polish banking system are at the level of 49% of GDP, while the European average is 114%. Finland (219%) and the Netherlands (198%) have the highest loan-to-GDP ratios¹².

Business loans

The Polish banking market is still characterized by a fairly low share of corporate loans in relation to total loans for the non-financial sector. In 2022, the rate was 36%¹³ and,

along with Slovakia, remained the lowest in the European Union¹⁴.

In 2022, there was a higher rate of growth in financing for non-financial companies with short-term loans than with long-term loans, among other factors, due to the challenges faced by the European economy. The differences were particularly pronounced in Poland and Romania, countries with some of the highest interest rates. In Poland, the annual increase of business loans with maturity of up to one year (nearly 22%) was much higher in 2022 than the average in the European

14) National Bank of Poland, Rozwój systemu finansowego w Polsce w 2022 r.

Union (about 10%) and Central and Eastern Europe (above 18%)¹⁵.

Deteriorating economic prospects as a result of Russia’s military invasion of Ukraine, rising inflation and tighter monetary policy, among other factors, as well as the tighter lending criteria due to the country’s worse economic situation, had a significant impact on the slowdown in business loans. The ratio of loans for the non-financial sector to GDP in Poland reached nearly 40% in 2022, while the average in the European Union exceeded 85%¹⁶.

Household loans

The lending activity of banks in Poland focuses on granting loans to households. In 2022, Poland’s mortgage and consumer loans declined, contrary to most European Union states. This has been caused by rising interest rates, tighter lending conditions and criteria, as well as the deterioration in the financial situation of households as a result of high inflation. Average monthly disposable income per person in 2022 was PLN 2,250, nominally 11.4% higher, but 2.6% lower in real terms than in 2021¹⁷.

Mortgage loans account for the highest share in household loans in Poland (62.8%). Poland’s lower share of mortgage loans in bank assets results from the fact that these loans are a relatively new product. In comparison, in 2005, said share in household loans amounted to around 30% in

15) National Bank of Poland, Rozwój systemu finansowego w Polsce w 2022 r.
 16) National Bank of Poland, Rozwój systemu finansowego w Polsce w 2022 r.
 17) National Bank of Poland, Rozwój systemu finansowego w Polsce w 2022 r. https://stat.gov.pl/files/gfx/portalinformacyjny/pl/defaultaktualnosci/5486/3/22/1/sytuacja_gospodarstw_domowych_w_2022_r_w_swietle_wynikow_badania_budzetow_gospodarstw_domowych.pdf

Poland, while in some Western European countries it exceeded 80%.

Non-financial sector deposits

In Poland, to a greater extent than the average for the European Union, banks finance their business with deposits from the non-financial sector. As at the end of 2022, they contributed 60.3% of the banking sector’s balance sheet total. 61.3% of total non-financial sector deposits are private deposits¹⁸. In turn, the share of debt security liabilities in the balance sheet total was among the lowest in the European Union. Rising interest rates supported the growth of term deposits. This had the strongest effect on the share of term deposits in total household deposits in countries that tightened their monetary policies, namely Poland (+13 pp. y/y), as well as countries such as the Czech Republic (+9 pp) and Romania (+5 pp).

The factors that had the greatest impact on the profitability of Polish banks in 2022 were rising interest rates, as well as legal risk allowances for foreign currency mortgage loans and credit holidays. The ratio of interest income to bank assets was the highest in Europe next to Romania. In contrast, the rate of return on bank capital in Poland (7.3%), was the lowest among the countries of Central and Eastern Europe, but comparable to the average in the European Union.

18) Figures from the National Bank of Poland

12) ECB data, data.ecb.europa.eu
 13) Figures from the National Bank of Poland





In 2022, the financial assets being at the relatively free disposal of households increased by 1.7% y/y to PLN 1,802.7 billion at the end of December, though their ratio to GDP fell to 58.8%, which was caused by the faster growth of nominal GDP. Households went for safer options as regards holding their finances, such as bank deposits or cash, which remain the most popular form of collecting financial assets. In 2022, the share of cash in household financial assets increased by 0.4 pp. y/y to 19.3%; the share of bank deposits in assets in 2022 increased by 0.9 pp. y/y to 60.7%.

Relatively low interest rates on bank deposits in the face of rising inflation have encouraged households to seek other forms of capital investment. Household exposure to treasury securities grew (4.9%; +1.8 pp. y/y). Non-treasury securities were the rarest form in which households held their money; their share in financial assets was as little as 0.1 %, like in 2021.

3.4.1. Situation on the banking market in Poland

The sector's performance improved significantly in 2023 due to the persistently high interest rates – despite two cuts by the Monetary Policy Council, the reference rate remained high at 5.75% at the end of 2023. On the other hand, deterioration of the economic outlook, for instance resulting from Russia's military invasion against Ukraine, as well as high inflation and interest rates, limited credit demand, which translated into reduced lending in the mortgage market in particular. Sales of new mortgage loans increased only in the second half of the year, mainly due to government support and the easing of the monetary policy at the end of the year.

At the end of December 2023, there were 29 commercial banks, 492 cooperative banks and 34 branches of credit institutions operating in Poland. The banking network comprised a total of 4,948 branches, 2,342 offices, agencies and other customer service outlets and 2,716 representative offices. Therefore, the banking network comprised a total of 10,006 outlets, i.e., 296 fewer outlets than at the end of the previous year.

Headcount in the banking sector at the end of December 2023 rose to 144.9 thousand people and was higher by 1,692 (1%) than at end of 2022.

In 2023, the banking sector generated a net profit of PLN 27.9 billion, compared to PLN 10.7 billion in the corresponding period of the previous year, up PLN 17.2 billion. What had the largest impact on the higher net result was interest income (up by 22.3 billion y/y), mainly due to higher cumulative average interest rates. Net

interest margin rose to 3.84%, compared to 3.20% as at the end of December 2022.

In 2023, the return on equity (ROE)¹⁹ of the banking sector was 12.91%, representing an increase by 6.13 pp y/y. The return on assets (ROA)²⁰, in turn, amounted to 0.97% in December 2023, that is an increase by 0.57 pp compared to December 2022. The smaller scale of write-offs caused the R/I ratio²¹ (the ratio of the banking sector's provisions and write-offs to operating income) to drop to 15.69% at the end of 2023 (-2.77 pp y/y). The increase in the y/y operating income (with costs kept under control) reduced the C/I ratio²² in the whole sector from 53.53% at the end of 2022 to 46.82% at the end of 2023.

At yearend 2023, the asset value of the banking sector was PLN 3,009 billion, up 10.1% from December 2022.

A significant decline in GDP growth in 2023, persistently high inflation, and a modest interest rate cut have negatively affected the y/y dynamics of loans for the non-financial sector, despite government programs offered to support borrowers. In December 2023, the value of credits in the non-financial sector amounted to

PLN 1.095 billion, a decrease of 2% compared to December 2022.

At the end of December 2023, deposits of the non-financial sector totaled PLN 1,814 billion, an increase of 9.9% compared to the end of 2022. In the structure of deposits, household deposits recorded the highest growth, of 11.0%, and amounted to PLN 1,256 billion at the end of the year. Corporate deposits experienced lower y/y growth than in 2022, i.e., in December 2023, they reached PLN 519 billion (up 7.4% y/y).

The banking sector's own funds for capital ratios, calculated in accordance with the regulations laid down in the CRR Regulation, were at PLN 245 billion at the end of September 2023, up 14.5% from the end of September 2022.

In 2023, the sector's capital situation remained stable. The banking sector's total capital ratio at the end of September 2023 was 22.03%, while the Tier I capital ratio at the end of this period was 20.35%.

19) ROA and ROE indicator – the relation of the sum of the financial result of 12 consecutive months to, respectively, average assets and average capital in the same period of 13 consecutive months. ROE relates to the aggregate commercial and cooperative banking sector (without branches of credit institutions), ROA relates to the entire banking sector.

20) ROA and ROE indicator – the relation of the sum of the financial result of 12 consecutive months to, respectively, average assets and average capital in the same period of 13 consecutive months. ROE relates to the aggregate commercial and cooperative banking sector (without branches of credit institutions), ROA relates to the entire banking sector.

21) R/I ratio – relation of write-offs and provisions (provisions+impairment or reversal of impairment) to revenue (total net operating income) – rolling average from 12 months.

22) C/I ratio – relation of costs (costs of an operation+depreciation of fixed assets and amortization of intangible assets) to revenue (total net operating income) – rolling average from 12 months.

3.5. Financial markets in Poland and around the world

3.5.1. Global and local equity and bond markets

The year 2023 was marked by slightly lower market volatility than in 2022, a rebound in stock markets, and stabilized bond valuations.

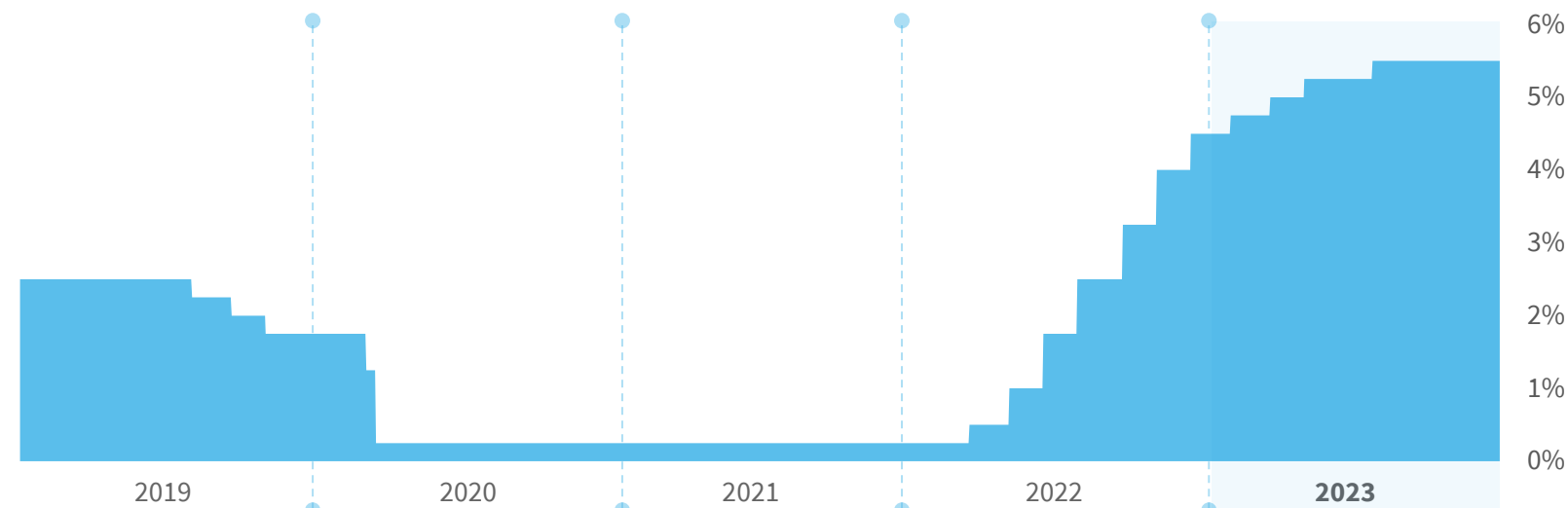
The first half of 2023 saw the end of interest rate hikes by major central banks. The changes in rates were in response to shocks to energy and food markets following the outbreak of Russia's aggression against Ukraine, and the rapid rise in global inflation that followed. As a result, bond yields, almost across the entire world, remained elevated in 2023 after rising dramatically in 2022. Most stock markets would rebound for two to three quarters in 2023. While some stock markets recorded losses in the second half of the year, China's stock prices fell throughout the whole 2023. Poland was among those countries whose indexes rose with little interruption throughout 2023. In most markets, increases were driven by expectations of a consumer rebound, following declines in agricultural and energy commodity prices.

Interest rates

Banks of developed countries – FED, ECB, BoJ, PBC

The U.S. central bank (Fed), which raised the interest rate to 4.5% in its 2022 rate hikes closed 2023 up 100 bps, citing concerns about persistently high inflation in the face of a still favorable labor market. The European Central Bank (ECB) raised rates to 2.5% in 2022, and by another 200 bps in 2023. As with Fed, the ECB pointed to the risk of continuously elevated inflation with a relatively strong labor market. Out of the central banks of major

Key Fed interest rate (upper limit)



economies, the Bank of Japan (BoJ) and The People's Bank of China (PBC) behaved differently. The former left rates unchanged, at -0.1%, despite significant price increases for consumers. The other cut the one-year Bank Prime Loan Rates, by 10 bps each time, from 3.65% to 3.45%, amid economic problems and a falling annual inflation rate (Macrobond data).

Banks of emerging markets

Central banks in emerging markets also responded with rate hikes to the energy and food shocks of 2022 and 2023. The central banks of Brazil and Argentina ended their series of hikes in 2022 and began to cut rates in 2023, while in India and Thailand, rate hikes that began in 2022 continued in 2023; rates stabilized in the second half of the year.

National Bank of Poland

In Poland, as in almost all countries of the region, 2023 was marked by a stabilization of interest rates in the first half of the year, and their reductions in the second half. The NBP cut rates twice, by 75 bps in September and 25 bps in October, bringing the main rate down to 5.75%. These developments had the backdrop of the rapidly declining annual rate of inflation, from 16.6% y/y (headline inflation rate) and 11.7% y/y (core inflation rate) in January, to 6.2% y/y and 6.9% y/y, respectively, in December (LSEG data²³, Macrobond).

Bond markets

Underlying markets

Yield curves in the underlying markets of Europe and the US moved upward in the first half of 2023, in the wake of rate hikes, only to fall in the second half of the year in the face of declining inflation. As a result, on an annual basis, the U.S. Treasury bond yield curve moved to 4.25% from 4.40% for 2Y, to 3.83% from 3.96% for 5Y, and to 3.86% from 3.83% for 10Y. For the German curve, the movements were to 2.40% from 2.73% for 2Y, to 1.95% from 2.56% for 5Y, and to 2.03% from 2.56% for 10Y, respectively. Stronger declines in the German yield curve discounted the trajectory of the German economy that much worse than expected than for the US. Movement in the Japanese curve was negligible in the 2Y-5Y segment, while yields on 10Y securities rose by 20 bps, reflecting the rise in inflation and the markets' perception of the central bank's communications regarding the control of the yield curve at the long end (LSEG data).

23) Figures of London Stock Exchange group (LSEG)

Emerging markets

In 2023, bond valuations in the debt markets of emerging countries were rising. The JP Morgan Emerging Markets Bonds ETF index, which represents them, rose 5.3% for the year. The greatest volatility occurred in late Q3 and early Q4 when the Fed's more stringent rhetoric negatively affected U.S. debt and that of much of the emerging markets, only to push their yields down after a series of weaker figures from the U.S. economy. For emerging market bonds in Asia, the continued rate hikes in 2023 was an additional negative factor. However, the main determinant of the behavior of the long ends of emerging market curves was the behavior of 10Y US bonds (Macrobond data).

the background of falling inflation and expectations that the NBP would cut the rate down from 6.75%, the second half of the year saw a slower decline in yields with NBP rate cuts totaling 100 bps. The behavior of U.S. sovereign bonds, especially in the second half of the year, had a moderate impact on Polish debt. As a result, between the end of 2022 and the end of 2023, in the 2Y segment, the curve fell to 5.06% down from 6.73% (of which by 88 bps by mid-year); in the 5Y segment, it fell to 5.07% down from 6.88% (of which by 123 bps by mid-year); and in the 10Y segment, it fell to 5.25% down from 6.88% (of which by 110 bps by mid-year) – figures from LSEG.

Poland

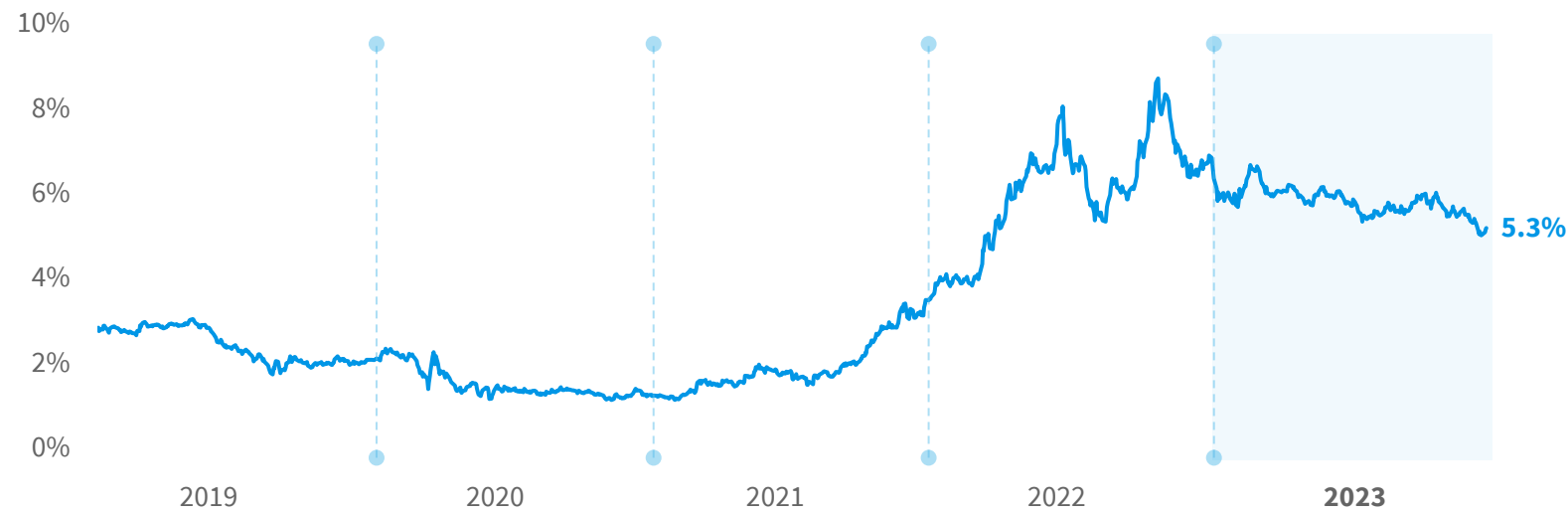
Bond yields have been falling in 2023 after strong rises in 2022 generated by interest rate hikes. After relatively rapid yield reductions in the first half of the year, reductions slowed down in the second part of the year. While rapid yield declines in the first half of the year had

Stock markets

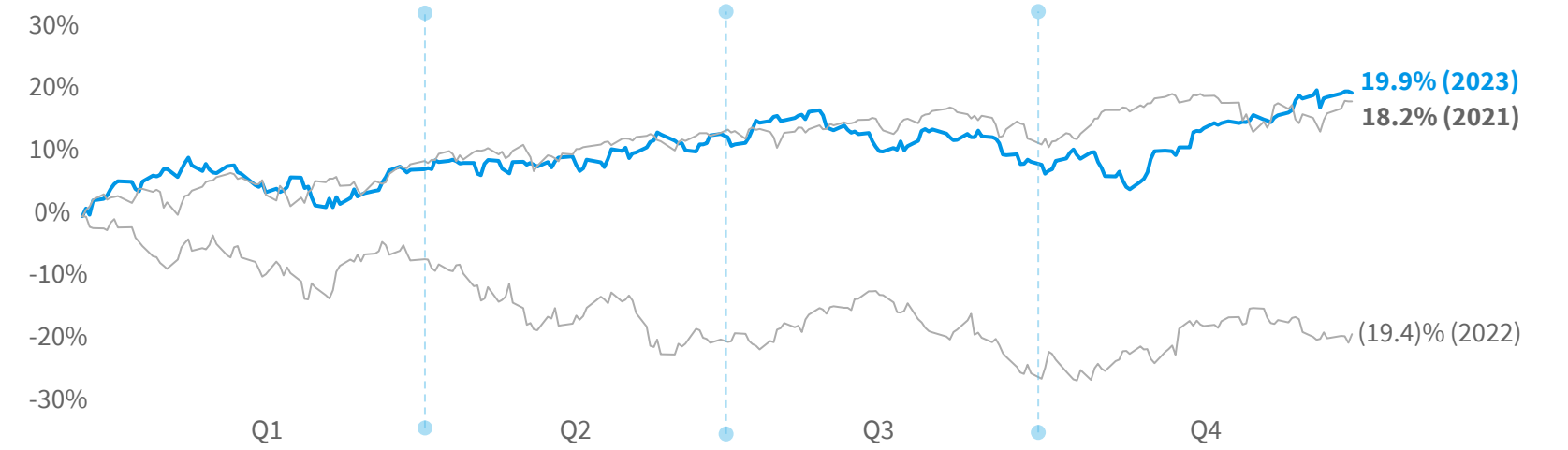
Developed countries

The major underlying markets saw an improvement in investor sentiment for most of 2023, with some weakened sentiment in the spring and fall. This translated into a recovery of the S&P 500 indexes by 24.2%, the DAX by 20.3%, and the TOPIX by 25.1%. This was a consequence of an improved consumer outlook,

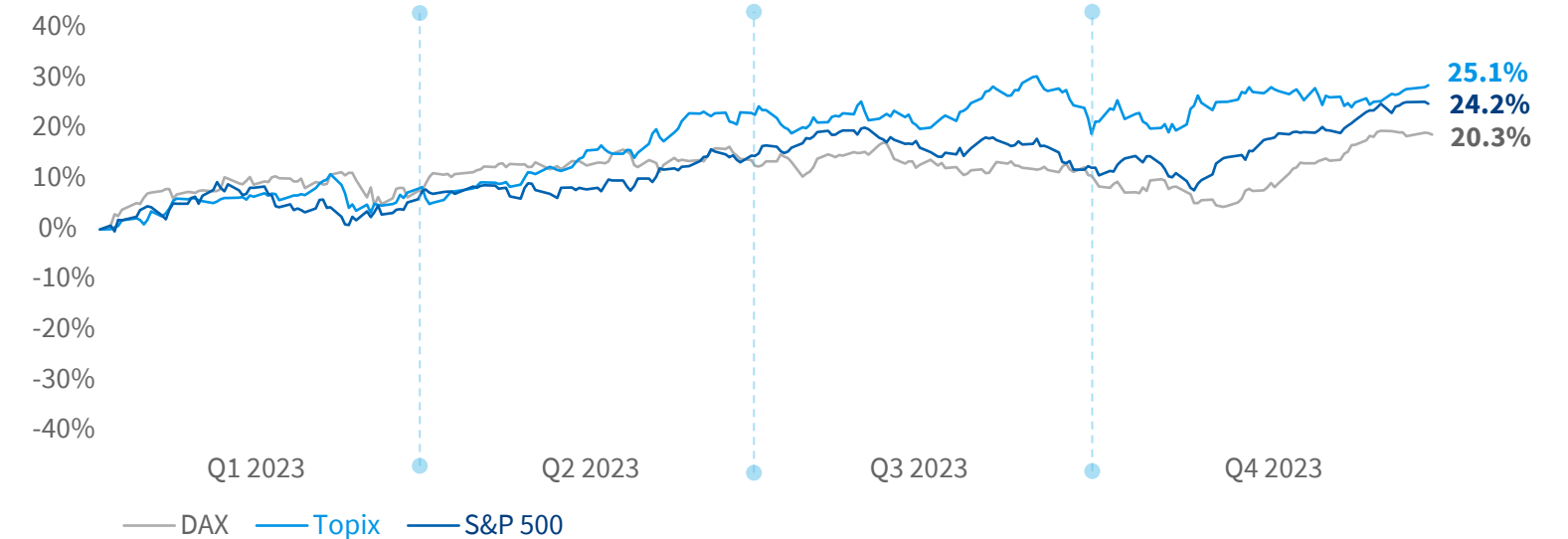
Profitability of Polish sovereign (10-year) bonds



MSCI ACWI (\$)



S&P500, MSCI Development Markets (DM), MSCI Emerging Markets (EM) indices



in response to strong declines in basic agricultural and energy commodities. The iShares MSCI ACWI ETF index of the global equity market overall is up 19.9% through 2023, showing that the increases have been buoyed by

the behavior of the U.S. market and some Asian markets (mainly those economically distant from China) and parts of South America (Macrobond data).

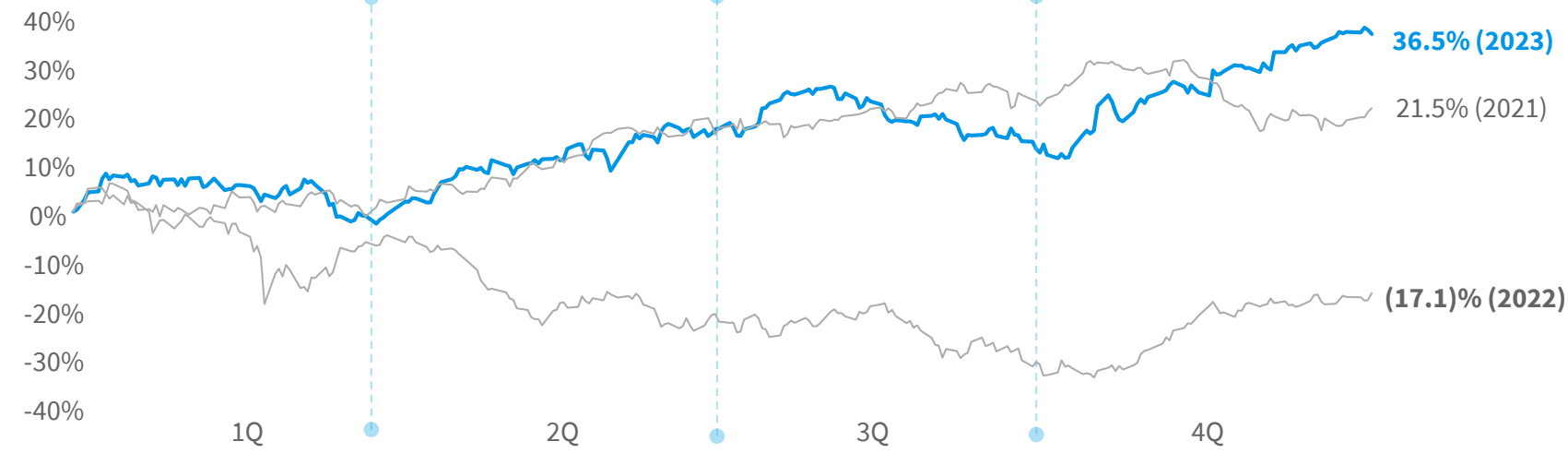
Emerging countries

As in the underlying markets, the more serious breaks in the growth of major stock indexes in the emerging markets occurred in late Q1 and early Q2, as well as in Q3 2023. Indexes of Asian markets which are economically distant to China as well as Central and Eastern Europe and South America dominated the rises. For all of 2023, the iShares MSCI EM ETF index for emerging markets is up only 6.8% in dollar terms. This was due to a large share of Asian stocks, including Chinese stocks and those of countries with strong economic ties to them. The first half of 2023 was markedly better, as investors began to worry about the negative impact of persistently high interest rates in the underlying markets and a worsening outlook for global trade (Macrobond data).

Poland

2023 was a year of recovery for WIG and WIG20 after the declines of 2022. The investors' hopes were raised by expectations of a return to strong demand growth on the back of, among other things, an expected increase

WIG index



in real wages (following declines in inflation combined with a strong labor market) and an expected greater fiscal expansion. As a result, WIG20 rose by 30.7% in 2023, WIG by 36.5%, and MWIG40 by 39.3%. The backdrop for this were record results for the banking sector and expectations of a return to credit expansion amid the anticipation of rate cuts in Poland (Macrobond data).

Foreign exchange markets

Underlying markets

By 2023, the EUR/USD exchange rate had risen to 1.10 from 1.07 at the end of 2022 (LSEG data). The movement was driven by gradually reduced geopolitical risks and interest rate cuts which were expected to come faster in the US than in the eurozone, despite the latter's poorer economic outlook. The yen weakened against the U.S. dollar from 131.11 to 141.06, reflecting the BoJ's maintenance of a very soft monetary policy (LSEG data).

Emerging markets

In 2023, the Mexican peso (+15.3%) and the Brazilian real (+8.9%) gained against the dollar, reflecting high rates and a stronger link to the U.S. economy unaffected by geopolitical problems. Asian currencies had a much poorer time, losing to the dollar due to their link to a weakening China (the yuan lost 2.9% to the dollar

in 2023). Against this backdrop, the currencies of the Central and Eastern European region behaved unevenly, with the Hungarian forint gaining 4.9% (thanks to high rates and economic data that were not quite bad), while the Czech koruna lost 2.1%, on the back of a slump in the vital European automobile industry for its economy (Macrobond data).

Poland

Over 2023, the EUR/PLN exchange rate went down from 4.69 to 4.33, whereas USD/PLN – from 4.38 to 3.93. The zloty's appreciation was supported by a good macroeconomic outlook for Poland and expected interest rate cuts in the underlying markets. The CHF/PLN exchange rate moved from 4.74 to 4.64 during this period (LSEG data).

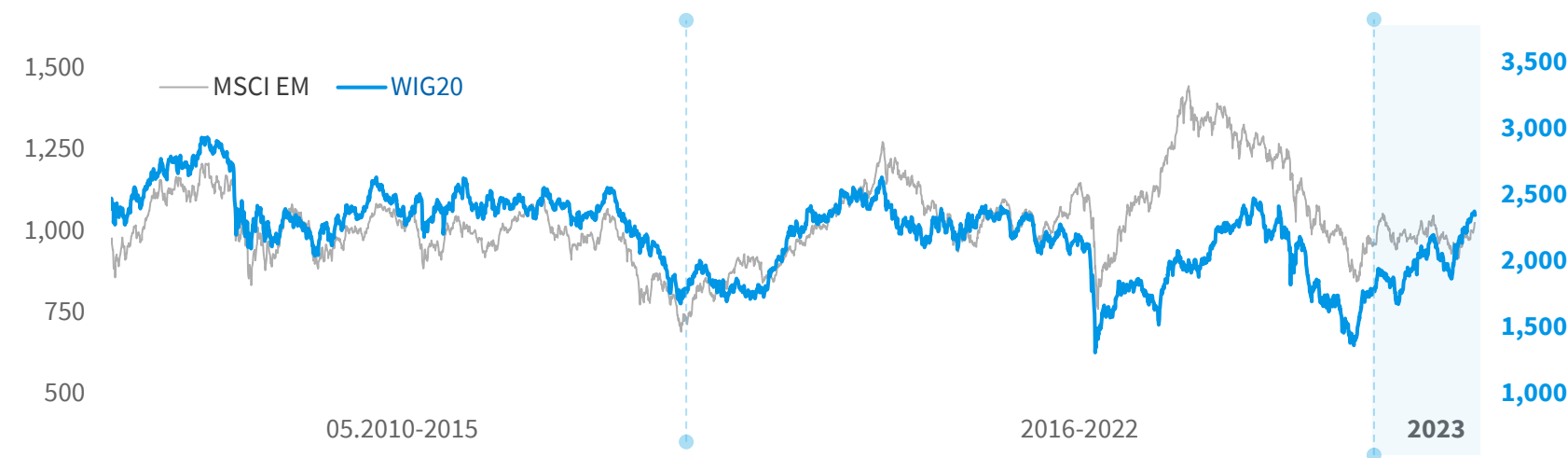
3.5.2. Polish investment and pension fund market

Investment fund market

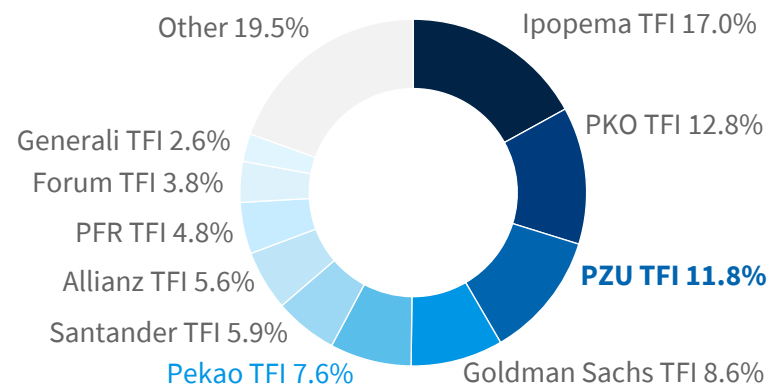
As at the end of 2023, assets under management of domestic investment funds were above PLN 320 billion (at the highest level in history), compared to 269 billion at the end of 2022, representing an increase by over 19% (+ PLN 51 billion).

In 2023, investors experienced a very good run on most asset classes, which was reflected in the performance of the funds. More than 60% of all investment funds generated double-digit returns. According to the estimates of Anality Online, the total fund assets grew by

WIG20 vis-a-vis MSCI EM



Investment fund companies (TFI) – share in TFI assets as at 31/12/2023 (in %)



Source: IZFiA

about PLN 27 billion, with customers depositing more than PLN 22 billion (they withdrew PLN 23.8 billion in 2022). The domestic debt market was prosperous almost all year. The bull market for U.S. sovereign bonds and those of eurozone countries also began in October. World stock markets have also grown. The Nasdaq is up more than 43%, the S&P 500 is up 24.2%, and the German DAX is up 20%. The WIG, in turn, hit an all-time high at the end of November and repeatedly improved on that figure in December, gaining as much as **36.5%** for all of 2023.

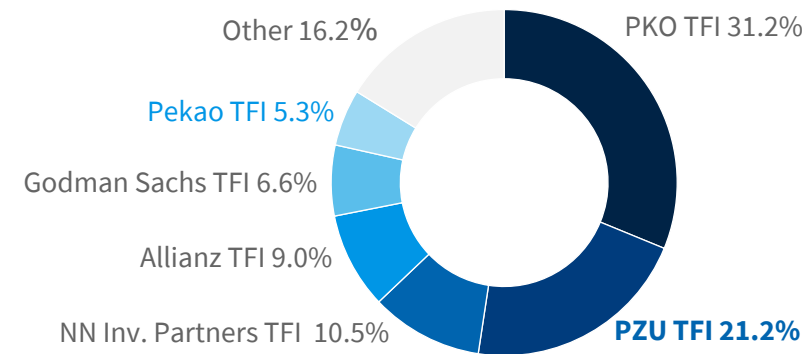
Employee Capital Schemes

The net asset market value of the target date funds operated by TFIs under the Employee Capital Schemes totaled over **PLN 21.8 billion** at the end of 2023,

compared to close to **PLN 12 billion** at the end of 2022, an increase of 82%.

In 2023, further contributions from employees (2-4% of gross remuneration), employers (1.5-4% of employee gross remuneration), as well as welcome (PLN 250) and annual (PLN 240) surcharges from the state, were regularly paid for the ECS. Self-enrollment in Employee Capital Schemes (PPK) contributed significantly to the increase in assets, giving an increase of **718,000 savers**, translating into an increase in participation to **43.7%**.

Investment fund companies (PPK) – share in TFI assets as at 31/12/2023 (in %)

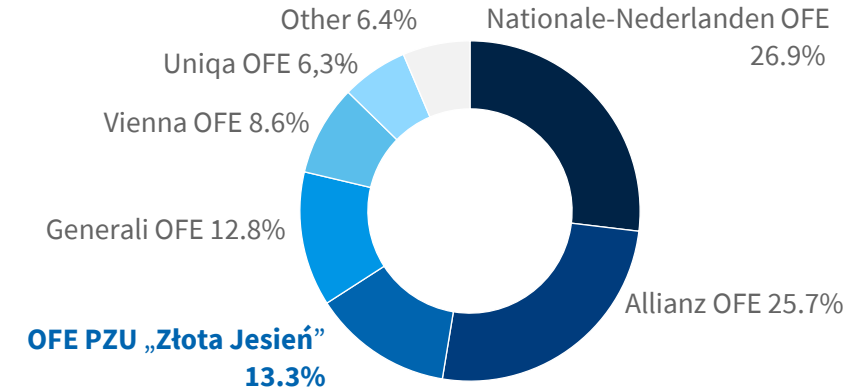


Source: Chamber of Fund and Asset Management, Polish Financial Supervision Authority, DDF net asset value by managing institutions, data for TFIs only, excluding PTEs and TUs

Pension funds market

At the end of 2023, the net assets of open-ended pension funds amounted to more than PLN 208 billion, an increase of **33%** compared to the end of 2022. The

Open-ended pension funds – share in net assets as at 30/12/2023 (in %)



Source: KNF, Monthly data on the OFE market, data for December 2023

increase in the value of assets was mainly influenced by the good situation in the capital markets, which recorded significant increases in stock prices after the large declines recorded in 2022.

Voluntary Pension Funds

Despite high volatility on the equity market in 2023, assets of voluntary pension funds rose to almost **PLN 1.9 billion** at year-end. A significant impact on the value of assets came from current contributions, which amounted to over **PLN 140 million** in 2023 at DFE PZU. At the end of 2023, DFE PZU remained the IKZE market leader in the voluntary pension fund segment, both in terms of the number of accounts (55.7% of all accounts) and the value of assets (50.3%).

3.5.3. Main factors affecting PZU share prices

PZU made its début on the Warsaw Stock Exchange (WSE) on 12 May 2010. Since its flotation, it has been included in its most important index, namely WIG20²⁴, calculated on the basis of the portfolio value of the 20 largest and most heavily traded companies on WSE’s main market. PZU also belongs to the following Polish indices: WIG, WIG30, WIG-Poland, WIGdiv, WIG20 TR, WIG.MS-FIN, CEEplus and WIG ESG (sustainable development index) and the following international indices: MSCI Poland (emerging markets), Stoxx Europe 600 (developed markets) and FTSE Russel midcap index (developed markets).

Warsaw Stock Exchange indices

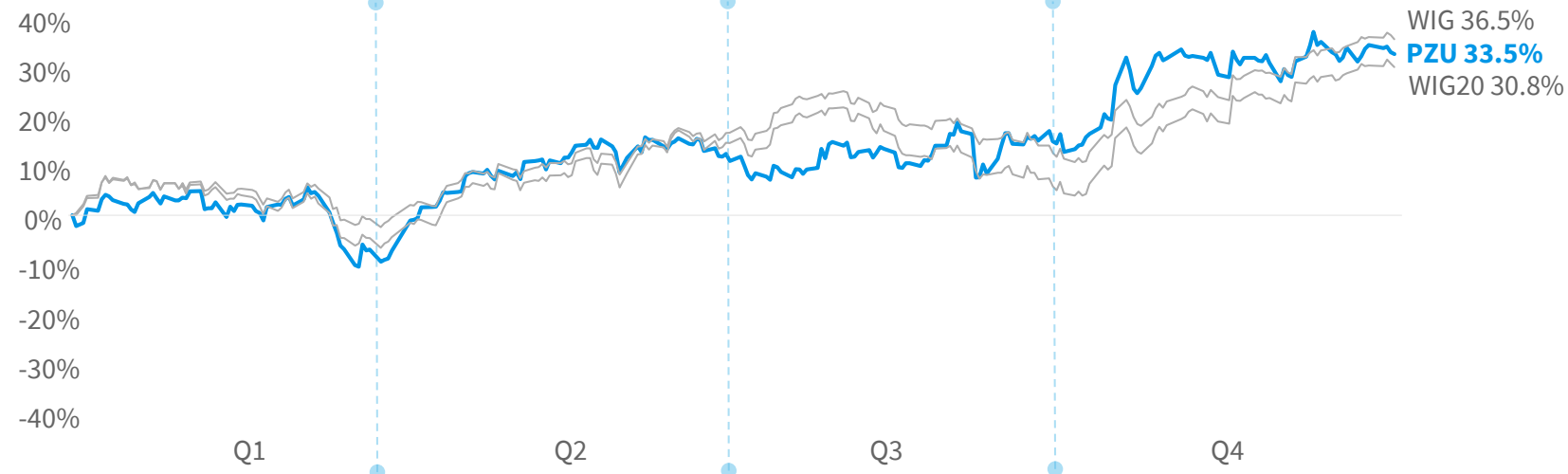
In 2023, the Polish blue-chip index (WIG20) oscillated within a broad band between 1670 and 2371 points. The variance between these figures was 701 points and was 351 points lower than that observed in the corresponding period of 2022 (1052 points). In 2023, WIG20 went up by 30.8% y/y, or by 35.0% y/y if dividends are taken into account (WIG20 TR). The WIG broad market index gained 36.5% y/y. Small and medium cap indices also appreciated; sWIG80 and mWIG40 gained 30.9% and 39.3% y/y, respectively.

PZU’s share price

PZU shares in 2023 followed the major indexes of the Polish stock market, staying in a strong upward trend that has continued since Q2.

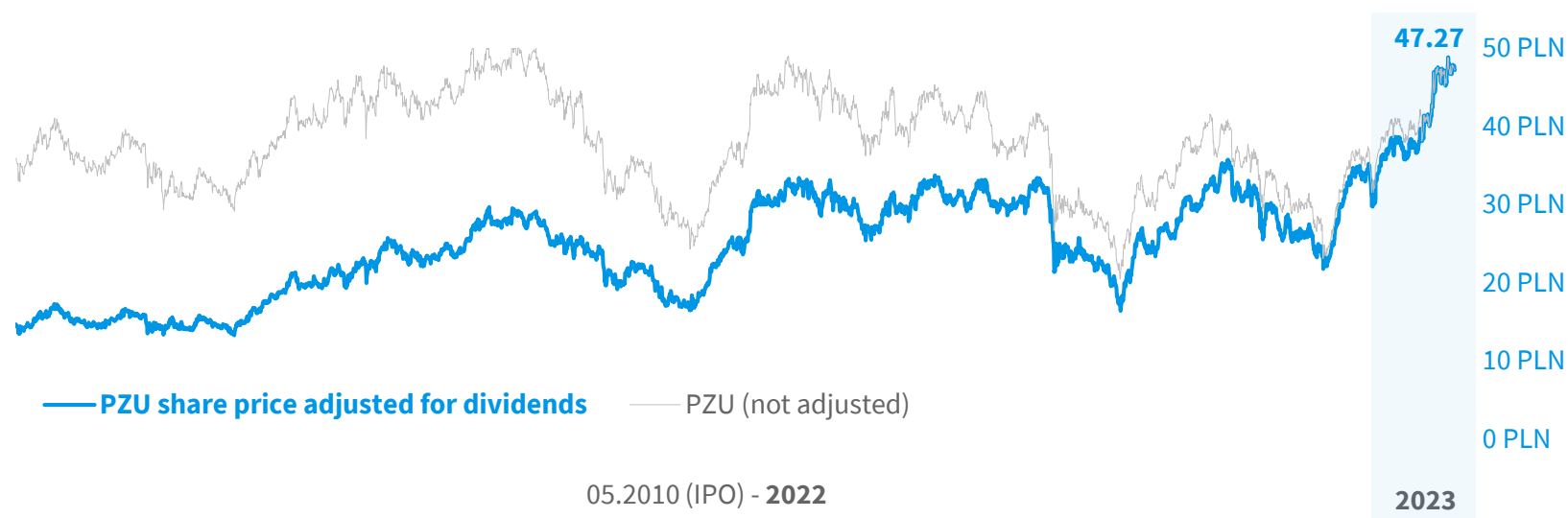
²⁴⁾ WIG20 is a price-based index, which means that its calculations only include prices of the transactions carried out based on the index, and dividend income is not included.

PZU share price versus WIG and WIG20



Source: <https://infostrefa.com/>

PZU share price adjusted for dividends paid



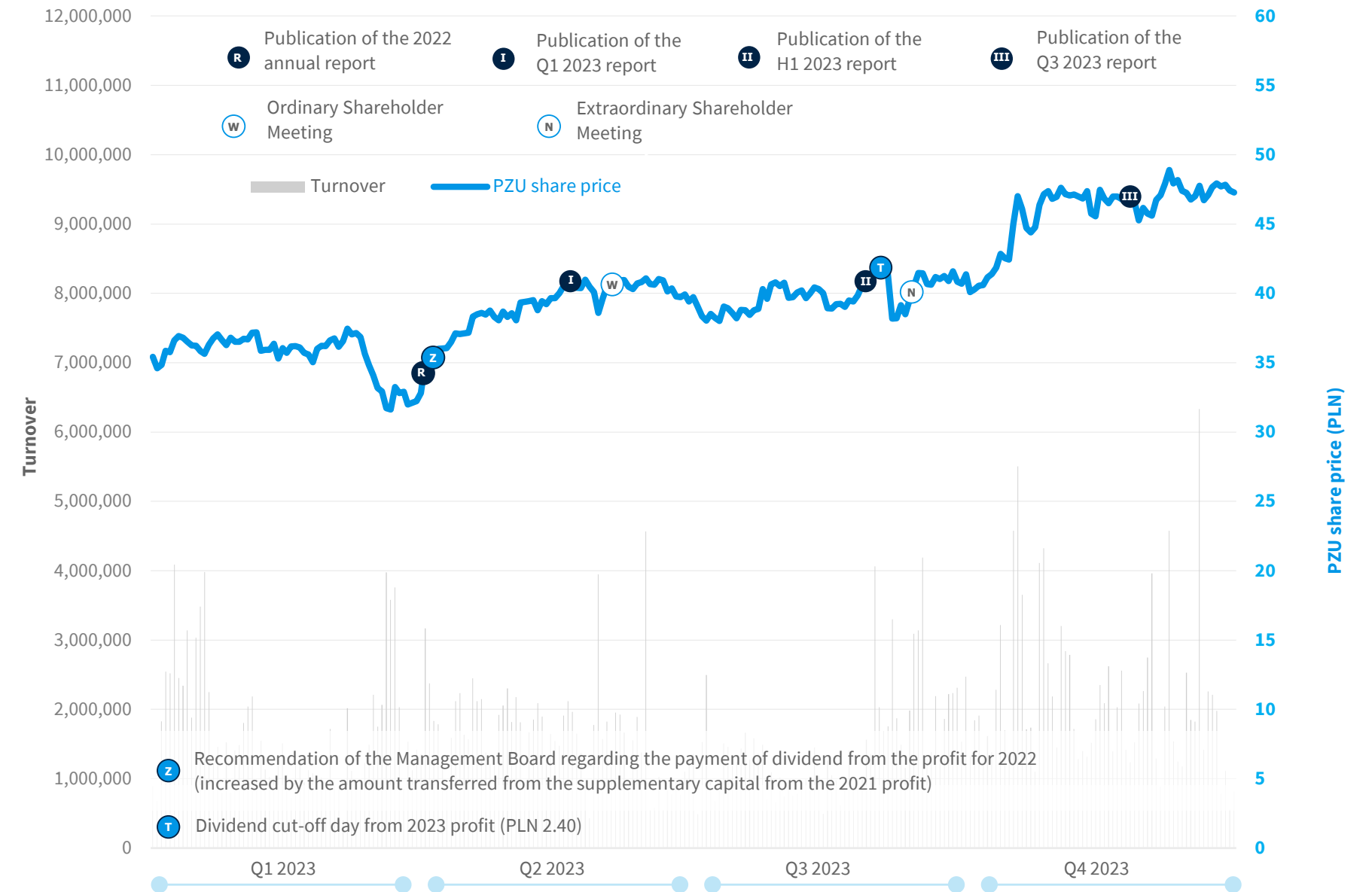
Source: www.stooq.pl

At the last session of 2023, one share of PZU was priced at PLN 47.3, up 33.5% y/y (not adjusted for dividends).

After the share price was adjusted for dividend, the total rate of return on PZU shares was 41.7%, i.e., 6.7 pp

above the return index, WIG20 TR. Very strong increases recorded in Q4 set new record levels of quotations. The highest closing price level was PLN 48.90, reached on December 6, 2023.

PZU share price²⁵ against corporate events in 2023



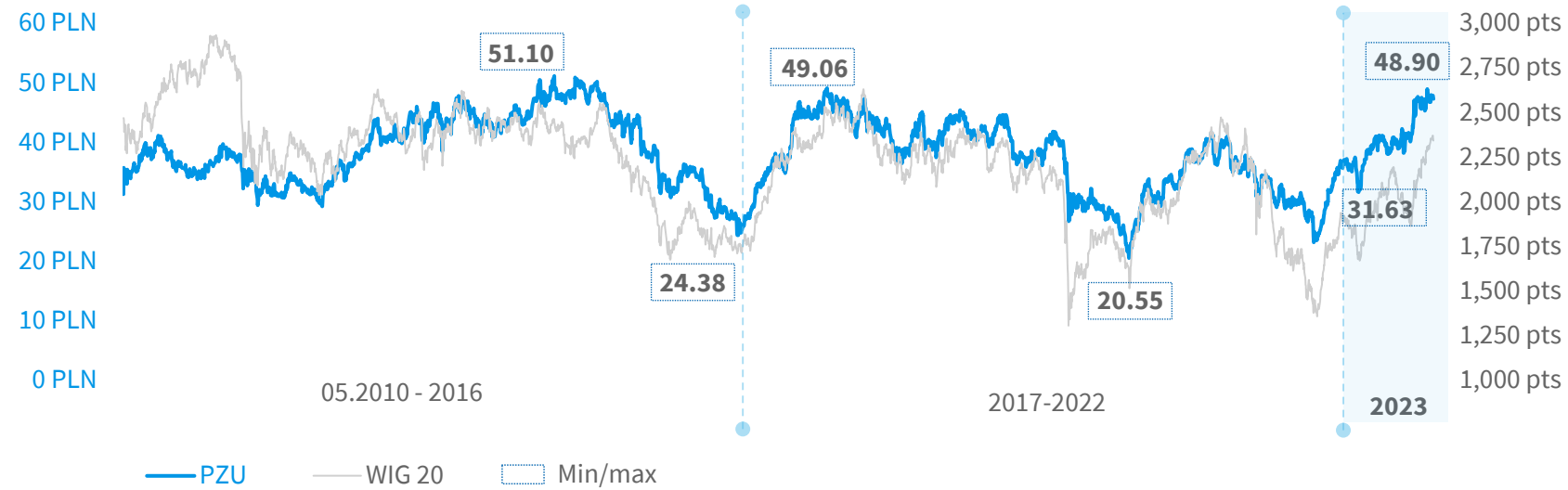
Links to video coverage of outcome conferences (QR codes)

R	Publication of the report annual report for 2022	I	Publication of the report for Q1 2023	II	Publication of the report for Q2 2023	III	Publication of the report for Q3 2023

25) Price not adjusted for dividends paid.

Source: <https://infostrefa.com/>; PZU

PZU's min/max share prices



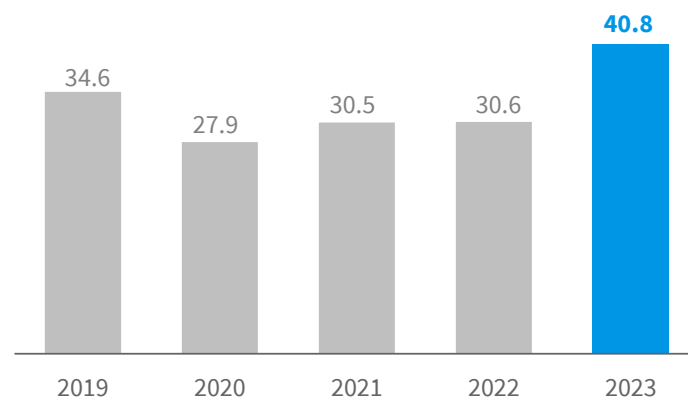
Source: www.infostrefa.com, www.msci.com

Capitalization

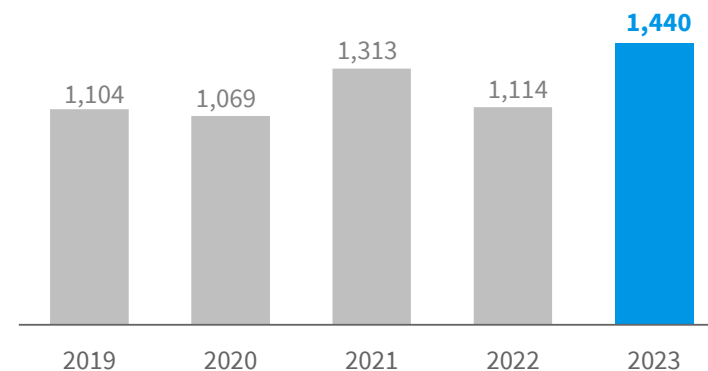
The stock market value (capitalization) of PZU at the end of 2023 was PLN 40.8 billion (up 33.5% y/y), placing it 5th (down 1 position y/y) in terms of market price among Polish companies listed on the WSE. PZU's share in WSE's total trading volume was 6.5% (7th place – up 1 position compared to 2022).

After adding the value of dividends per share (paid since the IPO in 2010) to the valuation of PZU shares, the theoretical stock market valuation at the end of 2023 would be PLN 70.1 billion (with a price per share of PLN 81.19).

Capitalization of PZU in PLN bn



Capitalization of WSE in PLN bn (domestic and international companies)



Theoretical capitalization of PZU (after adjustment for dividends paid)

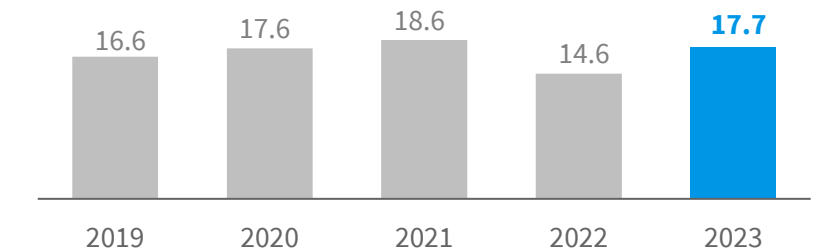
	2019	2020	2021	2022	2023
Theoretical price at the last session of the year (PLN)	66.11	58.44	64.93	66.94	81.19
Theoretical capitalization at the end of the period (PLN million)	57,091	50,468	56,072	57,808	70,113

Source: www.infostrefa.com

Liquidity

In 2023, PZU's shares were highly liquid. The average daily spread of PZU's shares was 5 bps compared to the average spread of 12 bps for the 20 most liquid companies. The average turnover of PZU's stock per session was PLN 70.8 million, i.e., up 21.3% y/y. The annual share turnover for the whole 2023 was PLN 17.7 billion, which was 43% of PZU's total capitalization at the end of 2023 (down 5 p.p. y/y).

PZU share turnover in PLN billions



Source: www.infostrefa.com

Indices

PZU's shares*	2019	2020	2021	2022**	2023
C/WK (P/BV) Market share price / book value per share	2.1x	1.5x	1.8x	1.2x	1.4x
WKNA (PLN) BVPS (PLN) Book value per share	18.7	21.7	19.8	30.3	34.8
C/Z (P/E) Market share price / net return per share	10.5x	14.6x	9.2x	8.1x	7.1x
ZNA (PLN) EPS (PLN) Net profit (loss) / number of shares	3.8	2.2	3.9	4.4	6.7

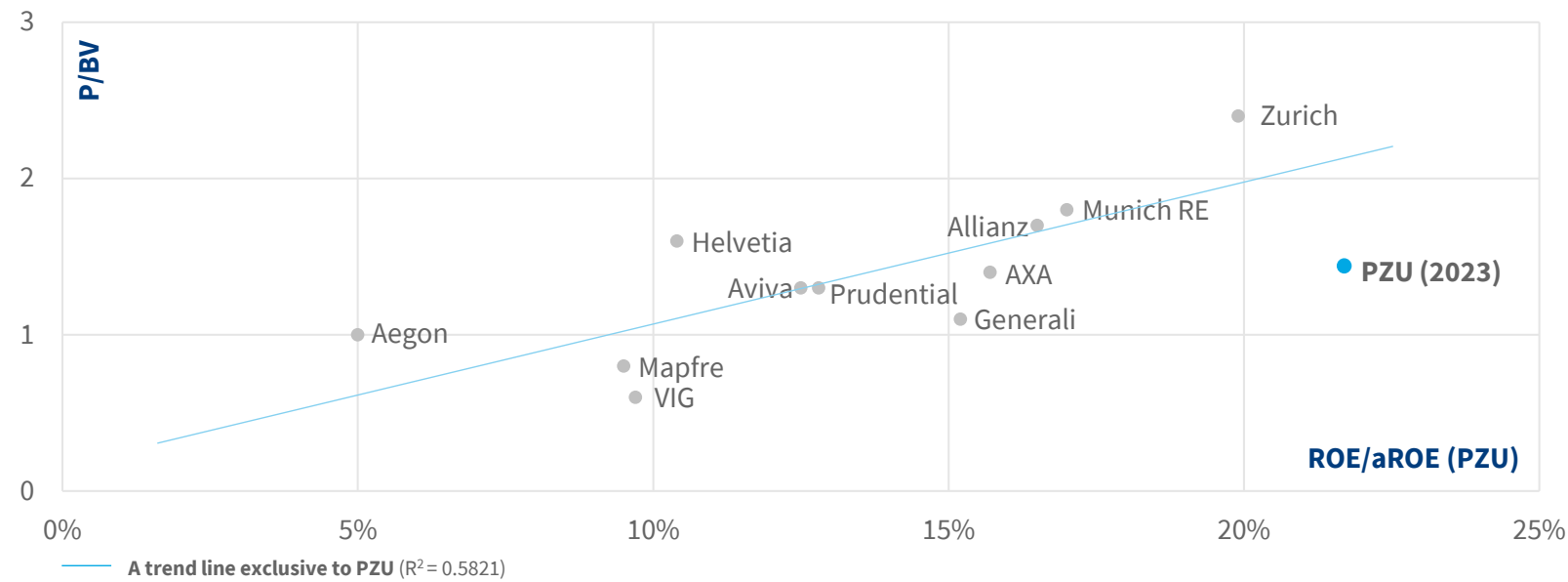
*) calculations based on the PZU Group figures (in line with IFRS); share price and book value as at end year; net profit for 12 months; number of PZU's shares; 863,523,000

***) restated data - restatement of comparative data resulting from the application of IFRS 17

PZU's shares-related statistics	2019	2020	2021	2022	2023	2010-2023
Maximum price (PLN)	45.39	41.80	41.65	37.82	48.90	
Minimum price (PLN)	35.79	20.55	29.27	23.16	31.63	
Theoretical price at the last session of the year (PLN)	40.03	32.36	35.35	35.42	47.27	
Average price per session (PLN)	40.61	30.06	35.86	30.97	40.13	
Turnover value (PLN m)	16,620	17,588	18,565	14,645	17,692	
Average turnover value per session (PLN m)	67.0	69.8	73.9	58.3	70.8	
Number of transactions (items)	928,493	1,523,449	1,353,198	1,285,691	1,438,730	
Average number of transactions per session	3,744	6,045	5,391	5,122	5,755	
Turnover (items)	408,999,167	595,296,291	517,939,229	472,866,103	436,702,363	
Average turnover per session (items)	1,649,190	2,362,287	2,063,503	1,883,929	1,746,809	

Source: www.infostrefa.com

PZU's valuation compared to the peer group



Source: PZU share price at year-end (2021, 2022, 2023) – reported figures; other companies – 2023 annual forecasts (research reports)

3.5.4. Bank Pekao and Alior Bank share prices

Context in the banking sector

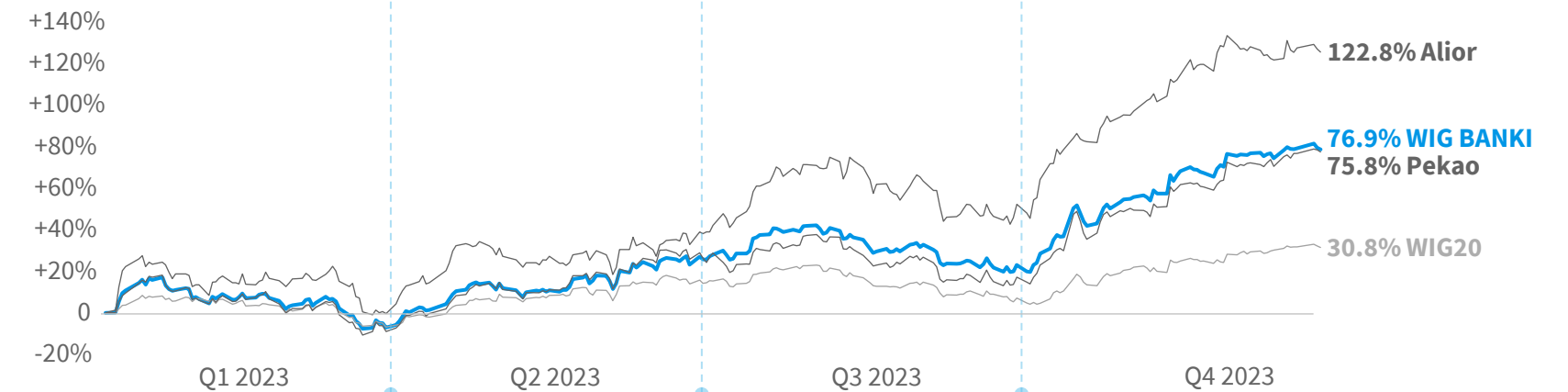
In 2023, the WIG-banks index²⁶ recorded an increase of 76.9% y/y, beating the WIG20 index by 46.1 pp. The correlation between the WIG Banks index and the WIG20 index was 89% (+ 5 p.p. y/y). The beta coefficient (in relation to WIG20) increased to 1.22, or by 0.13 y/y. The growth of the WIG BANKS index is largely the result of the very good performance of banks at the level of net profit.

In particular, this was due to the high interest performance achieved in a high interest rate environment. Although the interest rate was reduced twice in 2023, in September from 6.8 to 6.0 and in October from 6.0 to 5.75, the sustained level remained very favorable from the point of view of the interest income generated.

Pekao Bank and Alior Bank

At the end of 2023, the Alior Bank share price was PLN 76.3, i.e., it went up by 122.8% since the beginning of the year. In that same period, the Pekao Bank share price increased by 75.8% (in terms of price) to PLN 152.1 per share. After adjusting for dividends, the yield was 84.8%²⁷.

Pekao Bank and Alior Bank versus WIG Banks



Source: www.infostrefa.com



26) Total return index (which takes into account both the price of the shares included therein and return on dividends and the preemptive right).

27) On 18 July 2023, Bank Pekao paid out a dividend of nearly PLN 1.4 billion, i.e., PLN 5.42 per share.



3.6. Regulations pertaining to the insurance market and the financial markets in Poland

In 2023, the most important regulatory changes for the PZU Group concerned the empowerment of regulators and new consumer rights.

1 January 2023 saw the entry into force of most provisions of the amended **Act on Complaints Handling by Financial Market Participants and on the Financial Ombudsman**, which increases the maximum financial penalty the Ombudsman may impose on financial market participants who hinder complaints filing from PLN 100,000 to PLN 1 million. The Ombudsman's competences have also grown stronger, now that they may participate in civil proceedings involving customers of financial institutions and their successors.

The powers of the Polish Financial Supervision Authority have also been strengthened, as one of the effects of the entry into force in September 2023 of the **Act of August 16, 2023 amending certain acts in connection with ensuring the development of the financial market and the protection of investors in this market** (called, due to the multiple diverse amended regulations, the "Legislative Bazaar"). The act introduced amendments to 41 acts of law, including the Act on Compulsory Insurance, the Insurance Indemnity Fund and the Polish Motor Insurers' Bureau, the Insurance and Reinsurance Activity Act, as well as the Act on Insurance Distribution. The solutions adopted will contribute to streamlining the conduct of insurance business.

Also, an amendment to the **Act on Competition and Consumer protection**, implementing in the Polish legal system the provisions of Directive (EU) 2019/1 to empower the competition authorities of the Member States, expanded the powers of the President of the Office for Competition and Consumer Protection in relation to financial market participants. In addition, amendments to the Act include, i.a., the introduction of the principle of parent company liability for violations of rules of competition by a subsidiary.

16 January 2023 was the day **Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector (DORA)**, came into force. The objective of the new provisions is to increase information security of financial operators such as banks, as well as insurance and investment companies. The entities subject to DORA have until 17 January 2025 to adapt to the new requirements.

In 2023, remote work was legitimized in the **Labor Code**, based on the experience of the COVID-19 pandemic. What is also important from the point of view of insurance companies, is the possibility of conducting agency examinations remotely using an ICT system, as provided

for in the Regulation of the Minister of Finance of June 29, 2023. Amendments to the Labor Code also introduced work-life balance solutions, going into effect in April 2023. They concern, among other things, leave and working time, including parental leave. They are intended to allow the employee to better combine their family and work responsibilities.

The year 2023 also saw amendments to the **Code of Civil Procedure**. The amendments are wide-ranging, and include, among other things, changes concern the subject-matter jurisdiction of courts, the introduction of the institution of a power of attorney for service of letters, changes in the structure of pleadings filed by attorneys, and the regulation of proceedings involving consumers. The goal of these changes is to speed up judicial proceedings, which may affect both the course and the volume of litigation to which PZU and PZU Group companies are parties.

What may also lead to an increase in litigation, is **the Act of June 16, 2023, amending the Act on Patients' Rights and Ombudsman for Patients** and certain other acts. It introduces a new system of compensation for medical events resulting from the provision of or failure to provide publicly funded health care services. The injured party or, in the event of their death, the next of kin specified in the act, will be able to apply to the Ombudsman for Patients for payment. The act establishes a Medical Event Compensation Fund financed primarily through health insurance premiums.

The middle of the year saw the entry into force of the **Act of May 26, 2023 on the mCitizen application**, which introduced a new type of an identity card, mDowód, which can be used via the mCitizen app. The mDowód confirms one's identity on the same basis as an ID card. In addition, the solutions adopted in the act may be used

to confirm the identity of individuals when concluding contracts remotely.

On June 28, 2023, the European Commission published a draft of the **Financial Data Access Framework, or FIDA**. The Regulation should be adopted by the end of the European Parliament's term, which is June 2024. The introduction of the proposed solutions, while raising a number of questions, is expected to bring potential benefits for EU citizens related to the exchange of financial data. FIDA is intended to give clients control to decide how their financial data will be used and by who.

As of October 1, 2024, every non-public entity entered in the business register will be required to have an electronic service address listed in the electronic address database. Such an obligation is provided for in the **Act of November 18, 2020 on electronic service** as well as the Communication of the Minister of Digitization dated May 29, 2023.

On December 22, 2023, the Official Journal of the EU published **Regulation 2023/2854 on harmonized rules on fair access to and use of data (Data Act)**, which harmonizes the approach to non-personal data. The new regulation will facilitate the exchange of data across the European Union and between different sectors of the economy, which may have a positive impact on insurance offerings, through, for example, insurers' access to data collected on vehicles. The provisions of the regulation will take effect in September 2025.

EU regulations on sustainable development

Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR)

The Regulation introduces an obligation for life insurance companies that offer insurance-based investment products (e.g., in the form of united-linked products) or pension products (e.g., individual retirement accounts or individual retirement security accounts) to disclose information related to sustainability (e.g., in the investment process strategy, investment decisions, remuneration policy, customer communication, product design and periodic reporting). The regulation includes provisions for reporting whether a life insurance company has a balanced portfolio of investments.

On April 6, 2022, the European Commission adopted the technical standard for the Regulation, specifying the content, methodologies and presentation of information in relation to sustainability indicators, products which promote environmental or social characteristics (Article 8) and products which have sustainable investment as their objective (Article 9). This act constitutes a key guideline for the scope and manner of presentation of disclosures required by SFDR. Regulatory technical standards (RTSs) came into force on 1 January 2023.

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment („Taxonomy”)

It sets out the criteria against which “green” financial products can be built. It also introduces the need to use labels in information about the products offered that indicate whether or not we are dealing with a product taking account of the taxonomy. In addition, a company that is required to publish non-financial information is required to include in its non-financial statement or consolidated non-financial statement information on how and to what extent its business relates to economic activity that qualifies as environmentally sustainable. Insurance companies required to carry out non-financial reporting under the CSRD will ultimately have to report what portion of their insurance portfolio and what percentage of their investments relative to total assets are environmentally sustainable.

Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (IDD), together with Commission Delegated Regulation (EU) 2021/1257 of 21 April 2021

Per the IDD, sustainability factors should be taken into account in the process of approving each insurance product and presented in a transparent manner to enable insurance distributors to make relevant information available to the clients. This lets them know if the product supports the green transition.

Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 as regards corporate sustainability reporting (Corporate Sustainability Reporting Directive - CSRD)

It will replace Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 as regards disclosure of non-financial and diversity information (Non-Financial Reporting Directive - NFRD). The NFRD has set out disclosure requirements for both the impact of sustainability issues on the company’s performance, situation and development (an “outside-in” perspective) and on the company’s impact on people and the environment (an “inside-out” perspective). On July 31, 2023, the European Commission adopted **Commission Delegated Regulation (EU) 2023/2772** establishing uniform standards for reporting on sustainable development (European Sustainability Reporting Standards - ESRS).

As of January 1, 2024, the CSRD applies to large companies previously subject to the NFRD. They will submit their first reports in 2025 (data covering the 2024 fiscal year). The CSRD extends reporting requirements onto additional companies and increases the scope of the information disclosed, which must comply with EU reporting standards. According to the requirements, operators are to provide investors with information on sustainability that should be taken into account in the investment process. ESRSs primarily increase the scope of reporting, as well as regulate how one should select information to be disclosed in the report. What is key, is the so-called double materiality assessment. It requires companies to extensively analyze their operations and value chain to identify material points through which the organization has the greatest impact on the environment or social issues. For insurance companies, NFRD and CSRD disclosures are a source of information on how

sustainable the company’s operations are, which may influence one’s decision when one is electing to buy its securities.

Delegated Regulation (EU) 2015/35 of 2 August 2022 supplementing Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)

The expansion of the Solvency II Directive includes incorporating sustainability factors into management processes. The risk management function will be required to identify and assess risk to sustainable development, while the actuarial function will have to consider the risk to sustainable development in assessing the uncertainty associated with estimates made in calculating technical provisions. The foregoing implies a change in the approach to investment and risk assessment on the part of insurers, and thus has an indirect impact on the products offered to customers.



Selected rulings of the Supreme Court issued in 2023 which may impact insurance business



On 7 July 2023, in the case under file no. II CSKP 1672/22, the Supreme Court issued a judgment from which it follows that a pension resulting from increased basic needs of an injured person should include gross rates to cover the cost of third-party care, and not net rates. If, on the other hand, the insurance company believes that the same quality of service is available as a public benefit, then it must prove that fact.

On 25 July 2023, in the case under file no. II CSKP 1008/22, the Supreme Court issued a judgment in which it presented the view that an insurance company's liability arising from a third-party insurance obligatory for owners of motor vehicles covers claims incurred due to the operation of a device installed in the vehicle, also if, during the incident, the vehicle is not in traffic.

The Supreme Court, in its ruling **on August 16, 2023**, confirmed that the allegation that a group insurance contract was invalid because the policyholder was in fact an intermediary was without merit. The Supreme Court affirmed the position presented by the Court of Appeals that even if a specific entity has a claim against an insurance company on account of contracts of mandate, this is a benefit that is completely separate from insurance premiums, and such an entity has no right to satisfy its claims from contracts of mandate in any other way than

under these contracts, including through arbitrary deductions of specific amounts.

On 26 October 2023, in the case under file no. III CZP 11/23, the Supreme Court adopted a resolution according to which a former agent acquires the right to commissions on contracts concluded during the term of the agency agreement also in the event that the client's performance has been rendered after the termination of the agency agreement. In addition, if the circumstances of the case clearly show that the commission in a particular situation also includes subsequent customer service, the former agent's commission shall be reduced accordingly. The second question posed to the Supreme Court was whether a fixed-term contract could establish on the part of the principal the right to unilaterally change the commission in conjunction with the agent's right to terminate the contract with notice if the agent does not accept the change made. However, the Supreme Court refused to answer the question.

On 30 November 2023, in the case under file no. II CNPP 30/22, the Supreme Court ruled that a claim for natural restitution shall also be excluded in the event of a consequently impossible restoration, as it would otherwise be a claim for an impossible compensation. In the event that a car is repaired, the injured party may not claim "reimbursement" of the hypothetical costs of repairing the vehicle (expenses that the injured party would have had to incur in order to restore the damaged vehicle to the state which would exist without the claim event), but at their choice, may claim either the reimbursement of the actual repair costs incurred or a cash benefit understood as monetary compensation, calculated using the differential method.

3.7. Factors that may affect PZU Group’s operations and results in 2024 and in the medium term

Due to the scope of the PZU Group’s business (insurance sector in Poland, the Baltic Countries and Ukraine, mutual and pension funds sector, health business, banking), the main factors that will shape the environment in which the Group operates and that may have a direct or indirect impact on the development and results of the PZU Group in the short term (up to one year), and the medium term (from one to five years), may be divided into the following three categories:

- macroeconomic and geopolitical factors;
- legal and regulatory factors;
- market factors, specific to individual sectors or businesses in which PZU Group operates.

3.7.1. Macroeconomic and geopolitical factors

The growth rate, level and structure of the key macroeconomic factors in Poland and abroad (GDP, inflation, interest rates) translate into the growth rate of business in all sectors in which the PZU Group operates and their profitability. They determine, directly or

indirectly, albeit with a certain time lag, the gross written **premium growth rate** and insurance revenue in non-life insurance, as well as changes in **demand for credit and accumulation of deposits**, and inflow of **assets into funds**. Moreover, they influence **the claims ratio in non-life insurance and the investment result**. They also shape the fund management fee results and key measures that affect the performance of the banking sector (interest margin and costs of risk).

In particular, **inflation** is a factor that strongly affects the insurance business. It raises amounts claimed, costs of claims handling, and costs of business. It also generates a problem for clients related to the depreciation of insurance benefits in long-term products, significantly reduces the real value of life policies and erodes the guaranteed sum in third-party liability insurance (e.g., D&O policies). Inflation and high costs may bring about the risk of underinsurance, present when the declared value of assets (such as movable and immovable property and content thereof) and risks are lower than in reality. When underinsurance arises, the insurer may accordingly diminish the sum they are obliged to pay, accounting for the ratio between the insurance value and the real value of the assets lost. As a consequence, the compensation paid out might not be enough to cover the real costs of restoring the assets insured. This is a particularly significant risk for corporate insurance, which may hinder the restoration of business and cause liquidity and stability problems for enterprises.

GDP growth also translates into individual consumption and domestic demand, and therefore also into spending by households and the corporate sector on the purchase of insurance policies, the sale of loans and related insurance for borrowers. Here, inflation has the inverse effect, affecting real household income, among other things. A slowdown in economic growth generally leads to a deceleration in the growth rate for gross written premiums in property insurance, a decline in the demand for life insurance as well as subscriptions and health insurance, particularly within the framework of perks offered by companies. Poorer financial standing of companies and households may result in an increase in credit risk (in particular in the banking segment) and higher loss ratio on the financial insurance portfolio, weakening of the growth rate of new mortgage loans and a weaker growth rate of consumer loans. In addition,

rising unemployment and lower employment may also lead to an increase in extortion and insurance crimes.

The economic environment, in particular the actions of the Monetary Policy Council with respect to **interest rates** and the reserve requirement, play a key role in the functioning of the banking sector. A very low interest rate environment has a negative effect on the sector’s performance (by affecting the banks’ net interest income), which could be felt particularly in 2021. An increase in market interest rates, on the one hand, contributes to financial stability, as it promotes improvements in the profitability and financial position of banks and insurers, but on the other hand, it carries risks to financial stability, as it may contribute to a deterioration in the quality of banks’ loan portfolios. Higher yields on bonds measured at arm’s length in portfolios of banks and insurers involve a reduction in their nominal value. The effect for insurance companies of this matter depends on the difference between the duration of assets and equity and liabilities. Furthermore, administrative solutions aimed at lowering the cost of rising interest rates for households (such as so-called credit holidays) limit the profit of the banking sector.

The economic situation in 2024 will be largely shaped by geopolitical factors. In particular, the prolonged Russo-Ukrainian armed conflict, as well as Israel’s war with Hamas and the related tensions in the Red Sea region, remain a threat. These factors can generate price shocks in the food, gas, oil and commodities markets that are difficult to predict, affect the climate for investment through increased uncertainty, and increase transportation costs, i.a., by raising insurance rates on logistics routes linking Europe and Asia. Geopolitical risks are also associated with the intensification of the rivalry between the U.S. and China, and more broadly with the fragmentation of economic cooperation and the ongoing erosion of multilateralism. This is guided, among other things, by the desire to ensure security by

increasing the resilience of supply chains, reducing their vulnerability to geopolitical tensions. Fragmentation, however, could lead to higher prices and greater price differentiation between regions. It is also worth noting that 2024 is an election year in as many as 70 countries, and as many as 4.2 billion people, or more than half of the world’s population, will be up to vote. The U.S. presidential election will certainly be of particular importance. Also in Russia and Ukraine, the terms of the current leaders are coming to an end. The electoral process, as well as the results of these elections, may strongly affect financial markets, and the decisions of the newly elected authorities may change previous political priorities, which may also have important implications for economic processes around the world. All these

factors may significantly affect the situation on the Polish stock market, the exchange rate of the zloty or the yields of Polish securities.

However, the key macroeconomic risks in 2024 lie on the inflationary side. Although current inflation forecasts indicate that it will gradually decline in 2024, but it may still be above inflation targets in many countries. In addition to geopolitical factors, the further path of disinflation in the world will be influenced by the course of the green transition (and so-called “greenflation”). In Poland, the further development of the price index will also be strongly influenced by decisions on the side of fiscal and regulatory policy (the potential withdrawal of protective measures, i.e., of food VAT cuts, or decisions on household gas and electricity prices). The slower deceleration of inflation in Poland in 2024 may also be due to the increase in labor costs (the minimum wage growing from 3.6 thousand to 4.24 thousand as of January and 4.3 thousand as of July 2024, as well as high wage growth projected with what is still a relatively low unemployment rate).

What will be another significant risk is the weakening of economic activity in the external environment. Despite the fading effects of supply shocks caused by the war in Ukraine, tighter financing conditions and further monetary policy efforts could negatively impact GDP dynamics in our economic environment next year. There is also some risk in the real estate sector, which is going through a serious crisis in China, and there are worrying signals from this industry and its financing sectors from other countries as well (including Germany, the UK, the U.S.). Weaker GDP growth rate in our trading partners may in effect mean slower GDP growth than expected in Poland.

3.7.2. Legal and regulatory factors

The PZU Group’s activity and operations are subject to the impact of both national regulations and European legislation.

Insurance

From the point of view of the insurance business, legal regulations and case law affecting premiums, claims paid and other costs, distribution and coverage are particularly important. In 2024, the insurance industry will face increasing regulatory challenges, especially in the context of implementing Recommendation U, the properly implementing tools in the area of analyzing the clients’ needs and requirements, and product distribution guidelines. This will mean having to adapt practices to the new regulations and may involve necessary investment in advanced IT systems.

The regulation that could affect the insurance business in the short to medium term is the new Recommendation U on good bancassurance practices, issued on June 27, 2023 by the Polish Financial Supervision Authority. Recommendation U applies to insurance companies that cooperate with banks, cooperative credit and savings unions, and branches of credit institutions in the field of bancassurance. It introduces new provisions concerning, among other things, ensuring that insurance products offered within the framework of bancassurance, including credit payment insurance (CPI products), provide adequate value for the customer, ensuring a certain way insurance products are offered under bancassurance, and establishing the relationship of the bank with the

Data for the Polish economy

	2020	2021	2022	2023	2024*
Real GDP growth in % (y/y)	(2.0)	6.9	5.3	0.2	3.5
Household sector consumption growth in % (y/y)	(3.6)	6.2	5.2	(1.0)	3.8
Growth in gross fixed capital formation in % (y/y)	(2.3)	1.2	4.9	8.4	3.8
Consumer price growth in % (y/y, annual average)	3.4	5.1	14.4	11.4	4.6
Nominal wage growth in the national economy in % (y/y)	6.2	8.7	12.0	12.4*	11.8
Unemployment rate in % (end of period)	6.8	5.8	5.2	5.1	5.2
NBP base rate in % (end of period)	0.10	1.75	6.75	5.75	5.25

*) Prognosis of the Office of Macroeconomic Analysis of PZU from February 15, 2024

Source: Statistics Poland/PZU Department of Macroeconomic Analyses



insurance financier, who is obliged under the contract concluded with the bank to cover the bank's insurance coverage. In addition, remuneration for the distribution of products should be determined with account taken of the interests of the customer and the cost of insurance coverage. As a result, the introduction of the new Recommendation U may result in having to adapt the agreements governing the rules of cooperation between credit institutions and insurance companies and to adapt the insurance products offered within the framework of bancassurance.

The objective of strengthening the protection of the client's interests and ensuring higher quality and transparency of the process of distributing investment-linked life insurance is the objective of the Recommendations of the Polish Financial Supervision Authority for insurance companies on the assessment of the suitability of investment-linked life insurance, which will come into effect on April 1, 2024. These recommendations will replace the Recommendations for insurance companies on product adequacy testing of March 22, 2016. The new Recommendations take into account the new requirements and obligations issued since then in the area of insurance distribution.

In motor insurance, what will be most significant, is the continued implementation into national legislation of the changes resulting from Directive (EU) 2021/2118 of the European Parliament and of the Council of 24 November 2021. Work in this area began in late 2022, when the first draft amendments to the Act on Compulsory Insurance, the Insurance Indemnity Fund and the Polish Motor Insurers' Bureau were presented. Among other things, the bill provided for a definition of

vehicle movement, an increase in the minimum sums guaranteed in motor TPL insurance, regulation on the issuance and use of insurance certificates, as well as rules governing the operation of an insolvency fund. In 2024, higher minimum guarantee amounts will apply in motor third-party liability insurance and farmers' third-party liability insurance in the event of personal injury and property damage.

2024 will also be important to develop a market standard for interpreting the provisions of the Regulation of the European Parliament on digital operational resilience for the financial sector (DORA) and the European Commission Regulation on a framework for Financial Data Access (FIDA). Insurers face a number of challenges to adapt procedures and contracts to the extent required by these regulations.

The next act will be a regulation establishing harmonized rules for artificial intelligence (AI Act). Formally scheduled for adoption at the EU Parliament's plenary session, which will begin on February 26, 2024, then approval by the EU Council will be required.

AI Act - The draft includes a definition of an artificial intelligence (AI) system. According to the draft, an AI system is software created using one or more of the techniques and modalities specified in Annex I to the draft regulation that can, for a given set of human-defined purposes, generate results (outputs), such as content, predictions, recommendations or decisions. The project is intended to ensure the security of AI systems entering or used in the EU market and to facilitate investment and innovation in the field of AI.

Investments and retirement

March 22, 2023 saw the coming into effect of the EU Regulation on PEPP (Pan-European Person Pension Products). The PEPP bill, as for individual retirement accounts (IKE) provides for a unit-linked life insurance contract as an insured form of PEPP, while assuming the option of using various risk mitigation methods specified in the PEPP Regulation, such as the pooling and smoothing mechanism, or, as in the case of PPK, life cycle funds.

Retirement savings products are also the subject of the Act of July 7, 2023 on the Central Pension Information Office, which came into effect on October 5, 2023. The act is intended to provide one-stop access to information on all pension products you own: Social Security (ZUS), Farmers' Social Insurance Fund (KRUS), individual retirement accounts (IKE), individual retirement security accounts (IKZE), employee pension schemes (PPE), employee capital schemes (PPK), open pension funds (OFE) and their status. It is also intended to allow the simulation of future pension benefits, facilitating the decision to save for the future of retirement, and to allow certain actions to be performed on pension product funds and accounts.

On May 24, 2023, the European Commission published its Retail Investment Strategy (RIS). The draft provides for the amendment to regulations on the distribution of investment products of both the capital market under MIFID II and the insurance market under IDD. While the amendments are supposed to increase retail customers' interest in investing in the capital market by raising the level of confidence in it, the draft raises major concerns for the Polish insurance market. A number of solutions proposed in the draft RIS may in practice make it impossible to offer insurance

savings and investment products, rendering it impossible to pay commissions when distributing such products and limiting of costs in insurance-based investment product (IBIP) only to pan-European benchmarks developed by EIOPA. Consequently, this will reduce the competitiveness of Polish insurers offering such products. The year 2024 will undoubtedly be another year of consultations to work out a compromise between consumer protection and market growth opportunities.

Banking

What significantly contributes to the banking sector's profit are the government programs to support borrowers, including the so-called "credit holidays" and "2% safe mortgage". The total cost of the credit holidays included in the banks' earnings and/or equity amounted to PLN 14 billion at the end of 2023. On March 5, the Council of Ministers adopted draft amendments to two laws under which support for borrowers, the so-called credit holidays, was to be extended. They are to give the opportunity to postpone mortgage installments and apply only to those loans for which contracts were signed before July 1, 2022, and the loans were granted in zlotys. The bill is scheduled to take effect on May 1, 2024. According to the draft, credit holidays will be available in May and June, plus one month each in the third and fourth quarter of 2024. The solution will be available to people whose credit does not exceed PLN 1.2 million and who incur credit-related expenses in excess of 30% of their income or who support at least three children.





The Polish Bank Association estimated the cost to the banking sector of extending the credit holidays for 2024 at PLN 3.7 billion, assuming that a comparable number of borrowers will benefit from them as last year.

The „2% safe mortgage” in the 2023 formula was discontinued at the beginning of 2024 and is expected to will be replaced by another proposal for borrowers.

Risk management and sustainable finance

Regulatory burdens of financial institutions related to the growing awareness in sustainable financing, climate change and environment protection are higher thanks to the European regulations described in Chapter [3.6.Regulations pertaining to the insurance market and the financial markets in Poland](#).

In 2024, the increased activity of the EU legislators in the field of sustainable finance can be expected to continue. Shifting to a sustainable economy and redirecting financial flows toward investments that support the fight against climate change remains a priority for the European Union.

Many financial institutions already incorporate ESG objectives into management objectives, on par with purely financial objectives. Insurers and banks are more and more often assessed under such criteria as the extent to which their actions mitigate climate change, promote diversity among their employees and management, support an inclusive organizational culture, and increase transparency of decisions and management structures.

We may expect that certain amendments will be introduced in 2024 to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November

2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosure Regulation - SFDR). It will undoubtedly be necessary to harmonize the materiality assessment rules between the SFDR and the Corporate Sustainability Reporting Directive (CSRD). Another important issue is the division of green financial products into light green under Article 8 and dark green under Article 9 SFDR.

On December 13, 2023, the European Council and the European Parliament reached a preliminary agreement on amendments to Solvency II. The most important areas of that revision were amendments to the calculation of technical provisions in the areas of risk margin, cost of capital rate (down from 6% to 4.75%), extrapolation, volatility adjustment and interest rate risk. The purpose of the amendment was to simplify the provisions and make the more adjusted to the risks that insurance companies bear. The changes will allow insurers to free up some of the funds that previously had to be held in reserve. This will make it possible to invest them, particularly in the European Green Deal. The revision will introduce new regulations that will force insurance companies to take greater account of and better communicate sustainability risks. This will facilitate the policyholders' understanding of the environmental aspects of the insurance companies' operations. The adoption of the agreement means that work now begins on the technical level, and only after this is completed, will final regulations be available.

3.7.3. Market factors specific to the sectors in which the PZU Group operates

Non-life insurance in Poland

- Higher growth of new car sales in 2023, mainly in the dealers channel and financed by leasing companies, may result in higher sales of motor insurance;
- The greater number of cars and traffic may cause an increase claims frequency, and consequently an increase in the loss ratio, which will have a negative impact on the technical result of motor TPL and MOD insurance;
- With strong price competition in motor insurance and deteriorating technical result in motor TPL and MOD, insurers' pricing strategies could affect market share levels in 2024;
- The development of non-motor insurance offers by, among other things, providing customers with value beyond just insurance coverage will result in the further development of strategic partnerships between insurers and companies with large customer bases, as well as the creation of customer service ecosystems;
- The increase in sums insured (due to high inflation and the risk of underinsurance) for corporate as well as individual customers, so that these sums are updated and adjusted to the real value of the property insured will result in an increase in insurance premiums and claims payments that will ensure the full restoration of damaged or lost property;
- The growth of the construction industry – including the increase in infrastructure and energy transition-related

investments – in conjunction with the expected inflow of funds from the European Union's National Recovery Plan and Cohesion Fund will generate increased interest in contract guarantees and CAR/EAR insurance;

- The increase in the use of technology and artificial intelligence will result in the rapid growth of the cyber-insurance market, with insurers focusing on offering comprehensive solutions that combine financial protection with prevention and incident response services;
- More intense and increasingly more unpredictable chance events, such as sudden floods, hail, torrential rains, hurricanes, tornadoes, droughts, and spring frosts, are contributing to increasing claims ratios in the property insurance sector;
- Climate change, among other things, a greater range of crop species is grown by agricultural producers, which has a positive impact on crop rotation and biodiversity and may influence the development of subsidized agricultural insurance offers;
- Changes in trends and behavior of customers looking for personalized offers and a fast, electronic way to conclude contracts and avail themselves of insurance service are forcing the need to adapt quickly to new expectations in order to maintain a competitive advantage;

- Better use of data due to technological developments and the use of artificial intelligence will allow the creation of more precise offerings and a better adjustment of price to risk, consequently, building a competitive advantages.

Life insurance market in Poland

- Price pressure in group insurance and the competition for client ownership (and client data) cuts the insurer's margins, reduces the scope (quality) of the product and fostering entry and exit obstacles for clients to overcome with independent intermediaries;
- An increase in mortality due to an aging population, as well as the possible return of the COVID-19 pandemic or the emergence of new epidemics or infectious diseases, will contribute to an increase in claims ratio and a reduction of the insurance portfolio (a decrease in the number of people insured);
- Demographic changes and the aging society as well as the ensuing changes in the current mortality and fertility levels motor the development of the offer for senior citizens;
- Increased insurance awareness (including after the COVID-19 pandemic), changes in client trends and behavior toward personalized life insurance offers may result in the development of individual insurance, while limiting the potential for the development of group insurance in its current formula;
- Better use of data due to technological developments and the use of artificial intelligence will allow the creation of more precise offerings and a better adjustment of price to risk, consequently, building a competitive advantages.

Insurance in the Baltic Countries and Ukraine

- Geopolitical tensions, particularly the ongoing Russia-Ukraine, which has a direct impact on the possibility of conducting insurance operations in Ukraine and on their results;
- More intense and increasingly more unpredictable chance events, such as sudden floods, hail, torrential rains, hurricanes, tornadoes, droughts, and spring frosts, are contributing to increasing claims ratios in the property insurance sector;
- Changes in trends and behaviors of clients seeking customized offers as well as an electronic, swift conclusion of agreements and handling of insurance, force insurers to adapt to these new expectations rapidly;
- Increase in insurance fraud cases as a result of the more difficult situation in numerous industries causing growing unemployment.

Health

- High demand for medical specialists outstripping supply may slow the growth of health care facilities, as well as reduce the margins they achieve;
- Inflationary pressures from affiliate networks and salary pressures exerted by doctors and other personnel serving patients in medical centers may directly affect the financial performance of PZU Zdrowie;

- Wage pressure combined with an increase in demand for medical services may result in limited ability of providing these services in selected medical centers – medical personnel may prefer/accept only facilities that meet higher employee salary expectations;
- Changes in trends and expectations of clients, causing greater personalization of the offers, may bring about the need to change processes and systems, which in turn may affect the bottom-line results achieved;
- Decrease in fertility rates, increase in mortality and morbidity rates, as well as the so-called health debt being the consequence of the fact that during the pandemic treatments for certain conditions (e.g., cardiovascular and oncology) were delayed, may translate into greater loss ratio in health products (e.g., in subscription plans or in health insurance);
- The constant pressure on price in group insurance limits the ability to sell new health products that are add-ons to group insurance;
- High competition in the health care services market in terms of both price and scope of the services affects the results;
- High saturation of the market in larger cities and also staff shortages and lack of customer potential in smaller towns may slow down the development of the health offers;
- Potential modification of the valuation of outpatient specialist care services by the National Health Fund may cause significant changes in the financial results generated by medical centers;

- Stronger and/or more aggressive policy geared at the development of the network of own facilities by competitors may significantly affect the possibility of acquiring patients or the competitive position of PZU Życie medical operators in the long term;
- Social and economic consequences related to business restrictions due to the possible emergence of new epidemics or the return of the COVID-19 pandemic could result in restrictions on the operation of medical facilities, which could significantly affect their performance.

Investment funds and Employee Capital Schemes

The condition and performance of the market for investment funds and Employee Capital Schemes will depend mainly on the following:

- the climate in the financial markets, which is influenced, among other things, by the geopolitical and macroeconomic situation, the actions of foreign central banks and the NBP;
- the performance of listed companies, indirectly related to the absorption by the economy of the high inflation environment which will affect the rate of economic growth in Poland;
- the clients' propensity to allocate savings in investment and long-term solutions in the event of a higher inflation and greater debt servicing costs.

Pension funds

The main challenges facing the pension fund market are the following:



- the climate on the capital market (in particular on the Warsaw Stock Exchange, which is affected by the geopolitical and macroeconomic situation) which affects the value of the funds' assets, and the level of fees collected by pension fund companies for management;
- work on enhancing the performance of the third pillar of the pension scheme, thus making it more attractive, and the influencing of the need in public awareness for accumulating additional savings for future retirement. Significant impact work on changes to the tax regulations on tax on capital gains capital gains. The scale of the impact will depend on the changes that will be introduced.

Banking

The main factors that could affect banking operations in 2024 include:

- the rate of economic growth in 2024, especially personal consumption, which is an important factor in the demand for banking products and the level of risk costs;
- the direction and pace of changes in interest rates, which can significantly translate into the level of interest margins of banks and, consequently, the results achieved by banks, due to the high sensitivity of the banking sector's results to this parameter;
- the tax and regulatory environment, including in particular the existence of a tax on certain financial institutions, high equity requirements, contributions to Bank Guarantee Fund (BFG), costs of further adjustments

to numerous regulatory solutions (e.g., MIFID II, GDPR, PSD II, MREL);

- the institutional environment, especially foreign currency mortgages, as well as potential rulings by the Court of Justice of the European Union, the Supreme Court or other state institutions in this regard;
- the government's "First Apartment" support program, which could have a positive impact on mortgage loan sales;
- reform of the reference index, i.e., replacing the WIBOR index with WIRON;
- the inflow of EU funds from the National Recovery Plan, especially in the view of a predicted slowdown of inflows in 2024-2025, from the Union's budget perspective 2021-2027, could provide a significant boost to the economy, positively influencing investment dynamics and demand for business loans.



4. Strategy and perspective

[ESRS SBM-1]

- 4.1. Strategic ambitions by 2024
- 4.2. Implementation of the strategy in 2023
- 4.3. ESG ambitions for 2030-2050
- 4.4. A strategic perspective



4.1. Strategic ambitions by 2024

19 [GRI 3-3]

The PZU Group’s existing 2021-2024 “Potential and Growth” strategy is based on focusing on customer needs, personalization and flexibility of offerings, and embedding these requirements in specially created ecosystems. Its achievement involves the implementation of a modern business model with observance of the principles of sustainable development and environmental care. It also assumes an improved quality of life for employees and customers and a commitment to the development of local communities.

2023 was the third year of implementation, with significant changes in the level of ambition levels and metrics set. Due to the implementation of IFRS 17 (effective 1 January 2023) and dynamic changes in the

macroeconomic environment, the Management Board decided to update (27 April 2023) the strategic metrics and revise selected ambitions.

Updated strategic metrics by 2024

>28 Gross insurance revenue (PLN bn)

- **Changes in KPIs**
- Written premium (GWP) is replaced by a new measure – insurance revenue. Written premium will not be reported directly in the profit and loss account. GWP will remain a monitored financial measure

1.7 Health Pillar Revenue (PLN bn)

- **KPI will remain unchanged**
- No impact of changes in the Standard

4.3 PZU Group net profit (PLN bn)

- Net profit attributable to the equity holders of the parent company
- **KPI will remain unchanged**
- No impact of the change in the Standard on the shape of the indicator, the value changes

1.0 Banks’ contribution to PZU Group’s net results (PLN bn)

- **KPI will remain unchanged**
- No impact of changes in the Standard on the shape of the indicator, the value changes as a consequence of changes in strategy in the banking segment

15.5 Adjusted return on equity (aROE %)

- **New indicator**
- Calculated based on equity excluding other comprehensive income from insurance business (being the impact of changes in the macroeconomic environment on the PZU Group’s capital), which provides greater stability to the indicator

60 Assets under management (PLN bn)

- **KPI will remain unchanged**
- No impact of changes in the Standard

≥200 Solvency II ratio (%)

- **KPI will remain unchanged**
- No impact of changes in the Standard

PZU Group’s strategy for 2021-2024 was built on the basis of **4 fundamental goals**:

 **stable dividend and growth in premiums written and revenues**

 **utilization of PZU Group’s potential**

 **innovation**

 **sustainable growth**

The IFRS 17 standard was introduced to improve the quality and enhance the usefulness and comparability of the financial data presented by insurance companies using International Financial Reporting Standards (IFRS). On the technical side, the implementation of IFRS 17 at PZU has affected the presentation of data, while maintaining a neutral impact in terms of generating cash flows, allocating equity to strategic initiatives or maintaining the current dividend policy.

The IFRS 17 standard introduced significant changes to the previous IFRS 4 standard, in terms of valuation methods, aggregation of insurance contracts, segmentation, risk adjustments, recognition of economic changes or the presentation of data in the financial statements itself, among others. In order to maintain consistency and transparency, it was necessary to update the adopted strategic ambitions for the PZU Group's 2021-2024 strategic outlook. The main changes related to the implementation of the new standard and the update of strategic metrics are outlined below.

IFRS 17 – non-life insurance – main changes

- Non-life insurance valued primarily based on the premium allocation approach (PAA), which ensures comparability of insurance revenue to earned premiums under IFRS 4.
- Conservative valuation of loss provisions under IFRS 4 was replaced by valuation based on best estimate of cash flows with risk adjustment for non-financial risk.
- Loss provisions recognized at present value (taking into account the effect of the time value of money). The effect of changes in discount rates on the amount of provisions recognized directly in equity.

MSSF 17 – IFRS 17 – non-life insurance – key metrics

- Gross written premium (GWP) was replaced by a new measure – insurance revenue. Written premium will not be reported directly in the profit and loss account, but will remain an observed financial measure.
- Combined Ratio (COR) will remain a key KPI; however, the calculation method is being adapted to the new measures introduced by IFRS 17. New COR determined as: the ratio of insurance service expenses after reinsurance to insurance revenue less the reinsurer's share.

IFRS 17 – life insurance – main changes

- The conservative mathematical provision was replaced by the liability value (LRC) which is the sum of three components: present value of cash flows, risk adjustment and contractual service margin (CSM) representing future earnings.
- Life insurance are valued mainly on the basis of the general measurement model (GMM), for which the main source of the result in the period is the release of the CSM, so that profits will be recognized according to a stable scheme.
- Unlike IFRS 4, in which any changes in actuarial assumptions were directly recognized in the result for the period, under IFRS 17, the impact of changes in assumptions is recognized through changes in CSM amounts and amortized over the life of the contract.



- For the GMM model, the effect of change in interest rates on the amount of provisions is recognized directly in equity through the change in other comprehensive income (OCI) and does not affect the result of the period
- Profit is presented in a clearer way. The insurance service result will be presented separately from the financial result. Insurance revenue is presented excluding the so-called investment component

IFRS 17 – life insurance – key metrics

- Gross written premium (GWP) was replaced by a new measure – insurance revenue. GWP will not be reported directly in the profit and loss account, but will remain an observed financial measure.
- CSM can be used in many new KPIs to measure profit levels in the future.
- Insurance business margin will remain a key KPI, but the calculation method has been adapted to the new measures introduced by IFRS 17. The margin will be determined as the ratio of the result from insurance together with the result from investment business allocated to insurance to insurance revenue less the reinsurer’s share.

IFRS17 – impact on strategic operations

The implementation of IFRS 17 has not affected the PZU Group’s Strategy in the areas of products, distribution, pricing or capital allocation. All planned business ventures have been maintained. The PZU Group implemented them according to the schedules adopted for them within the 4 main areas of ambition.

Area 1 – Stable dividend and growing gross written premium and revenue

• Maintaining growth in key business areas

Insurance – maintaining leadership position; gross insurance revenue higher than PLN 28 billion.

Health – the fastest-growing company on the health care market; PZU Zdrowie increased its revenues to PLN 1.7 billion, i.e., by 80%.

Investments – increased assets under management to PLN 60 billion, i.e., by 82%.

Banks – Alior Bank and Bank Pekao increased their contribution to the Group’s financial results to PLN 1.0 billion.

- **Maintaining cost discipline** – maintaining cost efficiency based on cost discipline, digitization, digitalization, and remote and hybrid work. The goal is to reduce the administrative expense ratio by 0.1 p.p. in 2024.
- **Strengthening the potential to generate high net profit** – achieving the highest net profit of PLN 4.3 billion at the end of 2024 since going public on the WSE.
- **Ensuring high business profitability** – maintaining and improving high business profitability. Achieving an adjusted return on equity (attributable to owners of the parent company) – aROE of 15.5%. It is an indicator calculated on an equity basis excluding other comprehensive income from insurance business (being the result of the impact of changes in the macroeconomic environment on the PZU Group’s capital).

- **Maintaining an attractive dividend policy** – generating above-average earnings and paying out 50% to 100% of consolidated annual profits.

Area 2 – Leveraging the PZU Group’s potential

- **Effective use of databases and knowledge of clients** – harmonizing access to information sources and channels, rolling out analytical tools for machine learning and artificial intelligence, and incorporating them in our business processes.
- **Development of business cooperation with banks and strategic partners** – achieving PLN 3 billion cumulative premiums written in cooperation with Pekao Bank and Alior Bank, by reaching customers with a comprehensive and unique offer of combined insurance and banking products. It plans to broaden the PZU Cash offer, strengthen the insurance position on the energy market and develop cooperation with Strategic partners operating on the e-commerce market.
- **Using all distribution channels** – reaching customers through a variety of distribution channels specifically tailored to their needs and preferences. Clients will receive access to a broad range of modern products, including life and non-life insurance as well as health, investment and banking products customized to their evolving needs at every stage of their life.

- **New approach to health care in Poland** – building health awareness and preventing the occurrence of diseases. Offering the highest quality personalized medical care services.
- **Technological changes in the claims handling process** – introduction of a modern claims and benefits handling process using new technologies to automate and accelerate processes and reduce costs.

Area 3 – Innovative financial group

Use of state-of-the-art technologies in all areas of operations:

- **digitalization and streamlining of processes** – we continue to implement solutions for clients that are simple, intuitive and universal;
- **use of AI, Big Data and advanced analytics** – implementation of new technologies should lead to improved operating efficiency and profitability of business, among others through automation and streamlining of decision-making processes;
- **mobility and omnichannel approach** – utilization of new digital distributions channels to supplement the traditional ones; development of service ecosystems based on modern digital platforms;
- **cloud computing** – support for technological transformation, including greater efficiency of the infrastructure;
- **cybersecurity** – protection of our IT networks; introduction of tools for estimating cybersecurity risk in the financial sector.



Area 4 – sustainable growth

Active participation in the processes of safe and responsible transformation.

- **Expanding offer** to include green products.
- **Support for social initiatives** aimed at, among others, environmental protection as well as promotion of safety and a sustainable lifestyle.
- **Transparent operations** based on clearly defined ESG criteria as a priority for PZU Group.

Long-term assumptions – made in defining ambitions

The PZU Group’s strategic ambitions until 2024 were based on predictions of both global and local social and economic changes. The most important of them are the new trends after the COVID-19 pandemic, climate change, and changing demographics.

As a result of the COVID-19 pandemic, digitization and the use of advanced technologies have greatly accelerated and new trends have emerged that will shape client preferences and needs in the future. The PZU Group sees these changes as an opportunity to grow faster and strengthen its competitive edge. As data analysis tools, machine learning, artificial intelligence, chatbots, virtual assistants, data mining are developed and the possibilities of integrating sales channels (omnichannel approach) emerge, the PZU Group will be able to strengthen its relationships with clients by offering personalized products in the most accessible way possible.

Climate and environmental issues are also becoming increasingly important in business operations. Climate change, on the one hand, will intensify chance events, namely the occurrence or absence of catastrophic events, such as floods, droughts, heat waves, torrential rains, hail, cyclones or whirlwinds. This will have a direct impact on the amount of claims paid out by PZU, the cost of reinsurance protection, and the level of capital requirements. On the other hand, growing climate awareness opens up opportunities for the PZU Group to develop its product offering in new areas of the insurance and investment business.

The trends related to demographic changes are also important. As the population continues to decline, coupled with the simultaneous aging of the population, the demand for health care and long-term care to senior citizens increases. The PZU Group wants to respond to these challenges by introducing products and services that will genuinely enhance the well-being of people aged 60+.

At the same time, due to the armed conflict in Ukraine and the consequences in the economic and social sphere, there are further challenges and potential risks and among them, for example: rising inflation translating into a decrease in insurance profitability, and indirectly into a decrease in sales by weakening the condition of households and businesses. Simultaneously, the expected increase in TPL prices is not taking place, which could affect sales plans. An increase in interest rates, in turn, results in higher bank profitability, but also in a decline in interest in loans, which could make it difficult for banks to achieve their contribution targets in the long term. Clearly, hostilities translate into the conduct of business of Ukrainian companies belonging to the PZU Group, and therefore the risk of losing business and not achieving the assumed market position.

4.2. Implementation of the strategy in 2023

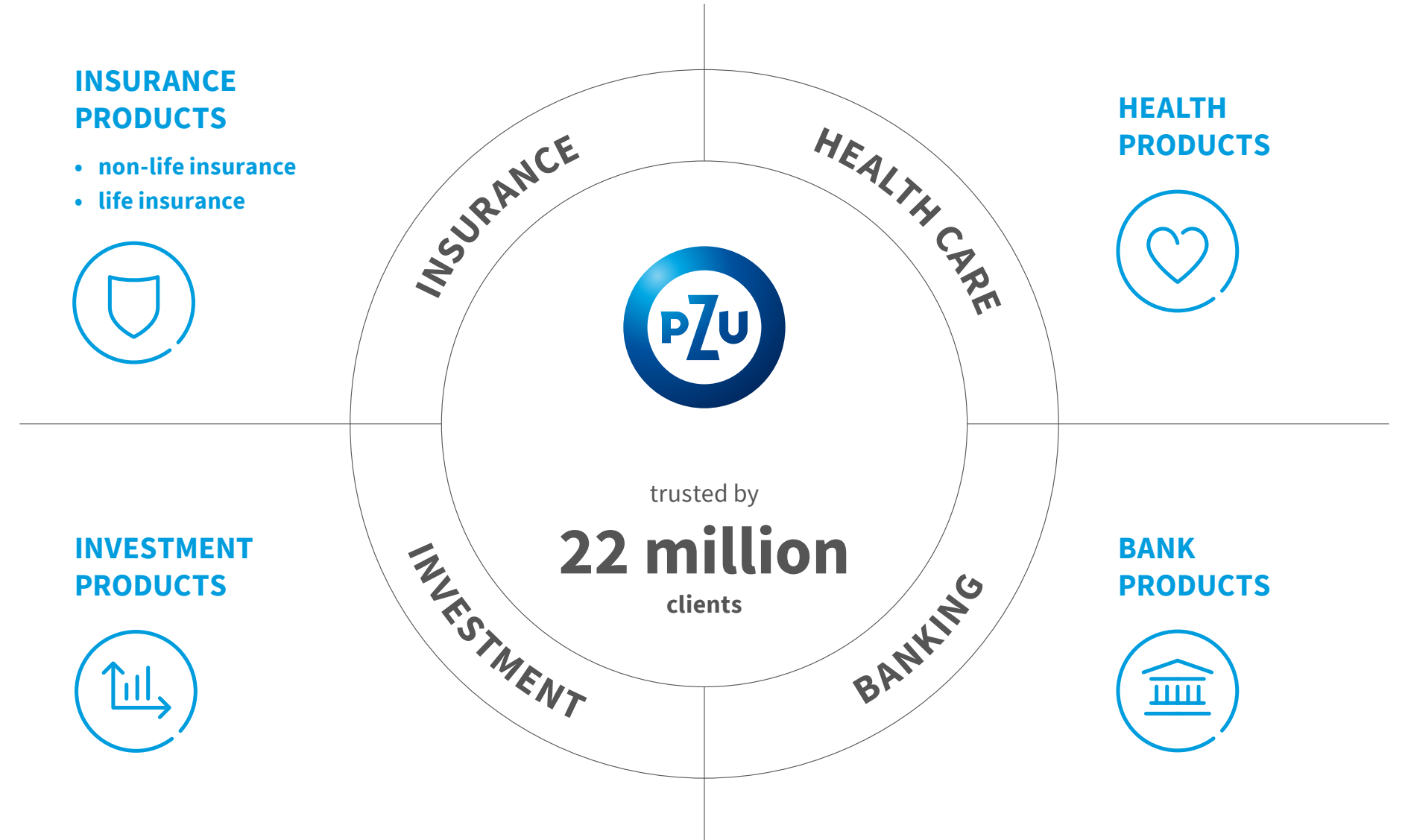
¹⁹ [GRI 3-3] [GRI 2-22] [IIRC]

Building the most comprehensive offer on the market

In February 2023, new insurance rider was introduced for Individual Continuation “IK” customers. This is insurance for hospital treatment of a heart attack, stroke or malignant neoplasm. Taking advantage of the current macroeconomic situation, PZU purchased favorable interest-bearing bonds to secure capital insurance provisions and offered individual protection and unit-linked insurance with a higher profit share to customers. A guaranteed return product was also offered in Q1 2023 with another distributor, VeloBank S.A. At the beginning of 2023, PZU introduced TPL for environmental damage, an insurance that protects against third-party claims related to a customer’s environmental pollution. PZU has also implemented an innovative platform for comparing insurance coverage. The tool, introduced in cooperation with a Danish insurtech, provides PZU with detailed comparative analysis of products available

from other insurers and allows for effective monitoring of changes in their offerings, mainly focusing on the range of products not their price.

In the second half of 2023, the #inPZU family of funds expanded to include 6 new index strategies operating in forward-looking market segments: inPZU Zielone Obligacje – the first fund created from scratch to comply with Article 9 of the SFDR, inPZU Obligacje Korporacyjne High Yield, inPZU Akcje Sektora Zrównoważonej Gospodarki Wodnej, inPZU Akcje Sektora Biotechnologii, inPZU Akcje Sektora Technologii Kosmicznych, inPZU Akcje Sektora Cyberbezpieczeństwa. Also launched on the platform was the sale of actively managed funds (the composition is self-selected by the experts managing the fund). The fund’s goal is to achieve the highest possible rate of return by adjusting the fund’s composition on an ongoing basis to reflect current market conditions. Moreover, TFI PZU has launched two more funds that are part of the sustainable investment trend: PZU Akcji Odpowiedzialnego Rozwoju, PZU Obligacji Odpowiedzialnego Rozwoju.



Business support services

The PZU Group expanded its offering for businesses to include support services – risk management assistance through advisory services and implementation of advanced tools and providing an IT system for fleet management (insurance administration, fleet risk management, advisory services, ongoing legal support for Polish international fleets). PZU offers PZU iFlota, a state-of-the-art system that combines fleet management, insurance management and safety management and

addresses the needs of fleet managers. The primary function of PZU iFlota is fleet management with records of vehicles, drivers and various costs, as well as handling fuel cards and maintenance services, among other things. Furthermore, PZU iFlota also has the option of insurance management, i.e. access to data on current policies and TPL and MOD claims, for the client and for the insurance intermediary, and reporting claims through the app. The third module is a preventive system aimed at improving fleet safety. The history and analyzes of claims allow the fleet manager to obtain information on prevention

activities that need to be undertaken to decrease the number and severity of claims. A new tool has been introduced as part of the overall system, the PZU iFlota EV, whose task is the electrification of Polish fleets. In cooperation with VivaDrive, PZU is facing the changing reality and facilitating the introduction of electric cars into Polish businesses. The iFlota EV system provides comprehensive and expert assistance in reducing carbon emissions in the fleet. iFlota is able to guide a corporate client (insured with PZU) step by step through the process of introducing EVs into the company and introduce the topic of EV management. If the customer decides that electric cars are a good solution for them, iFlota (available on PZU's website) will offer calculations that indicate how many of the company's fleet vehicles can be replaced with electric cars. The calculations will also present the savings that are possible to generate with this type of investment, as well as what is the most important – the reduction of CO2 emissions in the company. A new

feature is the information on claims provisions, which is now available in the system. Now customers and brokers will be able to respond even more quickly to claims, this is extremely important, among other things, in the case of third-party liability claims, where the effectiveness of reducing a claim can depend specifically on the response time.

Business ecosystems

Benefits Ecosystem

The goal of building the Benefits Ecosystem is to create new interactions with clients based on their everyday life activities such as physical activity, healthy lifestyle, sports, health, family, safety. The ecosystem consists of a set of advanced digital tools targeted at both employers and individual clients. As part of the Benefits Ecosystem, clients receive:

ECOSYSTEM FOR DRIVERS

We will prepare an ecosystem addressing clients' various needs...

- We will help **buy and sell a car**
- We will provide support in **financing purchases**
- We will provide **insurance products**
- We will check the vehicle's state of repair
- We will **organize its repair**
- We will provide **legal support**
- We will organize road assistance and a replacement vehicle
- We will propose a **repair workshop**
- We will remind clients of important dates
- We will make the **history of repairs** available
- We will prepare a **loyalty program**
- We will offer **additional discounts** on our partners' services

...in which the driver is at the center of attention. We provide comfort and safety of use to...






... widespread access to services and the usage of the relevant digital technologies.

- Services accessible in a single venue without leaving home, 100% online**
- The ecosystem will be accessible for everyone, even if he or she does not have insurance**
- Hotline accessible 24 hours a day, 7 days a week**
- Jointly with our clients we will develop our services and constantly improve their quality**
- We will furnish safe and user-friendly digital tools**

Not every driver is an expert in vehicle maintenance and that is why we want to provide support to him or her and act as a partner to care about comfort and safety

- access to attractive offerings from third-party partners,
- access to 3500 sports venues under the PZU Sport subscription,
- a tool for digitizing HR tasks, handling employee requests, animating employee communities, and automating the flow of internal documents,
- a tool for managing subscription benefits: medical care, sports passes, etc., which is a synergy with other areas of the PZU Group.

Driver Ecosystem

It is an extensive ecosystem that provides in-depth assistance, including support for buying or selling a car, vehicle health checks, possible repairs and legal assistance, discounts on services from Group partners, arranging a replacement car, among other things. All services are available in one place, through secure and user-friendly digital tools – the Non Stop Assistance Platform. The platform for drivers is available to anyone, even those without insurance. In 2023, the following were made available on the platform: tire and windshield service, vehicle towing, arranging a replacement car, and teleconsultation with a mechanic. As of November 2023, the Driver Ecosystem offering is also available on mojePZU.

ECOSYSTEM BENEFITS

Convenient space to manage benefits unrelated to salary

- Set of advanced digital tools facilitating employers' comprehensive management of benefits

Extensive offering of the PZU Group's benefits

- Many benefits in one venue – ranging from cafeterias and sport cards to insurance and financial products and all the way to health products
- Contact with a single supplier of multiple services for employees: time savings, unifying processes, convenience and lower administrative expenses






Building a community

- An ecosystem offers new opportunities to build relations with clients in daily life

New to the market and attractive products

- PZU Sport – sport and recreation subscription
- CASH – loans with attractive terms repaid directly from the salary
- Combined sport, recreation and medical packages and other packaged solutions involving insurance, physical activity and health blended with the services of external partners

Institutional clients obtain a comprehensive offering consisting of various types of benefits unrelated to salary for their employees

Individual clients have accessible services and tools enhancing their comfort in life, activity, lifestyle, etc.

Ecosystem for Health

In the health area, the PZU Group offers services relating to healthy nutrition and physical activity, preventive medical testing and full medical care – in the form of insurance, subscriptions or for fee services. The system will include teleconsultations and remote patient monitoring and household treatment while at the same time giving all of the interested parties rapid direct access to physicians in PZU Zdrowie’s proprietary outlet network that is constantly growing and undergoing integration.

In early 2023, PZU Health took over Nowa5 Medical Center in Gorzów Wielkopolski. The facility provides care from more than 40 specialists and a wide range of rehabilitation treatments. This is PZU Zdrowie’s first own facility in the Lubuskie region. In 2023, PZU Zdrowie expanded its telemedicine portfolio with two new

packages for the diagnosis and monitoring of cardiac arrhythmias. Patients of the PZU Zdrowie’s Warszawa Stawki Medical Center will be the first to benefit. The solutions will be provided by Telemedycyna Polska S.A. In 2023, PZU Zdrowie acquired 100% of Boramed, which has two facilities in Warsaw and is a local leader in gynecological and obstetric care.

In 2023, PZU Zdrowie launched new diagnostic imaging labs in Krakow, Gdańsk, Białystok, Poznań and Toruń. In the second half of 2023 it launched a new multispecialty medical center in Krakow. This is the fifth and largest PZU Zdrowie facility in the city. PZU Zdrowie has also opened a multispecialty medical center in Gdynia. This is the medical operator’s first own facility in the city. In the Tri-City, PZU Zdrowie has six own facilities and diagnostic laboratories.

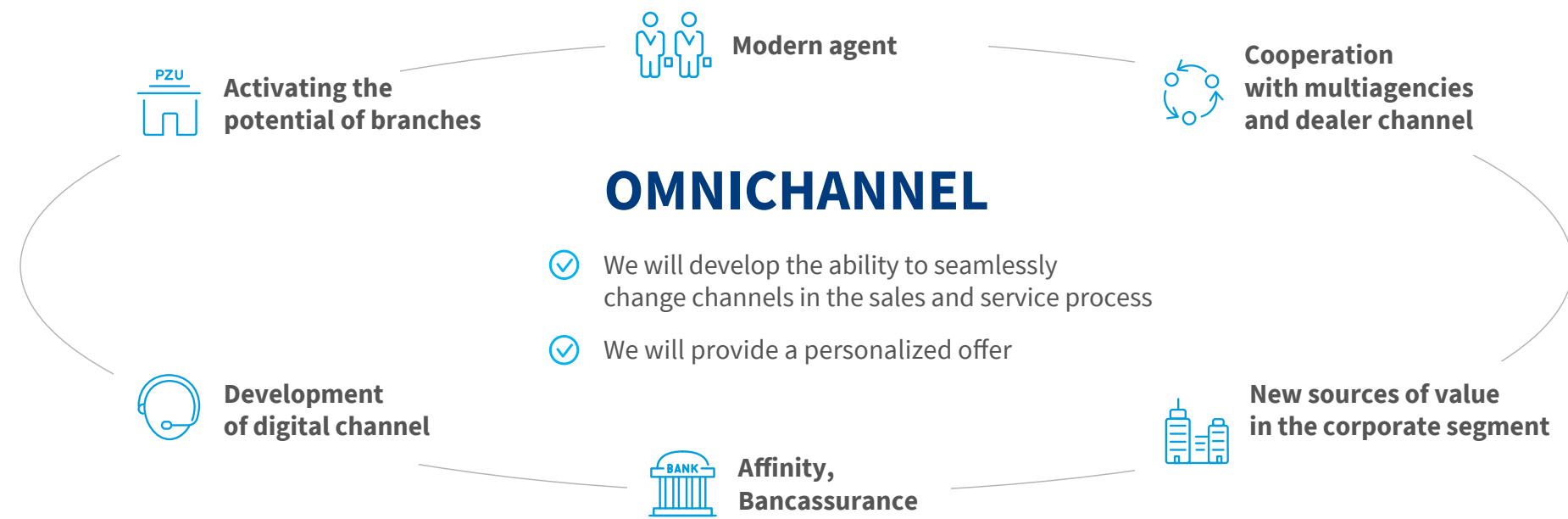


Offer for seniors

In response to the challenges of demographic change, a dedicated offer for seniors has been introduced. The offer will ultimately include the following: insurance corresponding to their expectations in terms of scope and sales and service channels, medical services with special emphasis placed on remote care at home and treatment in health spas, special safe bank and investment products and also a package of services to

support seniors in their day-to-day life and community activities: ranging from assistance in traveling to see a physician, delivering medicines, organizing physical therapy, to household repairs or participation in sports classes and courses. The offerings for seniors is, among other things, the “67+ Medical Package” to help adults take care of their health and take precautions in case it may deteriorate. Additionally, a new rider to Individual Continuation was introduced: hospital, heart attack, stroke or cancer insurance.





Introduction of an integrated approach to all distribution channels

– developing hybrid service paths in the service and sales process. Digitalization of sales and post-sales processes will ensure an increase of their efficiency and create a new channel for the activation of agents.

Implementing new technologies in the claims and benefits handling process

PZU was the first insurer in Poland to offer its clients innovative tools based on artificial intelligence (AI) to handle motor claims. The AI assistant prepares the initial repair cost estimate based on photos uploaded by the client via the app, which greatly enhances the claim estimation process. In 2023, PZU established a GPT Lab team to analyze and test generative artificial intelligence (GAI) in the company's

operations. GAI, represented by ChatGPT, enables the creation of contextual responses to questions and requests.

The PZU Group keeps improving its claims and benefits handling procedures. Adapting to clients' new expectations will help ensure agile and friendly service processes. Access to an extensive vehicle repair network, an efficient service process and a quick disbursement of indemnification or benefits solidify the PZU Group's position as the most reliable insurer on the market. Clients may use the mojePZU portal to, for example, purchase a policy, check their current insurance cover, report a claim and check its status, make a doctor's appointment. It is continuously developed and supplemented with new functionalities and services, for instance, in sales of insurance products and renewals, handling claims and benefits, and in areas of health and investment. At the end of 2023, the mojePZU portal was used by more than 4 million users.

TECHNOLOGY IN CLAIM HANDLING

Damage recognition based on pictures

Utilizing artificial intelligence makes it possible to fully control and audit losses in which the payment will be accepted automatically

Anonymizing photos

The model supports the process of preparing photos to put post-accident vehicles up for auction, thereby reducing the work done on manually handling photos.

Automatic reading of data from documents

This system processes unstructured documents into a digital format, then it finds the data on the basis of a learned AI model.

Automatic segregation and classification of e-mails

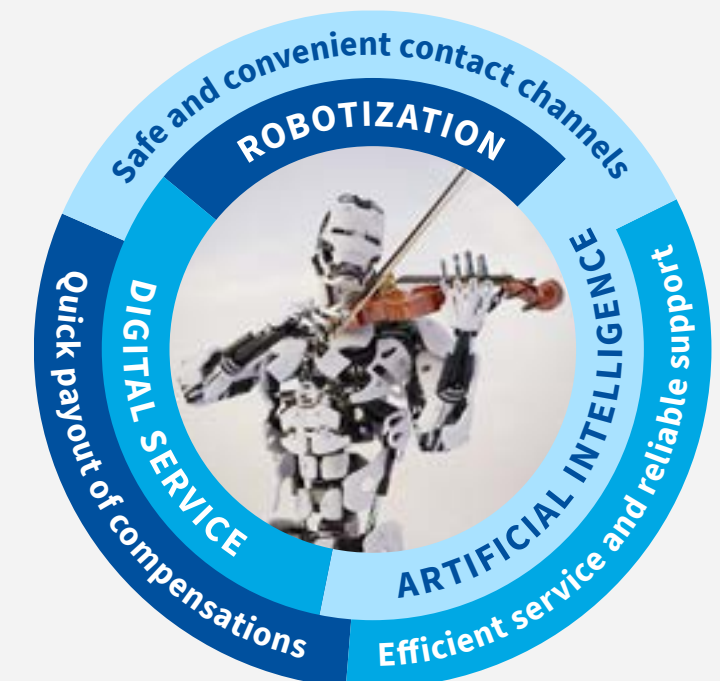
Utilizing artificial intelligence in the process of segregating PZU's incoming e-mail correspondence will increase the speed and efficiency of service and reduce costs.

AI in the Agent app

This solution enhances the quality of insurance documentation already at the stage of its collection thereby reducing the cost of verification.

Using robots to search for a service provider

On the basis of a client's location data the robot will find the road assistance unit that is the closest and may fill the order the fastest. It checks its availability and transmits information regarding the client's location.



Leveraging the potential of PZU Group companies

LINK4 – will generate a growth in the gross written premium of over 22% (up to PLN 1.3 billion) until 2024 thanks to, among others, further consistent digital transition. Analytics will be a source of growth and savings in marketing processes, sales, claims handling and better client management across all channels (omnichannel approach). This will also translate into an increase in LINK4’s share in the TPL market to over 6% and, as a consequence, an increase in the property insurance market share to approx. 3%.

LINK4’s gross written premium at the end of 2023 was

PLN 1.2 billion

In 2023, LINK4 provided customers with a new service and sales portal. The new service includes a very fast insurance calculator, which, thanks to its integration with the Central Register of Vehicles and Drivers (CEPiK) database, allows calculating the premium for the most popular TPL or MOD policies in seconds.



TUW PZUW – will increase gross written premiums by about 62% to PLN 1 billion by 2024. The assumed increases will be achieved thanks to, among others, operating and cost efficiencies. New products will also be introduced, among others in the cybersecurity area.

TUW PZUW is responding to the challenges of the future. It has adopted its first Data Strategy for 2023 -2024. Entitled „More Knowledge” the strategy sets directions and goals for management activities and data analytics, and will be implemented in accordance with the mission „We turn data into shared benefits”.It is intended to offer even better services to customers and support the implementation of TUW PZUW’s business strategy.

As part of business development and building at scale, a conditional agreement was signed on 4 September 2023 to acquire from Orlen SA all of the shares in Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych and Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych na Życie. On 12 January 2024, the Polish Financial Supervision Authority did not object to the shares covered by the agreement.

TUW PZUW’s gross written premium at the end of 2023 was

PLN 1.15 billion

Foreign markets – the strategic objective is to maintain 8% of the PZU Group’s overall premium in the form of the gross written premium on international markets.

The share of revenue from the Baltics and Ukraine in PZU Group revenue at the end of 2023 was

10.1%

Bank Pekao and Alior Bank – an increase in revenues from insurance and banking cooperation by approx. 200 %, measured by written premium growth (during the term of the Strategy for 2021-2024) compared to the term of the previous Strategy (2017-2020). This means growth of the cumulative gross written premium in cooperation with banks up to approx. PLN 3 bn. This will be achieved by using the potential of the client base and providing them with extended comprehensive insurance and banking offer adapted to their needs, including, among others, motor, protection, credit, property, travel, leasing and group insurance.

As part of the cooperation between PZU and banks within the Group, Pekao Bank clients receive a credit card together with insurance of their purchases, Internet transactions and travels. They can use it to get reimbursed for goods purchased with a credit card in the event of damage, destruction or loss. PZU also offers its

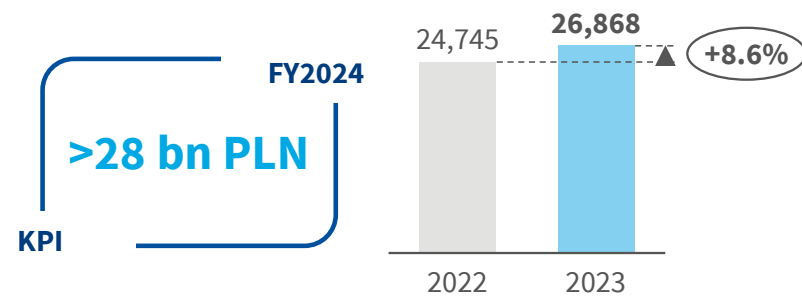
customers reimbursement of purchase costs if they shop online, paying with their card, and the goods turn out to be, for instance, defective or different from the order, and a customer is facing difficulties in recovering money from a seller. Bank clients may choose between three packages: Standard, Gold and Platinum, which may be flexibly changed in the PeoPay app. The Golden and the Platinum packages offer the clients travel insurance in Poland and abroad, as well as additional benefits which Pekao Bank grants to make the travel easier.

The offer of Bank Pekao includes individual life insurance for borrowers of mortgage loans. The insurance is dedicated to customers who sign a mortgage loan contract, but also for borrowers who are in the process of repaying the loan. Further, PZU motor insurance is available at Bank Pekao through its branches, online banking – Pekao24 and mobile app – PeoPay. Other than the PZU offer, Bank Pekao also makes the LINK4 motor insurance available – in the form of a mini comparison tool of two insurance companies. The offer also includes: Pewny Profit (Reliable Profit) at Bank Pekao and Bezpieczne Jutro (Safe Tomorrow) at Alior Bank. They guarantee rate of return in the bancassurance channel, making use of the potential generated by high interest rates. In 2023, Bank Pekao introduced life insurance for remote sales.

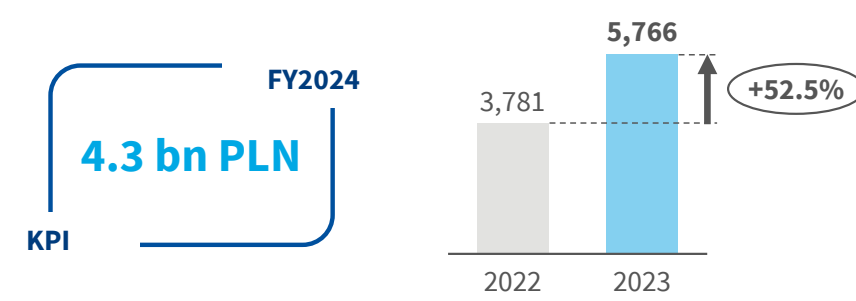


Main strategic metrics

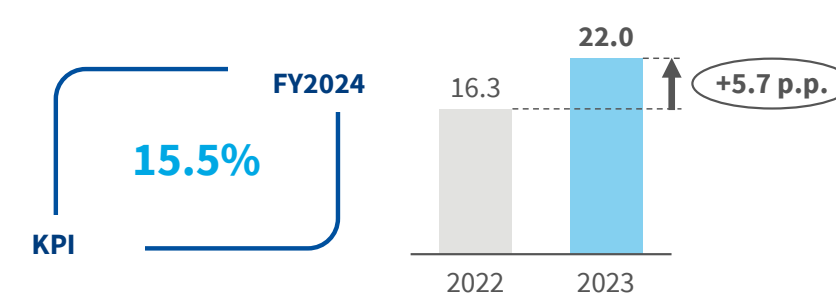
Gross insurance revenue of PZU Group¹ (PLN bn)



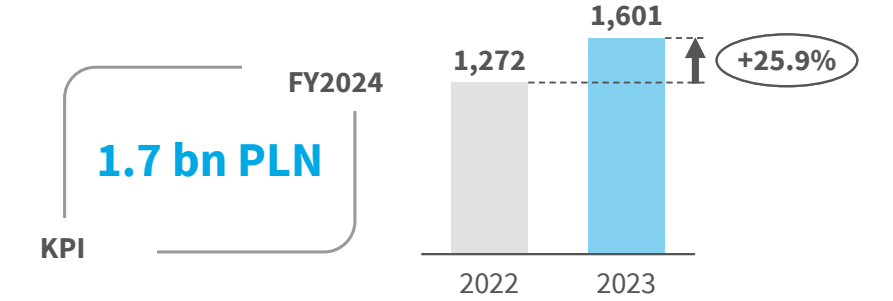
PZU Group net profit² (PLN bn)



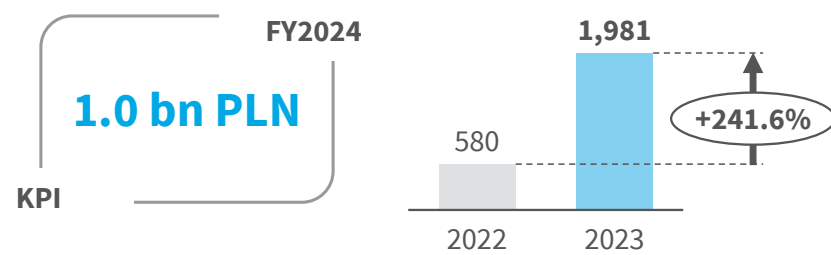
aROE³ (%)



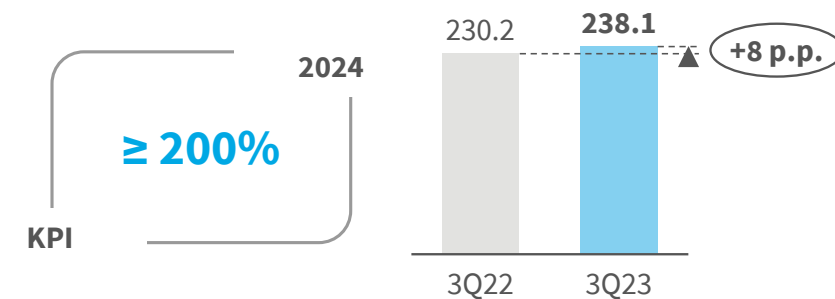
Health Pillar Revenue (PLN bn)



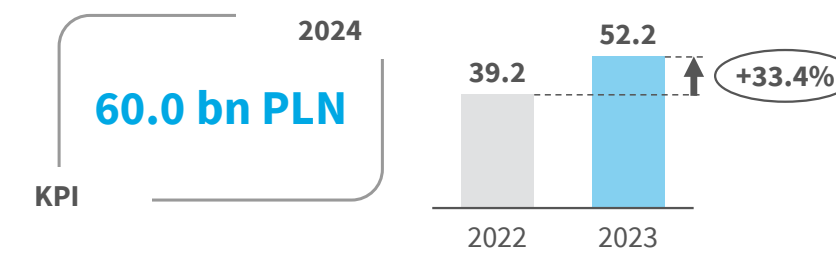
Banks' contribution to PZU Group's net results² (PLN bn)



Solvency II ratio (%)



Assets under management⁴ (PLN bn)



- 1) Gross insurance revenue of the PZU Capital Group
- 2) Net profit attributable to shareholders of the parent company
- 3) Adjusted return on equity (aROE %) calculated on a capital basis excluding other comprehensive income from insurance operations (showing the impact in the macroeconomic environment on PZU Group's capital)
- 4) External client assets under management of TFI PZU, Pekao TFI and Alior TFI

04.27.2023 – Presentation „The impact of the implementation of IFRS 17 and changes in the macroeconomic environment on the measures of the PZU Group Strategy 2021-2024”
https://www.pzu.pl/_files/serwer/item/1545909

7 8 34 35 19 9 [GRI 3-3] [ESRS GOV-2] [ESRS MDR-A] [ESRS S2-5]

Main strategic metrics in the ESG area

Sustainable growth – “Balanced Growth” ESG Strategy – as part of the adopted ESG Strategy, the PZU Group takes actions to strengthen its position as the leader and which comply with the principles of sustainable development. The PZU Group places environmental, climate and social factors on equal footing. PZU continues actions in 3 main areas (#organizational responsibility, #trusted partner in green transformation, #better quality of life). The key performance indicators for the „Balanced Growth” ESG strategy for 2021-2024 became the integral part of the corporate strategy. Below are the adopted ambitions and details of their implementation in 2023.

1) Giving consideration to ESG targets in the company’s strategic objectives and implementing them by the senior management

ESG targets comprise tasks connected with implementation of ESG strategy performance indicators; they relate to key projects and are directed to selected organizational units responsible for the implementation of strategic activities. By assigning ESG targets throughout the entire organization, also units which are not directly involved in strategic actions were included by PZU in the idea of sustainable development. The degree of attainment of these goals translates into the value of variable compensation to be received by the management staff. ESG targets were assigned to PZU Management Board members and also Management Boards of some of the subsidiaries.

In 2023, PZU and PZU Życie implemented 36 targets which take into account ESG factors. An expansion of the catalog of targets to include decarbonization activities is planned for 2024.

2) 70% of key purchase processes which accounted for ESG criteria

Any company wishing to cooperate with PZU shall familiarize itself with the Code of Conduct and Good ESG Practices of PZU Group Suppliers and accept its contents at the stage of submitting the Supplier Registration Form. The Code is a collection of principles for the PZU Group and all its suppliers. Conducting business in accordance with these principles and promoting its values constitute an important criterion for evaluating potential business partners. An indispensable element of the offers submitted by Suppliers are also signing the declaration

on familiarization with the Code and acceptance of its clauses.

In 2023, the document was updated in response to new challenges in the ESG area. The modified content of the “Code Conduct and Good ESG Practices” was authorized by resolutions of the Management Boards of PZU and PZU Życie. In 2023, ESG requirements were included in 53% of key purchasing processes.

3) Increase of the current exposure to investments supporting climate and energy transition by 500 m PLN in 2021-2024

In 2023, PZU and TFI PZU monitored the market for financing supporting the climate-energy transition, with a view to possible involvement and participation in financing such investments. They also analyzed new financing structures and trends in the climate-energy transition financing market. In response to the growing popularity of ESG-linked corporate financing, PZU and TFI PZU have actively joined the trend, rewarding and stimulating financed entities to make their businesses more sustainable. At the end of 2023, the portfolio of investments supporting the climate-energy transition amounted to PLN 2,645 bn.

4) ESG assessment of 55% of the biggest corporate insurance clients from sectors sensitive to ESG risks

According to the internal definition, the assessment covers the largest corporate insurance clients that operate in sectors which are highly and moderately sensitive to ESG risks and have a significant impact on

PZU revenues. Highly sensitive sectors include those industries that rely most heavily on non-renewable energy sources, are responsible for the greatest level of greenhouse gas emissions from direct and indirect emissions, and have the greatest impact on environmental degradation. The following industries are classified to this group: the fuel industry, the mining industry and the conventional power industry. Medium-sensitive industries include: chemicals, transport, automotive, construction and agriculture. The assessment of clients is carried out on the basis of two original methodologies for public and non-public entities, developed within the PZU Group under the supervision of PZU.

In 2023, the ESG assessment methodology for key corporate clients was updated. The main changes include modifying the strategy indicator to take into account updates to client databases, enabling ESG assessments based on clients’ non-financial reports, updating the assignment of sectors to high, medium and low ESG risk-sensitive categories based on the EU Taxonomy, among others. In addition, another group of customers has been evaluated in accordance with the strategy. In 2023, the implementation of the activities translated into the realization of the indicator “Assessment for ESG factors of the largest corporate insurance clients in ESG-sensitive sectors” at 40%.

5) Achieving climate neutrality by reducing emissions, purchasing green energy and compensating CO₂ emissions (emissions scopes 1 and 2)

The PZU Group has been measuring its direct and indirect emissions since 2018. Every year, the measurement process is improved and its scope extended. The

emissions calculation is independently verified by a certified verifier.

PZU and PZU Życie continuously takes actions aimed at reducing scope 1 greenhouse gas emissions associated with combustion of fuels. Among other things, there were efforts to transition to a low-carbon vehicle fleet in 2023. As a result, the fleet was increased by 43 cars, i.e., 5 electric cars and 38 hybrid cars. Investment activities at PZU's real property were also implemented, which translated into reductions in thermal energy, electricity and atmospheric emissions.

According to the commitment made in the ESG Strategy, PZU SA and PZU Życie SA carried out the offset of the CO2 emissions to which they contributed in 2022. These emissions were offset by purchasing certified offset credits, CERs, made available by the UN Carbon Offset Platform. As part of offsetting the environment for emissions generated in 2022, the funds were allocated to wind power development in India. The companies purchased offset units equivalent to emissions for PZU and PZU Życie of 17,425 Mg of CO2. PTE PZU (purchased units equivalent to 24 Mg of CO2) and TUV PZUW (92 Mg of CO2) also joined the effort. The funds from the CERs purchased by TUV PZUW have been earmarked for the development of a hydroelectric complex – hydroelectric plants on the Jordão River in Brazil. In addition to the CO2 offset made, TUV PZUW has purchased 1,040 CDUs (carbon dioxide units) from the State Forests. CDUs represent 1 ton of CO2 that will be accumulated in the forest stand and soil as a result of additional activities. The purchase of CDUs represents TUV PZUW's contribution to mitigating the negative effects of climate change in Poland.

Going forward, by 2030, it is planned to reduce the carbon footprint of further companies in the PZU Group and to start reducing emissions across the entire chain of companies cooperating with the PZU Group. Between 2040 and 2050, the Group's ambition is to achieve climate neutrality of suppliers and business partners, and ultimately also of insurance clients and investments.

6) Achieving 10-15 million recipients of social activities in the area of safety and sustainable lifestyle during the year

In 2023, PZU continued its nationwide Dobra Drużyna prevention program, which aims – by popularizing and supporting physical activity for children and young people – to reduce the risk of disease and other insurance accidents. Thanks to the program, PZU influences the sports development of children and young people, expands the educational and sports offer and thus creates the right conditions for sports, especially in centers with limited access to financial resources. In 2023, 450 entities selected from more than 3,000 that applied during the ongoing call for proposals in March and April received funding amounting to PLN 5 million. Funds from the program could be used by beneficiaries to cover the costs of renting sports facilities, purchasing sports equipment, transportation to sports competitions, and entry fees for games and sports competitions. The funding covered nearly 100 sports. In total, Dobra Drużyna PZU prevention program, in the 2nd edition by the end of 2023, reached 51,000 children practicing 80 sports across the country, primarily in smaller towns.

For years, PZU has been conducting and supporting various health prevention campaigns as part of its preventive activities. In June 2022, under the honorary patronage of the Presidential Couple, in cooperation with the Ministry of Health, the National Health Fund, the Ministry of State Assets and the Ministry of Education and Science, PZU conducted the first edition of the nationwide health prevention campaign called Zdrowe Życie (Healthy Life). In 2023, the project continued, and its scale far surpassed the first edition. During the 6 months of the campaign, mobile health towns visited 25 locations (up from 12 locations in the previous edition). They traveled 17,130 km, devoting nearly 900 hours of attention to the health issues of Poles and performing 112,437 medical examinations and procedures in the process. 2,714 patients were referred for further diagnosis or treatment. The program was supported by an extensive communications campaign to build awareness of preventive health care and encourage the use of mobile health zones. The leading medium of the campaign was the Internet, which allowed for precise outreach to specific target groups and nationwide outreach efforts. High audience engagement was also ensured by social media. This was complemented by a campaign on local radio stations. Total campaign audience: 14.7 million.

7) Covering 70% of employees with the well-being program offer

Adopted in 2021, the well-being strategy promotes healthy lifestyles, optimal work styles, and inspires and encourages employees to implement habits that improve efficiency and quality of functioning on a daily

basis. In addition, it suggests how to effectively combine professional and private roles - employee, parent, caregiver.

In 2023, existing activities were developed and new activities were created under the #DobryStan strategy. In June 2023, the first edition of the „Letnia Szkoła Dobrostanu” program was held, which was dedicated to introducing techniques and methods of emotion regulation, mental regeneration in daily life and task management. It was an open workshop for PZU employees who are interested in developing their knowledge and skills in the field of well-being. In October, during World Mental Health Day, all employees were invited to attend in three webinars and discussions on building mental resilience and developing skills to create work-life balance.

The culmination of educational and promotional activities in 2023 was a series of hybrid events in the regions organized under the slogan #JesieńPełnaDobrejEnergii, which responded to the needs of employees reported in the engagement survey. Employees from offices in Wrocław, Rzeszów and Opole, among others, were invited to participate in the events.

During the workshops, physiotherapists, nutritionists and psychologists advised on how to take care of oneself, what to do to give oneself energy, and to make healthy eating and physical activity a lifestyle. Since 2021, 55.70% of employees have participated in the activities of the well-being program.

[ESRS MDR-M]
 „Balanced Growth” – PZU & PZU Życie ESG Strategy
 for 2021-2024



Indicators		2021	2022	2023	Value for 2024
ESG Metrics included in the business strategy					
ESG assessment of the biggest corporate insurance clients from sectors sensitive to ESG risks		Development of methodology	20%	40%	55%
Increase of the current exposure to investments supporting climate and energy transition (in total in 2021-2024)		PLN 450 million	PLN 716.7 million	PLN 2.645 billion	PLN 500 million
Achieving CO ₂ neutrality in own operations by 2024 (scope 1 and 2)	Purchase of energy with a guarantee of origin from RES	~80% of electricity coming from RES (100% in own real property)	81% of electricity coming from RES (100% in own real property)	79% of electricity coming from RES (100% in own real property)	100% of purchased electricity in own real property
	CO ₂ emissions compensation	17 000 mg CO ₂ (compensation for 2020)	17,508 mg CO ₂ (compensation for 2021)	17,425 mg CO₂ (compensation for 2022)	Compensation for CO ₂ emissions that cannot be reduced
Reduction of CO ₂ emissions from own sources		- 26.2% (location-based method)	-25.5% (location-based method))	-23.1% (location-based method)	3% - 10% by 2024 relative to 2019
Other ESG Strategy metrics					
Reduction in electricity consumption		- 14.7%	-15.8%	-13.6%	3% - 10% by 2024 relative to 2019
Assessment in terms of ESG factors of investments in ESG-sensitive sectors		Development of methodology	82%	86%	55%
Development of insurance offerings for technologies supporting the energy and climate transition in Poland		3 products	3 products	3 products	1 product

[ESRS MDR-M]
 „Balanced Growth” – PZU SA & PZU Życie ESG Strategy
 for 2021-2024



Indicators	2021	2022	2023	Value for 2024	
ESG Metrics included in the business strategy					
Number of recipients of community activities on safety and sustainable lifestyles (recipients of activities in a given year)	10 million	12.2 million	14.7 million	15 million	
Percentage of employees covered by the well-being program (total of all recipients of activities in 2021-2024)	Developing the #DobryStan (#well-being) strategy	39%	55.7%	70%	
Other ESG Strategy metrics					
Development of a product offering that incorporates elements of social commitment	Analysis of activities	>54,000 policies issued Free TPL insurance for citizens of Ukraine	2,006 PZU DOM policies under the Large Family Card program	Development of offerings	
Percentage of corporate client employees covered by prevention activities affecting their health and safety (recipients of activities in a given year)	18%	13.1%	12.9%	10%	
Number of recipients of industry partnership activities for insurance education (total of all recipients of activities in 2021-2024)	Establishing partnerships	409,135	56,951	100,000	
Development of employee volunteering	Number of hours devoted to volunteering (in total in 2021-2024)	12,179	75,865	14,593	50,000
	Number of beneficiaries (in total in 2021-2024)	39,423	457,500	153,555	200,000



[ESRS MDR-M]

„Balanced Growth” – PZU SA & PZU Życie ESG Strategy for 2021-2024

ESG

Indicators	2021	2022	2023	Value for 2024
ESG Metrics included in the business strategy				
Giving consideration to ESG targets in the Company's strategic objectives and implementing them by the senior management	24 ESG targets (achieved)	30 ESG targets (achieved)	36 ESG targets (achieved)	Inclusion of ESG targets in the strategic goals and forwarding them to the WKK for implementation
Integrating ESG requirements into key procurement processes	Analysis for incorporating ESG requirements	46%	53%	70%
Other ESG Strategy metrics				
Percentage of employees covered by an intergenerational cooperation program (total of all training participants in 2021-2024)	Development and launch of e-learning	14%	30%	60%
Percentage of employees participating in a comprehensive sustainable development education program (total of all training participants in 2021-2024)	Launching an intranet educational tab about ESG	11%	32%	60%
Assessment of key-status suppliers for ESG risks	55%	100%	100%	
Joining new initiatives / organizations / partnerships – promoting sustainable development	2	5 (from 2021)	7 (from 2021)	3



4.3. ESG ambitions for 2030-2050

The UN Agenda for Sustainable Development and its Sustainable Development Goals are the world's largest corporate effort. They set the basis for companies' sustainable development strategies and actions. PZU is also taking steps to implement Agenda 2030.

UN Agenda 2030



PZU has defined Sustainable Development Goals that it can have the best impact on, and included them in the fundamental assumptions of its ESG Strategy. PZU's contribution to the selected goals is evident in daily business practice. Product offerings that support the climate and energy transition are in line with the tasks of Goal 7, Goal 9 and Goal 15. Prevention health and safety activities are PZU's contribution to improving the quality of life of local communities and fulfilling the tasks of Goal 3 and Goal 11. A large impact was also identified by PZU in labor issues such as the terms and conditions of employment offered or gender equality (Goal 5, Objective 8) and in supplier relations through the development of sustainable supply chain practices (Goal 8, Objective 12).

ESG "Balanced Growth" strategy for 2021-2024 sets not only medium-term goals related to business support but also long-term ambitions until 2050, which will allow the PZU Group to carry out sustainable business across the value chain.





According to the adopted assumptions, the changes will be made first by the main insurance companies – PZU and PZU Życie. By 2024, it is planned to:

- achieve climate neutrality in scope 1 and 2, through reduction of energy consumption, use of RES and emission offsets (implementation/support of reduction projects leads to processes that contribute to the reduction of greenhouse gas emissions);
- reduce of other resources in day-to-day operations: water, paper, fuels.

By 2030, it is planned to:

- limit the carbon footprint of more companies in the PZU Group;
- start reducing emissions throughout the chain of PZU Group's cooperating entities.

Between 2040 and 2050, the Group's ambition is to achieve climate neutrality of suppliers and business partners, and ultimately also of insurance clients and investments. In 2024, it is planned to begin work on new strategic directions that will respond more sincerely to today's sustainability challenges.

	 #Responsible organization	 #Trusted Partner in green transformation	 #Better quality of life
	We are creating a modern organization managed in a responsible manner	We support the development of a low-carbon economy, nurturing a sustainable transformation	We encourage local communities to conduct sustainable and safe lifestyles
Our ambitions	An employer committed to responsible leadership and shaping the right attitudes among employees Trusted business partner promoting the idea of sustainable development	PZU Group developing insurance offerings to support the climate-energy transition Responsible investor supporting safe and sustainable transition Green organization operating on the basis of sustainable decision-making and governance processes	Responsible partner to support safety in local communities A reliable guide to a sustainable lifestyle
Objectives of sustainable development			



1) The definition of scope 1 and 2 is available on the page with indicator definitions
 Comments regarding emission scopes refer to the classification specified in the GHG Protocol

4.4. Strategic Perspective

[ESRS SBM-3]

Short and medium term

The year 2024 will be the last period of implementation of the current “Potential and Growth” Strategy. In the short term (current) and medium term (continuation of the strategy), issues related to the macroeconomic and regulatory environment, as well as those specific to the sectors in which the main PZU Group companies operate, will be particularly important. The table below presents references to key factors that could affect the PZU Group’s business.

1. [Macroeconomic and geopolitical factors](#)
2. [Legal and regulatory factors](#)
3. [Sectoral factors](#)

Long-term

In the long term (more than 5 years), the PZU Group’s core business will be affected primarily by demographic

and social changes related to population decline, with an aging population and declining birth rate, technological developments, in particular the use of artificial intelligence, climate change, increased environmental awareness and green transition.

One of the most pertinent challenges before the insurance industry in Poland and worldwide is the immense **insurance gap** created by risks faced by people in their lives – both privately and in the corporate environment – which are not covered by insurance products existing in the market, and those for which cover has not been bought out by the interested parties themselves. It is estimated that worldwide, this gap amounts to USD 1.5 trillion, this being the total value of premiums which should be paid in order for clients to avoid potential costs of risk materialization¹. Part of the gap concerns life insurance and health insurance, but is also related to new risks involving climate change, green transition, and cybersecurity. Risks related to insuring natural disasters still pose a challenge. The insurance gap is an opportunity to build insurance awareness among clients. What is immensely important here is education addressed particularly to the young generation, and an adequate adaptation of the insurance offer.

1) IX Congress of the Polish Insurance Association in Sopot, speech by Pia Tischhauser, senior partner and managing director at Boston Consulting Group.

The COVID-19 pandemic raised the feeling of uncertainty and therefore insurance awareness among clients. This is related to the **higher demand for life insurance and health insurance**. Similarly, the fact that healthy, active yet safe living is in vogue globally increases interest in insurance and medical products. The challenge for the insurance industry is not only to maintain this interest, but also to prepare an appealing offer in different channels of distribution. Changing customer expectations will affect the business and performance of the PZU Group in these two areas of activity. This is especially true with regard to the personalization of offerings and quick and easy access to a comprehensive ecosystem of health services including preventive measures, psychological support, dietary advice and immunizations, rapid assistance from specialists and access to diagnostics as well as hospital insurance.

Health debt that emerged between 2020 and 2021 during the COVID-19 pandemic remains a challenge. The long tail of the epidemic, in the form of deteriorating health for many people and the resulting complications, may drag on for years. The possible overlap of the long-term effects of the pandemic and the effects of not treating other diseases will be an additional risk factor. The pandemic has also evidenced other problems, such as obesity which is a precipitating condition for most chronic diseases, such as diabetes, hypertension, heart diseases and motor diseases.

Factors that will affect PZU’s operations over the long term include **demographic trends**, mainly the aging population, mortality, morbidity, especially of civilization diseases, and fertility rates. As the population continues to decline, coupled with the simultaneous aging of the population, the demand for health care and long-term care to senior citizens and financial services increases. Middle-aged people are increasingly realizing that they will need to be more financially independent in a decade or so. The aging population is generating a heavy burden

on the pension and health care system. If the government is unable to fund these expenditures, it will have to make cuts – most likely the largest in health care and social spending. At the same time, citizens will need to make more provisions for old age. How the development of artificial intelligence will affect the length and quality of life and what benefits it will bring to future retirees is difficult to predict at present, but will undoubtedly be reflected in the offered range of health, insurance and financial products.

New technologies and developments in artificial intelligence are setting the standard for customer service. Further transfer of clients from traditional to remote channels can be expected. Just like remote or hybrid work models, remote sales, inspections or claims handling have spread fast. In the next few years, we can expect to see more and more widespread use of artificial intelligence-based solutions, in an increasing number of business areas such as underwriting, offer personalization or customer service automation. The key will be to use artificial intelligence to predict customer trends and behaviors to create more tailored and competitive insurance, health and financial products.

The development of new technologies entails several challenges that insurers and financial institutions will have to face. One of them is effective management of the implemented solutions. It is becoming extremely

important to balance service processes in such a way that the human factor is retained where it is necessary and expected by customers, and the part of the processes that will not cause a deterioration of service quality is automated. Another challenge is the **supply of skilled workers** with expertise and skills in areas related to cybersecurity, artificial intelligence, machine learning and data analytics. The rapid growth of these fields has resulted in an increased demand for employees who can assist companies in leveraging their technological potential. The risk associated with the shortage of employees with appropriate skills in new technologies is one of the main problems associated with the implementation of technological advances.

Technological progress has also led to the emergence of so-called **insurtechs and fintechs**², which are already influencing and will continue to influence the transformation of the insurance and banking industries over the long term. Recently, one of the more popular trends in the financial industry is **Embedded Finance**. It involves the integration of various financial products such as loans, insurance, debit cards and investments, with almost any non-financial product. This means providing financial services in a sector where the core operations are not of this nature.

Ongoing digitization, development of the Internet and cloud solutions led to a new challenge for the insurance market – **cyberthreats**. Cybersecurity risk is currently

one of the fastest growing among all risks within the insurance gap, and insurance products cover only a small share of risks related to cyberthreats. With ever-greater awareness among entrepreneurs, one should expect an ever-faster development of a comprehensive cyberinsurance offer, not only for large corporations but also for small and medium enterprises. This will include not only protection of personal and corporate data, but also safeguards against attacks on critical infrastructure. Insurers will focus on offering comprehensive solutions that combine financial protection with prevention and incident response services.

The second segment of risks where the insurance gap has been widening in recent years is **climate risks**. The value of the gap is increasing due to the increased frequency and severity of floods, heavy rains, frosts, heat waves, droughts, fires, hurricanes and other natural disasters. Given the long-term nature of this trend, better prediction and prevention activities are needed. Better prediction of climate risks allows for better tailored insurance cover. Insurers are beginning to take advantage of new data streams (e.g., satellites, drones), as existing underwriting methods based on past events do not reflect well the nature of dynamic global climate change. The complex nature of climate risk presents insurers with the challenge of developing new insurance products which will adequately reflect the frequency of catastrophic events and translate into the premium levels. The risk of climate change not only affects the costs involved in claims paid or reinsurance schemes, but also the capital requirements for insurance companies.

At the same time, insurers and financial institutions are increasingly expected to take responsibility for delivering a **just transition to a low-emission economy**. This influences the development of „green” insurance and loan offerings for, among others, large corporations and smaller businesses, supporting sustainable development, and in particular energy transition. At the same time, financial institutions, including insurers and banks, increasingly incorporate responsible investment principles taking into account ESG factors into their investment activities. This is determined not only by regulatory issues, but also by society’s changing expectations of financial institutions and corporations – customers want large companies to take a proactive stance in the fight for a better planet.

Energy transition opened the path for insurance companies and banks to insure and finance **investments in renewable energy sources**, such as onshore and offshore wind parks, biogas plants, and photovoltaic systems. This generates new challenges in developing adequate offerings ensuring financing and insurance from the moment works commence, through construction, to completion and start-up. A similar challenge spread over decades could be the planned **development of nuclear power** in Poland.

Customers themselves are also increasingly opting for eco-friendly solutions that contribute to combating climate change. The quest for convenience and the increasing environmental awareness result in a rapid development of the shared mobility industry. City dwellers increasingly frequently choose means of transport which allow them to quickly and efficiently

move around and change the means of transport depending on the situation on the road - this is the so-called shared mobility. This global trend includes not only cars but also scooters, segways, skymasters and electric unicycles, rented via smartphone apps. Insurers’ offerings will meet customer expectations and include products dedicated to shared mobility.

Growing **electromobility** also significantly impacts the motor insurance segments, in the context of claims handling and premium calculation, as valuing a policy for an electric car involves other rules than for vehicles with combustion engines. With respect to the latter, one of the more important criteria for valuing motor insurance is engine capacity, because this determines the car power which translates to potentially more considerable damage. Electric cars have no engine capacity, which is why insurers need to modify their tariffication method for third party liability insurance and own damage insurance.

²⁾ Fintech - a sector of the economy comprising companies operating in the financial and technology industries. Companies referred to as fintechs most often provide financial services via the Internet. It is also a term for any type of technological or financial innovation. Insurtech is one branch of the fintech industry that includes new technological solutions in the field of insurance.


5. Risks and opportunities

- 5.1. Group's risk profile
- 5.2. Risk management
- 5.3. Risk sensitivity
- 5.4. ESG risks
- 5.5. ESG opportunities

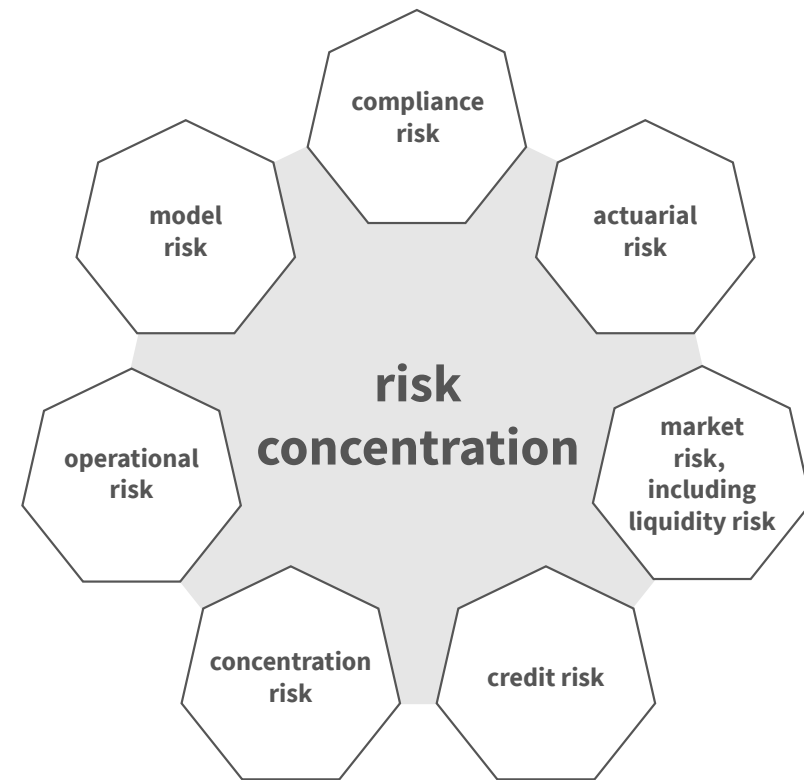



5.1. PZU Group's risk profile

[IIRC]

 The major risks to which the PZU Group is exposed include the following: actuarial risk, market (including liquidity) risk, credit risk, concentration risk, operational risk, model risk and compliance risk.

Major risks in the PZU Group



 The major risks associated with the operation of Alior Bank and Bank Pekao include the following risks: credit risk (including the risk of loan portfolio concentration), operational risk and market risk (involving interest rate risk, FX risk, commodity price risk and financial instrument price risk) and liquidity risk.

The overall risk of the banking sector entities, taking into account PZU's shares in both banks, accounts for approximately 30% of the PZU Group's total risk (Q3 2023), while the largest contribution is in credit risk.

In 2023, the level of inflation continued to decrease, which also influenced the easing of the monetary policy conducted by the Monetary Policy Council. This situation reduced the cost of financing over time, which was reflected in better repayment and quality of the loan portfolios of PZU Group banks.

In 2023, the quality of PZU's loan portfolio remained stable.

High interest rates have not so far resulted in a deterioration in the credit quality of the PZU Group Banks' portfolios, but have had a positive impact on their financial performance. The introduction of a mortgage loan to the PZU Group banks' offering under the First Apartment – 2% Safe Mortgage programs significantly enhanced the sales performance of PZU Group banks in the second half of 2023.

Given the hostilities taking place in Ukraine, monthly monitoring of related risks continued in 2023.

In 2023, initiatives were continued to improve the identification, measurement, assessment and monitoring of the risks associated with sustainable development, in particular with climate changes. The main risks in this area are transition risks and physical risks, which are managed as part of individual risk categories specified below in this Report. In the framework of credit risk management, mechanisms have been put in place to monitor the risks associated with qualifying investments.

In accordance with the European Commission's Sustainability Reporting Guidelines, transformation risks refer to the transition to a low carbon and climate resilient economy. Physical risk on the other hand entails financial losses stemming from the physical consequences of climate change and encompasses acute (e.g. storms, fires) and long-term risk (rising sea level).

The process of managing individual risk categories takes into account the requirements of sustainable development, also at the level of the PZU Group's subsidiaries, while respecting the provisions of generally applicable laws and those defined in separate internal regulations of the PZU Group, including the ESG Strategy, which is an integral part of the PZU Group Strategy.

Actuarial risk

This is the likelihood of a loss or an adverse change in the value of liabilities under the existing insurance contracts and insurance guarantee agreements, due to inadequate assumptions regarding premium pricing and creating technical provisions.

Risk identification commences with a proposal to develop an insurance product and continues until the expiry of the related liabilities. The identification of actuarial risk is performed, among others, as follows:

- analyzing the general terms and conditions of insurance with respect to the risk being undertaken and compliance with the generally binding legal regulations;
- analyzing the general / specific terms and conditions of insurance or other model agreements with respect to the actuarial risk being undertaken on their basis;
- recognizing the potential risks related to a given product to measure and monitor them at a later time;
- analyzing the impact exerted by the introduction of new insurance products on capital requirements and risk margin computed using the standard formula;
- verifying and validating modifications to insurance products;
- assessing actuarial risk through the prism of similar existing insurance products;



- monitoring of existing products;
- analyzing the policy of underwriting (assessment of the risk accepted for insurance), tariffs, technical provisions and reinsurance and the claims and benefits handling process.

The assessment of actuarial risk consists in the identification of the degree of the risk or a group of risks that may lead to a loss, and in an analysis of risk elements in order to make an underwriting decision.

The measurement of actuarial risk is performed using:

- an analysis of selected ratios;
- the scenario method – an analysis of impairment arising from an assumed change in risk factors;
- the factor method – a simplified version of the scenario method, reduced to one scenario per risk factor;
- statistical data;
- exposure and sensitivity measures;
- application of the expertise of the Company's employees.

The monitoring and control of actuarial risk includes a risk level analysis by means of a set of reports on selected ratios.

Reporting aims to ensure effective communication regarding actuarial risk and supports management of actuarial risk at various decision-making levels – from an employee to the supervisory board. The frequency of each report and the scope of information provided therein are tailored to the needs at each decision-making level.

The management actions contemplated in the actuarial risk management process are performed by doing the following:

- defining the level of tolerance for actuarial risk and monitoring it;
- business decisions and sales plans;
- calculation and monitoring of the adequacy of technical provisions;
- tariff strategy, monitoring of current estimates and assessment of the premium adequacy;
- the process of assessment, valuation and acceptance of actuarial risk;
- application of tools designed to mitigate underwriting risk, including in particular reinsurance and prevention.

Moreover, mitigation of the actuarial risk inherent in current operations is supported by:

- defining the scopes of liability in the general / specific terms and conditions of insurance or other model agreements;
- co-insurance and reinsurance;
- application of an adequate tariff policy;
- application of the appropriate methodology for calculating technical provisions;
- application of an appropriate procedure to assess underwriting risk;
- application of a correct claims or benefits handling procedure;
- sales decisions and plans;
- prevention.

Reinsurance

Reinsurance protection in the PZU Group secures insurance activity, limiting the consequences of the occurrence of catastrophic phenomena that could adversely affect the financial standing of insurance undertakings. This task is performed through obligatory reinsurance contracts supplemented by facultative reinsurance.

Reinsurance treaties in PZU

PZU consciously and adequately protects the Company's financial result against the results of materialization of natural risks, e.g. severe storms, floods, droughts or fires, associated with, among others, the climate change. For this purpose, the PZU Group runs, among others, periodic analyzes of the non-life insurance portfolio for its exposure to natural disasters. The portfolio is divided into zones with specific degrees of exposure to the risk of floods and cyclones has been introduced. The values of prospective losses are assigned to each one of the zones under analysis. They correspond to the severity of a given phenomenon and, consequently, its specific probability level. On this basis, as part of the annual reinsurance cover program design process, the distribution of the level of possible catastrophic loss is estimated.

PZU uses reinsurance treaties to limit its risk related to catastrophic losses among others through a catastrophic non-proportional excess of loss treaty and a non-proportional excess of loss treaty for crop insurance. The risk related to the consequences of large single losses, in turn, is mitigated under non-proportional reinsurance treaties to protect its portfolios of property, technical, marine, air, third party liability and third party liability motor insurance.

PZU's risk is also mitigated by proportional and non-proportional reinsurance of the financial insurance portfolio (e.g. guarantees, commercial credit) and proportionate reinsurance of cybernetic risks.

PZU's reinsurance partners have high S&P ratings. That evidences the reinsurer's robust financial position and affords the Company security.

PZU's inward reinsurance business involves the PZU Group's other insurance companies. As a result of the exposure to protect Baltic companies, LINK4 and TUW PZUW, PZU continues to generate a high gross written premium by virtue thereof.

In addition, PZU generates gross written premium on inward reinsurance on domestic business through facultative and obligatory reinsurance.

Reinsurance treaties in PZU Życie

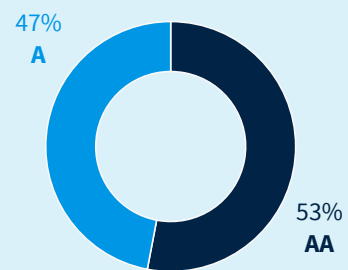
The outward reinsurance treaty entered into by PZU Życie protects the company’s entire portfolio against the accumulation of risk and individual policies with higher sums insured.

Reinsurance partners have high S&P ratings. That evidences the reinsurer’s robust financial position and affords the Company security.

Reinsurance treaties in the PZU Group’s international companies, LINK4 and TUW PZUW

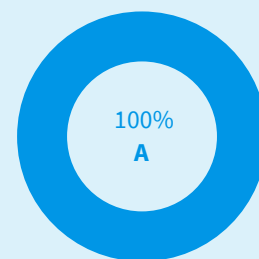
The PZU Group’s other insurance companies, i.e., Lietuvos Draudimas, Lietuvos Draudimas Branch in Estonia, AAS BALTA, PZU Ukraine, LINK4 and TUW PZUW have reinsurance cover aligned to the profile of their operations and their financial standing. Every material insurance portfolio is secured with the appropriate obligatory treaty. Reinsurance cover is provided for the most part by PZU, which transfers a portion of the accepted risk outside the Group.

Reinsurance premium under PZU’s obligatory treaties according to the S&P/AM Best rating



Main reinsurers in 2023: Munich Re, Hannover Re, Swiss Re, Gen Re, VIG Re.

Reinsurance premium under PZU Życie’s obligatory treaties according to the S&P rating



Main reinsurers in 2023: QBE, DEVK, Mapfre, VIG Re, Nacional de Reaseguros


Market risk, including liquidity risk

Market risk is understood as the risk of a loss or an adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, credit spread, as well as value of liabilities and financial instruments.

The risk management process for the credit spread and concentration risk has a different set of traits from the process of managing the other sub-categories of market risk and has been described in a subsequent section (Credit risk and concentration risk) along with the process for managing counterparty insolvency risk.

The market risk in the PZU Group originates from three main sources:

- operations associated with asset and liability matching (ALM portfolio);
- operations associated with active allocation, i.e., designating the optimum medium-term asset structure (non-ALM portfolios);
- banking operations – in conjunction with them the PZU Group has a material exposure to interest rate risk.

 Numerous documents approved by supervisory boards, management boards and relevant committees govern investment activity in the PZU Group entities.

Market risk identification consists in the identification of actual and potential sources of this type of risk. For assets, the identification of risk begins with the decision to commence transactions in a given type of financial instrument. Units that make a decision to start entering

into such transactions draw up a description of the instrument containing, in particular, a description of the risk factors. They convey this description to the unit responsible for risk that identifies and assesses market risk on that basis.

The identification of market risk associated with insurance liabilities commences with the process of developing an insurance product. It involves identification of the relationship between the cash flows generated by that product and the relevant market risk factors. The identified market risks are subject to assessment using the criterion of materiality, specifying whether the materialization of risk entail a loss capable of affecting the financial condition of a particular PZU Group entity.

Market risk is measured using the following risk measures:

- standard formula in accordance with the rules defined by Solvency II Directive.
- exposure and sensitivity measures;
- VaR measure (value at risk), a measure quantifying the potential economic loss that will not be exceeded within a period of one year under normal conditions, with a probability of 99.5%;
- accumulated monthly loss.

In the case of banking entities suitable measures are employed in accordance with the regulations applicable to this sector and best market practices.

Market risk measurement is divided into stages, in particular:

- collection of information on assets and liabilities that generate market risk;
- calculating the value of risk.

The risk measurement is performed:

- daily – for exposure and sensitivity measures of the instruments in systems used by particular PZU Group companies;
- monthly – when using the value at risk model for market risk or a standard formula;
- quarterly – based on the standard formula.

Monitoring and controlling market risk involves analyzing the level of risk and using set limits.

Reporting involves communicating to the various decision-making levels information concerning the level of market risk and the results of monitoring and controlling it. The frequency of each report and the scope of information provided therein are tailored to the information needs at each decision-making level.

Management actions in respect of market risk involve in particular:

- execution of transactions serving the purpose of mitigation of market risk, i.e. selling a financial instrument, closing a position on a derivative, purchasing a derivative to hedge a position;
- diversification of the assets portfolio, in particular with respect to market risk categories, maturities of

instruments, concentration of exposure in one entity, geographical concentration;

- setting market risk restrictions and limits.

The application of limits is the primary management tool to maintain a risk position within the acceptable level of risk tolerance. The structure of limits for the various categories of market risk and also for the various organizational units is established by appointed committees in such a manner that the limits are consistent with risk tolerance as agreed by the management boards of the PZU Group subsidiaries. Banking sector entities are in this respect subject to additional requirements in the form of sector regulations.

Financial liquidity risk means the possibility of losing the capacity to settle, on an ongoing basis, the PZU Group's liabilities to its clients or business partners. The liquidity risk management system aims to maintain the capacity of fulfilling the entity's liabilities on an ongoing basis. Liquidity risk is managed separately for the insurance and banking parts.

The risk identification involves analysis of the possibility of occurrence of unfavorable events, in particular:

- shortage of liquid cash to satisfy current needs;
- lack of liquidity of financial instruments held;
- structural mismatch between the maturity of assets and liabilities.

Risk assessment and measurement involve estimation of the shortage of cash to pay for liabilities. The risk

estimate and measurement is carried out from the following perspectives:

- liquidity gaps (static, long-term financial liquidity risk) – by monitoring a mismatch of net cash flows resulting from insurance contracts executed until the balance sheet date and inflows from assets to cover insurance liabilities in each period, based on a projection of cash flows prepared for a given date;
- potential shortage of financial funds (medium-term financial liquidity risk) – through analysis of historical and expected cash flows from the operating activity;
- stress tests (medium-term financial liquidity risk) – by estimating the possibility of selling the portfolio of financial investments in a short period to satisfy liabilities arising from the occurrence of insurable events, including extraordinary ones;
- current statements of estimates (short-term financial liquidity risk) – by monitoring demand for cash reported by the date defined in regulations which are in force in that entity.



The banks in the PZU Group employ the liquidity risk management metrics stemming from sector regulations, including Recommendation P issued by the Polish Financial Supervision Authority.

To manage the liquidity of the banks in the PZU Group, liquidity ratios are used for different periods ranging from 7 days, to a month, to 12 months and to above 12 months.

Within management of liquidity risk, banks in the PZU Group also analyze the maturity profile over a longer term, depending to a large extent on the adopted assumptions about development of future cash flows connected with items of assets and equity and liabilities. The assumptions take into consideration:

- stability of equity and liabilities with indefinite maturities (e.g. current accounts, cancellations and renewals of deposits, level of their concentration);
- possibility of shortening the maturity period for specific items of assets (e.g. mortgage loans with an early repayment option);
- possibility of selling items of assets (liquidity portfolio).

Monitoring and controlling financial liquidity risk involves analyzing the utilization of the defined limits.

In 2023, the PZU Group banks recorded an increase in liquidity ratios. This was mainly due to the growth in the volume of term deposits over the volume of loans, the issuance of MREL, and improvements in the financing structure.

In the second half of 2023, liquidity ratios of both banks stabilized, and remain at high and safe levels.

The current conditions did not have a material impact on liquidity risk of PZU Group's insurance business in 2023. This liquidity was maintained at a safe level, and there were no grounds to take extraordinary management actions in terms of liquidity risk. As part of routine management actions regarding liquidity risk, the PZU

Group constantly monitored the level of available liquid funds and the current utilization of liquidity limits.

Liquidity risk reporting involves communicating the level of financial liquidity to various decision-making levels. The frequency of each report and the scope of information provided therein are tailored to the information needs at each decision-making level.

The following measures aim to reduce financial liquidity risk:

- maintaining cash in a separate liquidity portfolio at a level consistent with the limits for the portfolio value;
- maintaining sufficient cash in a foreign currency in portfolios of investments earmarked for satisfying insurance liabilities denominated in the given foreign currency;
- provisions of the Agreement on managing portfolios of financial instruments entered into between TFI PZU and PZU regarding limitation of the time for withdrawing cash from the portfolios managed by TFI PZU to at most 3 days after a request for cash is filed;
- the possibility of performing sell-buy-back transactions on treasury securities, including those held until maturity;
- centralization of management of portfolios/funds by TFI PZU;
- limits of liquidity ratios in the banks belonging to the PZU Group.

Credit risk and concentration risk

Credit risk is understood as the risk of a loss or an adverse change in the financial situation resulting from fluctuations in the reliability and creditworthiness of issuers of securities, counterparties and all debtors. It materializes in the form of a counterparty's default on a liability or an increase in credit spread.

The following risk categories are distinguished in terms of credit risk:

- credit spread risk;
- counterparty default risk;
- credit risk in financial insurance.

Concentration risk is understood as the possibility of incurring loss stemming either from lack of diversification in the asset portfolio or from large exposure to default risk by a single issuer of securities or a group of related issuers.

Credit risk and concentration risk are identified at the stage of making a decision on an investment in a new type of financial instrument or on accepting credit exposure. It involves an analysis of whether the contemplated investment entails credit risk or concentration risk, what its level depends on and what its volatility over time is. Actual and potential sources of credit risk and concentration risk are identified.

Risk assessment consists of estimating the probability of risk materialization and the potential impact exerted by risk materialization on a given entity's financial standing.

The measurement of credit risk is performed using:

- measures of exposure (gross and net credit exposure and maturity-weighted net credit exposure);
- capital requirement calculated using the standard formula.

Concentration risk for a single entity is calculated using the standard formula.

A measure of total concentration risk is the sum of concentration risks for all entities treated separately. In the case of related parties, concentration risk is calculated for all related parties jointly.

In the case of banking entities suitable measures are employed in accordance with the regulations applicable to this sector and best market practices. Credit risk is measured using a set of loan portfolio quality metrics.

Monitoring and controlling credit risk and concentration risk involves an analysis of the current risk level, assessment of creditworthiness and calculation of the degree of utilization of existing limits. Such monitoring is performed, without limitation, on a daily, monthly and quarterly basis.

The monitoring pertains to:

- credit exposure in investment portfolios;
- credit risk exposures in financial insurance;
- exposures to reinsurance;
- exposure limits and risk tolerance limits;
- credit exposures in the processes in effect in banking entities.

Reporting involves providing information on the levels of credit risk and concentration risk and the effects of monitoring and control. The frequency of each report and the scope of information provided therein are tailored to the information needs at each decision-making level.

Management actions in respect of credit risk and concentration risk involve in particular:

- setting limits to curtail exposure to a single entity, group of entities, sectors or countries;
- diversification of the portfolio of assets and financial insurance, especially with regard to country and sector;
- acceptance of collateral;
- execution of transactions to mitigate credit risk, i.e. selling a financial instrument, closing a derivative, purchasing a hedging derivative, restructuring a debt;
- reinsurance of the financial insurance portfolio.

The structure of credit risk limits and concentration risk limits for various issuers is established by appointed committees in such a manner that the limits are consistent with the adopted risk tolerance determined by the management boards of the respective subsidiaries and in such a manner that they make it possible to minimize the risk of 'infection' between concentrated exposures.

In banking activity the provision of credit products is accomplished in accordance with loan granting methodologies appropriate for a given client segment and type of product. The assessment of a client's creditworthiness preceding a credit decision is

performed using tools devised to support the credit process, including a scoring or rating system, external information and the internal databases of a given PZU Group bank. Credit products are granted in accordance with the binding operational procedures stating the relevant actions performed in the lending process, the units responsible for that and the tools used.

To minimize credit risk, adequate collateral is established in line with the credit risk incurred. The establishment of a security interest does not waive the requirement to examine the client's creditworthiness.

PZU Group banks did not record material deterioration of portfolio credit quality in 2023.

Increased inflation and high interest rates in 2023 resulted in persistently high loan installments, especially for loans made before 2022. However, this did not materially deteriorate the quality of credit portfolios of PZU Group banks. Potential problems of borrowers were mitigated by the implemented public-assistance tools, primarily payment moratoria, or so-called credit holidays.

In 2023, the quality of PZU's credit portfolio remained stable.

Operational risk

Operational risk is the risk of suffering a loss resulting from improper or erroneous internal processes, human activities, system failures or external events.

Operational risk is identified in particular by:

- accumulation and analysis of information on operational risk incidents and the reasons for their occurrence;
- self-assessment of operational risk;
- scenario analysis.

Operational risk is assessed and measured by:

- calculating the effects of the occurrence of operational risk incidents;
- estimating the effects of potential operational risk incidents that may occur in the business.

Monitoring and control of operational risk is supported mainly by an established system of operational risk indicators and limits enabling assessment of changes in the level of operational risk over time and assessment of factors that affect the level of this risk in the business.

Reporting involves communicating to the various decision-making levels information concerning the level of operational risk and the results of monitoring and controlling it. The frequency of each report and the scope of information provided therein are tailored to the information needs at each decision-making level.

Management actions involving reactions to any identified and assessed operational risks involve primarily:

- taking actions aimed at minimizing risks, for instance by strengthening the internal control system;
- risk transfer – in particular, by entering into insurance agreements;
- risk avoidance by refraining from undertaking or withdrawing from a particular type of business in cases where too high a level of operational risk is ascertained and where the costs involved in risk mitigation are unreasonable;
- risk acceptance – approval of consequences of a possible realization of operational risk unless they threaten to exceed the operational risk tolerance level.

In 2022, PZU and PZU Życie established the Crisis Management Team in the light of the attack by the armed forces of the Russian Federation on Ukraine. The announced Crisis Situation means that there is ongoing monitoring of the current political and market situation, and adequate measures are introduced to ensure, in particular:

- safety of employees;
- business continuity of the companies and security of financial assets of the PZU Group;
- additional safety measures in terms of cybersecurity and physical safety.

The task unit of the Crisis Management Team continuously monitors the situation of Ukrainian companies, also in terms of reaching the assumptions of the "Crisis Situation Management Plan", as prepared by Ukrainian companies.


Additional cyber security measures were introduced to mitigate risk with increasing probability of

materialization. Anomalies in terms of cyber threats, extending to subsidiaries, are under continuous 24/7 monitoring.

Due to the nationwide implementation of CRP Alert Level 3 (CHARLIE-CRP) and Alert Level 2 (BRAVO), a heightened state of readiness of the physical and cyber security areas has been maintained continuously since February 2022.

Model risk


Model risk, classified by the PZU Group as significant, is defined as the risk of incurring financial losses, incorrectly estimating data reported to the regulatory authority, taking incorrect decision or losing reputation as a result of errors in the development, implementation or application of models.

 The formal identification and assessment process for this risk was implemented in PZU and PZU Życie to ensure high-quality practices for model risk assessment.

The model risk management process involves:

- risk identification, which takes place through regular identification of the models used in the areas covered by the process; (identified models are assessed for materiality);

- risk measurement, which is based on the results of independent model validations and monitoring;
- risk monitoring, which involves ongoing analysis of deviations from the adopted points of reference regarding the model risk (e.g., verification of the recommendation execution method and comparison of the risk level to the adopted tolerance level);
- risk reporting, which involves communicating the process results on the appropriate management level, in particular results of risk monitoring, validation and measurement;
- management actions, which aim to mitigate the model risk level; they can be active (e.g. recommendations resulting from completed validations) and passive (developing model and model risk management standards).

 In the entities from the banking sector, given the high significance of model risk, the management of this risk has already been implemented in the course of adaptation to the requirements of Recommendation W issued by the KNF. Both PZU Group banks have defined standards for the model risk management process, including the rules for developing models and evaluating the quality of their operation, ensuring at the same time appropriate corporate governance solutions.

Compliance risk

The compliance risk understood as the risk that the PZU Group or related parties may infringe on the law, internal regulations and adopted standards of conduct, including ethical standards, which results or may result in:

- incurring legal sanctions by the Company or persons acting on its behalf;
- incurring financial loss;
- or loss of reputation or credibility.

PZU makes efforts aimed at ensuring adequate and uniform standards of compliance solutions in all subsidiaries and monitors compliance risk throughout the entire Group.

In 2023 the compliance systems of PZU Group entities were aligned with the standards set by PZU and appropriate to their business profile and scale.

The provision of full information on compliance risk in Group companies is the responsibility of their special compliance units. They are required to assess and measure compliance risk, undertake and implement appropriate remedial actions, which reduce the likelihood of realization of this risk.

PZU Group entities are obligated to provide ongoing information on compliance risk to the PZU Compliance Department. The Compliance Department analyzes and processes information received from PZU Group entities, in particular to:

- assess compliance risk at the level of the PZU Group and execute the compliance function in the PZU Group;
- prepare reports and management information regarding the efficiency and adequacy of the compliance function in the PZU Group, and submit them to the Management Board and the Supervisory Board of PZU;

- prepare and develop uniform standards pertaining to the functioning of the effective internal control system in the PZU Group entities;
- prepare, develop and promote common training and information standards.

The tasks of the PZU Compliance Department also include:

- issuing guidelines and recommendations in the area of compliance, taking into account principles of proportionality and adequacy, and monitoring their implementation;
- providing substantive support and advisory for the PZU Group entities in performing the compliance function tasks.

Compliance risk includes, in particular, the risk that the operations performed by PZU Group entities will be out of line with the changing legal environment. This risk may materialize as a result of delayed implementation or absence of clear and unambiguous laws, or what is known as a legal gap. This may cause irregularities in the PZU Group's business and, as a result, lead to higher costs (for instance, administrative penalties, other financial penalties) and a heightened level of loss of reputation risk.

Due to the broad spectrum of the PZU Group's business, reputation risk is also affected by the risk of litigation is predominantly inherent in the Group's insurance companies and banks.

The identification and assessment of compliance risk for each internal process in PZU Group entities is the responsibility of the heads of organizational units in the respective PZU Group entity, in accordance with

the allocation of responsibility for reporting. Moreover, compliance units in PZU Group entities identify compliance risk on the basis of notifications to the register of conflicts of interest, gifts and irregularities, and from inquiries sent to them.

Compliance risk is assessed and measured by calculating the effects of risk materialization of the following types:

- financial risks, resulting among others from the possibility of imposing administrative penalties, court judgments, decisions issued by UOKiK, contractual penalties and damages,
- intangible risks pertaining to a loss of reputation, including damage to the PZU Group's image and brand.

Compliance risk is monitored through::

- systemic analysis of the regular reports received from the heads of organizational units and cells;
- monitoring of regulatory requirements and adaptation of the business to the changing legal environment of PZU Group entities;
- participation in the legislative work on amendments to generally prevailing provisions of law;
- performing diverse activities in industry organizations;
- coordination of external control processes;



- monitoring of implementation of recommendations issued following internal audits;
- coordination of the fulfilment of disclosure obligations imposed by the stock exchange (in respect of PZU) and by statute;
- popularization of knowledge on compliance among PZU Group employees;
- monitoring implementation of recommendations issued to a PZU Group entity;
- ensuring uniform standards and consistent implementation of the compliance function within the PZU Group.

Management actions in response to compliance risk include in particular:

- acceptance of the risk arising, without limitation, from legal and regulatory changes;
- mitigation of the risk, including by: adjustment of procedures and processes to changing regulatory requirements, evaluation and design of internal regulations to suit compliance needs, participation in the process of agreeing on marketing activities;
- avoidance of risk by applying best market practices and preventing any involvement of PZU Group entities in activities that are out of compliance with the applicable regulatory requirements or activities that may have an unfavorable impact on the PZU Group's image.

As part of efforts aimed at reducing compliance risk in the PZU Group at system level and day-to-day level, the following risk mitigation actions are undertaken:

- current implementation of an effective compliance function as a key management function;

- participation in consultations with legislative and regulatory authorities (supervised entities within the PZU Group) at the stage of development of the regulations (social consultations);
- delegating representatives of the PZU Group's supervised entities to participate in the work of various commissions of regulatory authorities;
- facilitating the cooperation with the Insurance Guarantee Fund;
- participation in implementation projects for new regulations;
- training of staff on new regulations and standards of conduct;
- issuing opinions on internal regulations and recommending possible amendments to ensure compliance with the applicable laws and accepted standards of conduct;
- verifying procedures and processes in the context of their compliance with the applicable laws and accepted standards of conduct;
- aligning documentation to upcoming changes in legal requirements before they are enacted;
- systemic supervision exercised by PZU over the execution of the compliance function in PZU Group entities;
- analysis and ongoing monitoring of the application of "Chinese wall" rules – in connection with the additional investor commitments made by PZU on 31 April 2017 in connection with the proceedings under the notification on the intent to purchase Bank Pekao's shares;
- ongoing monitoring of changes in the legal and regulatory environment in order to identify gaps or areas requiring action to ensure compliance.

The actions in 2023 in the compliance area were also associated with the PZU Group continuing to meet the criteria for treating it as a financial conglomerate, and hence applying supplementary oversight to it under the Act of 15 April 2005 on supplementary oversight over credit institutions and insurance undertakings, reinsurance undertakings and investment firms comprising a financial conglomerate.

In addition, the compliance area has been involved in working to ensure that the Company meets the requirements imposed by a number of legal acts, among which can be mentioned:

- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, entered into force;
- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088;
- Commission Delegated Regulation (EU) 2021/1257 of 21 April 2021 amending Delegated Regulations (EU) 2017/2358 and (EU) 2017/2359 as regards the integration of sustainability factors, risks and preferences into the product oversight and governance requirements for insurance undertakings and insurance distributors and into the rules on conduct of business and investment advice for insurance-based investment products;
- Commission Delegated Regulation (EU) 2021/1256 of 21 April 2021 amending Delegated Regulation (EU) 2015/35 as regards the integration of sustainability risks in the governance of insurance and reinsurance undertakings;

- Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 with regard to regulatory technical standards specifying the presentation of information in relation to sustainability indicators;
- Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No. 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU (CSRD);
- Directive of the European Parliament and of the Council on corporate sustainability due diligence and amending Directive (EU) 2019/1937 (CSDD);
- draft Act Amending the Mandatory Insurance, Insurance Guarantee Fund and Polish Motor Insurers' Bureau Act and the Insurance and Reinsurance Activity Act;
- Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law;
- International Financial Reporting Standard 17 "Insurance Contracts" (IFRS 17);
- Act of 18 November 2020 on Electronic Deliveries;
- Act of 26 May 2023 on the mCitizen application;

- draft Act on Protection of Whistleblowers;
- Act amending certain acts in connection with commitment to develop financial market and protect investors on that market.
- Regulation of the European Parliament and of the Council on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014 and (EU) No 909/2014 (“DORA”);
- draft of the regulation of the European Commission establishing harmonized legislation on artificial intelligence (the Artificial Intelligence Act “AI Act”);
- retail Investment Package adopted by the European Commission (functioning as Retail Investment Strategy: “RIS”);
- European Commission’s legislative package on the Financial Data Access (FIDA) framework;
- amendments to the Labor Code, with regard to the implementation into the national law of Directive 2019/1152 of 20 June 2019 on transparent and predictable working conditions in the European Union (Information Directive) and Directive 2019/1158 of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU (Work-Life Balance Directive) and related to the implementation of remote working solutions.

PZU Życie SA’s operation remains compliant with the requirements of the product intervention (decision of the FSC of 15 July 2021 with regard to prohibitions of marketing, distribution and sale of investment products – life insurance contracts, if they are related to UFK), including in particular: the product offering comprises only investment products for which the compliance tests performed showed compliance with both criteria

indicated in the above-mentioned decision (Multi Kapital II and Świat Inwestycji Premium II).

Risk concentration

When managing the various categories of risk, the PZU Group identifies, measures and monitors risk concentration. Compliance with the regulatory obligations imposed on groups identified as financial conglomerates is supported by the model introduced in 2020 to manage significant risk concentration in the PZU Financial Conglomerate in keeping with the requirements of the Supplementary Supervision Act.

Supplementary supervision protects the financial stability of lending institutions, insurance undertakings, reinsurance undertakings and investment firms being members of financial conglomerates. The supervision is exercised, among others, through measuring the risk concentration level in the financial conglomerate as a whole, also from the perspective of regulated entities being its members.

The implementation of this model served the purpose of defining the risk concentration management principles and supporting the units involved in the process, in particular through:

- defining the roles and responsibilities of individual participants of the significant risk concentration management process;
- introducing consistent risk definitions;
- introducing the principles of identifying, measuring and assessing risk;

- determining the risk profile of exposures identified as material concentration;
- defining the risk limits and threshold values;
- defining the principles of monitoring significant risk concentrations;
- introducing the principles of reporting and management decision-making.

Regulated subsidiaries monitor and submit regular reports to the leading entity in the PZU Financial Conglomerate on the measures and data required to identify risk concentrations. In the case of identification of an excessive risk concentration, management actions are implemented on the level of the given entity or the whole financial conglomerate.

Risk concentration is measured and monitored, in particular, in the following dimensions:

- concentration per counterparty or group of counterparties;
- concentration per currency;
- concentration per sector of economy;
- concentration per country;
- concentration per asset type.

5.2. Risk management

The objective of the PZU Group’s risk management system is to ensure early identification and adequate management of material risks associated with the activities of the PZU Group and its individual entities. Risk management is one of the key internal processes in the PZU Group. The risk management system in place in PZU is based on three lines of defense. Its framework reflects the standards prevailing in the insurance sector and the guidelines laid down in regulatory regulations.

The ESG risk management processes are part of a broader risk management process in the Group. The ESG risks were also identified at the stage of development of the ESG Strategy entitled “Balanced Growth”. They were addressed in strategic commitments, key performance indicators and strategic initiatives. Moreover, selected ESG risks are taken into account in the investment decision-making process and in selected corporate client risk assessment processes, which enable the insurer to evaluate the premium.

The risk management system in the PZU Group

PZU exercises supervision over the PZU Group’s risk management system by the power of cooperation agreements entered into with other Group entities and the information provided thereunder. It manages risk at the PZU Group level on an aggregate basis, especially in terms of capital requirements. The cooperation

agreements signed with the PZU Group subsidiaries enable the collection and processing of information necessary for appropriate and effective management of risk at the PZU Group level. They also guarantee that the various risks generated by the individual PZU Group entities are assessed and are based on the same standards, taking into account the requirements and restrictions arising from the applicable law. The main elements of the PZU Group’s risk management system have been implemented to ensure sectoral consistency and the execution of the various entities’ strategic plans and the overall PZU Group’s business objectives.

The Risk Management Strategy in the PZU Group is the basis of operation of the risk management system in the PZU Group. The Group has introduced risk management rules for the affiliates identified in the strategy. The rules constitute a recommendation issued by PZU regarding the organization of the risk management system in subsidiaries. Additionally, guidelines regulating the various risk management processes in the PZU

Group entities are also issued from time to time. The management boards of PZU Group companies from the financial sector are responsible for fulfilling their own duties in accordance with the generally applicable provisions of national and international law. In particular, they are responsible for the implementation of an adequate and effective risk management system.

Subsidiaries from outside of the financial sector introduce the risk management rules including the allocation of roles and responsibilities and the catalog of risks associated with the relevant activity.

The determination of the appropriate level of risk in each company is the management board’s responsibility, whereas a review of the risk management system, especially the risk appetite level, is conducted once a year by the unit responsible for risk, with all actions being coordinated at the PZU Group level.

Internal Control System

Effective risk management is supported by the Internal Control System implemented in PZU, which offers solutions for three levels::

- **1st level** - includes risk management by business process owners in the course of operations;
- **2nd level** - includes risk management by specialized cells responsible for risk identification, measurement, monitoring and reporting and controlling the limits;
- **3rd level** - includes internal audit which conducts independent audits of the individual elements of the risk management system, as well as of control procedures.

The risk management process consists of the following stages:

Identification

The process commences with a proposal to develop an insurance product, buying a financial instrument, modifying an operating process, as well as whenever some other event occurs that may potentially lead to the emergence of risk. The identification process continues until the expiration of liabilities, receivables or activities associated with the risk. Risk identification involves identification of actual and potential sources of risk, which are later analyzed in terms of significance.

Measurement and assessment of risk

Conducted depending on the nature of the risk type and its significance level. Risk measurement is carried out by specialized units. Risk units in each company are responsible for the development of tools and the measurement of risk in terms of risk appetite, risk profile and risk tolerance.

Risk monitoring and control

Risk monitoring and control consists in the ongoing analysis of deviations from benchmarks (limits, threshold values, plans, figures from prior periods, recommendations and guidelines).

Reporting

Allows for effective communication on risk and supports risk management on various decision-making levels.

Management actions

They include, among others, risk avoidance, risk transfer, risk mitigation, acceptance of risk level, as well as implementation of supporting tools, such as limits, reinsurance programs or regular review of internal regulations.

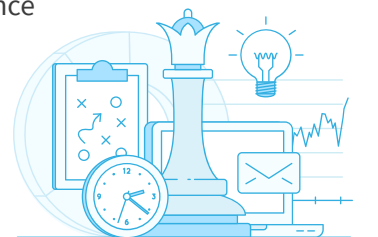
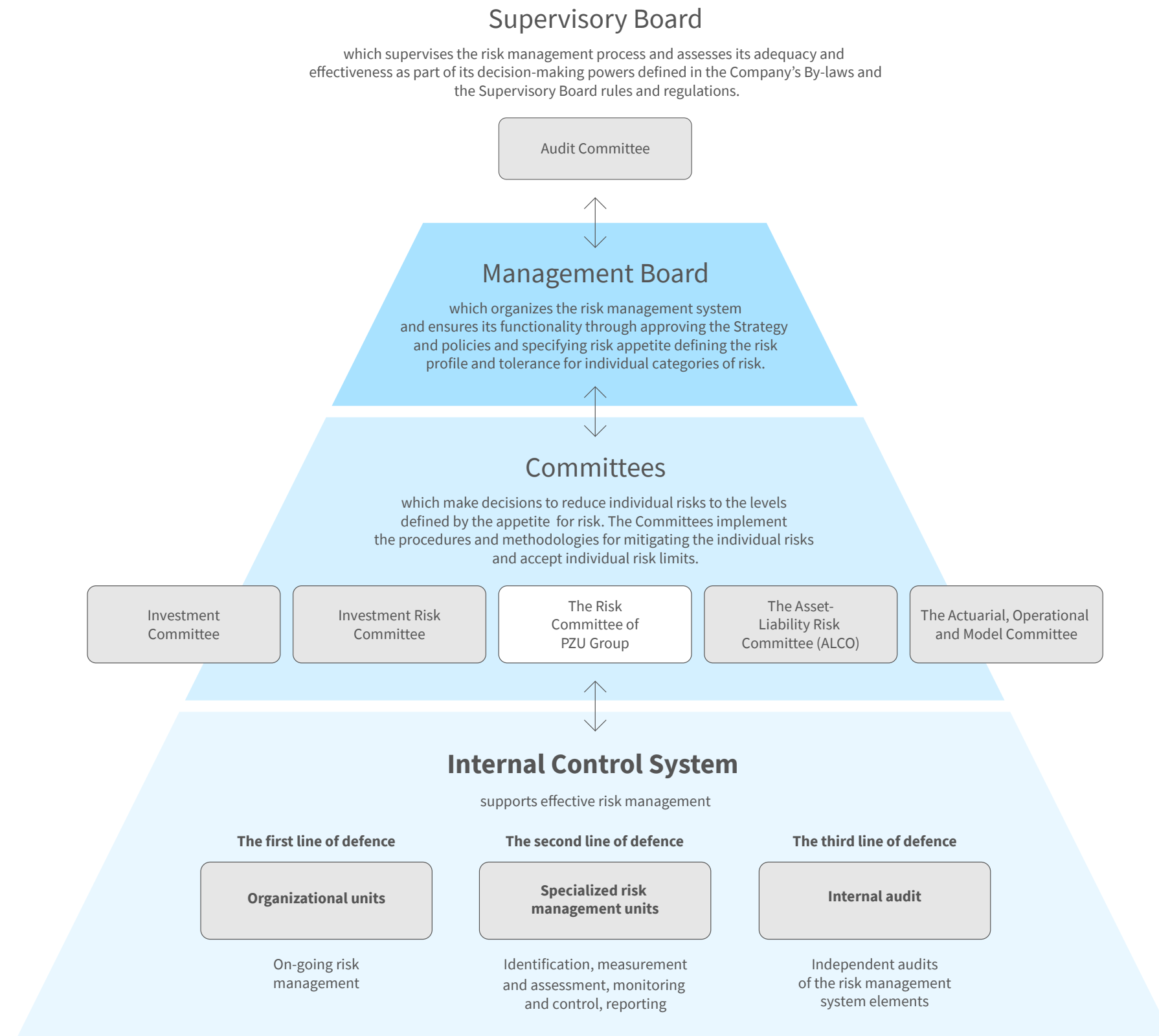


Chart of the organizational structure for the risk management system



Risk appetite

Risk appetite is defined in the PZU Group Risk Management Strategy as the minimum value of the PZU Group's solvency ratio on a consolidated basis and PZU on a standalone basis.

In addition, PZU as the leading entity in the PZU Group Financial Conglomerate manages risk concentration at the level of the overall conglomerate. The leading entity has established the risk concentration management standards, in particular through introduction of rules for identification, measurement and assessment, monitoring and reporting of significant risk concentration and making managerial decisions.

Once a year, the internal audit unit prepares an annual activity report, which includes, in particular, an evaluation of the internal control system and the risk management system. The procedure for preparing the report and its scope are governed by separate internal regulations. For the purposes of report, the risk unit prepares information as to the adequacy and effectiveness of the risk management system.

In 2023, initiatives were continued to improve the identification, measurement, assessment and monitoring of the risks associated with sustainable development, in particular with climate changes. The main risks in this area are transition risks and physical risks, which are managed as part of individual risk categories specified below in this Report. Furthermore, selected ESG risks are subject to separate assessment within the framework of the risk analysis process and the key risk identification process.

The management process for various risk categories comprises requirements of sustainable development,

and the same applies at the level of each PZU Group subsidiary, in compliance with prevailing provisions of law and individually defined PZU Group internal policies, including the ESG Strategy which constitutes an integral part of the PZU Group Strategy.

[GRI 2-12]

Risk management – subsidiaries

Risk management responsibility, including the climate impact risk

The consistent split of powers and tasks in the PZU Group and in its various financial sector subsidiaries covers four decision-making levels: Supervisory Board, Management Board, Committees and various operating units within the three lines of defense.

1. Supervision over the risk management systems in the various financial sector entities is exercised by supervisory boards. PZU designates its representatives to the supervisory boards of its subsidiaries, including in particular the Alior Bank Group and the Pekao Bank Group.
2. The management boards of PZU Group entities are responsible for executing their own duties in accordance with the generally applicable provisions of national and international law. In particular, they are responsible for implementation of an adequate and effective risk management system. The Management Board organizes the risk management system and ensures that it is operational by adopting strategies and policies, setting the level of risk appetite, defining the risk profile as well as tolerance levels for the individual categories of risk.



3. Committees decide about limiting the levels of individual risks to fit the risk appetite framework they have defined, adopt procedures and methodologies for mitigating the individual risks and accept the limits for individual risk types. Selected members of the Management Boards sit in the Committees.
4. The fourth decision-making level pertains to operational measures in the various business units divided into three lines of defense.



5.3. Risk sensitivity

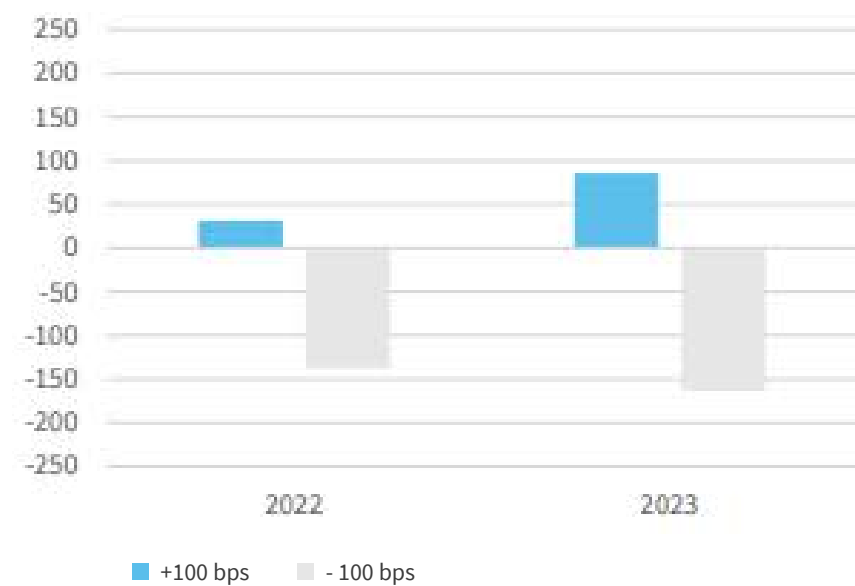
Interest rate risk

The tables below present a sensitivity test of the portfolio of financial instruments for which the risk is borne by the PZU Group (except for loans receivable from customers and deposit liabilities) and the portfolio of insurance contract liabilities.

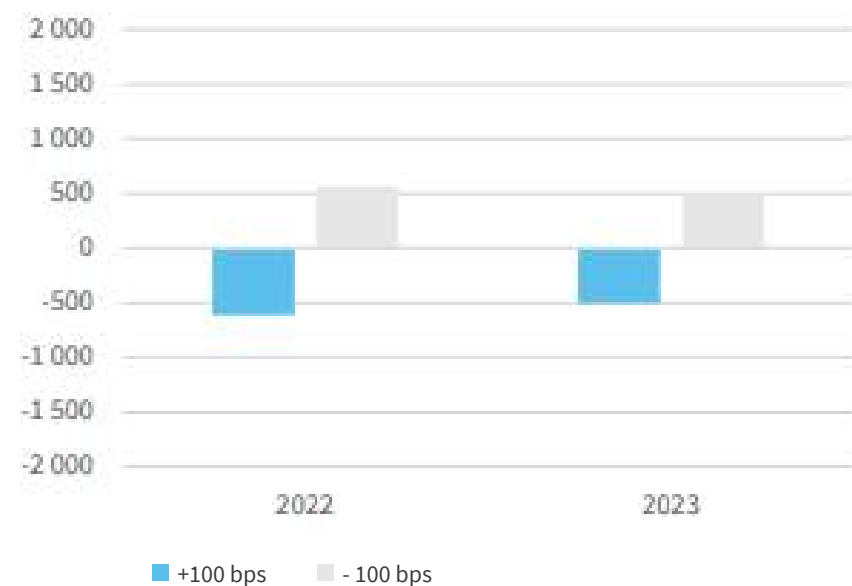
Change in portfolio value due to a +/- 100 bps shift in the yield curve by instrument currency	31 December 2022				31 December 2023			
	Net profit		Equity		Net profit		Equity	
	decrease	increase	decrease	increase	decrease	increase	decrease	increase
PLN	(60)	(2)	(543)	500	9	(53)	(387)	396
EUR	60	(87)	(21)	20	49	(67)	(65)	55
USD	18	(29)	(50)	46	19	(27)	(49)	47
GBP	13	(20)	-	-	9	(16)	(1)	1
Total	31	(138)	(614)	566	86	(163)	(502)	499

Change in the value of assets and liabilities under insurance and reinsurance contracts as a result of a +/- 100 bps change in the yield curve, by currency	31 December 2022				31 December 2023			
	Net profit		Equity		Net profit		Equity	
	decrease	increase	decrease	increase	decrease	increase	decrease	increase
PLN	2	(2)	984	(1,220)	3	(4)	1,183	(1,481)
EUR	(2)	-	63	(75)	(1)	1	65	(77)
USD	1	(1)	-	-	-	(1)	(2)	2
GBP	-	-	-	-	-	-	5	(6)
other	-	-	11	(14)	-	-	3	(6)
Total	2	(3)	1,058	(1,309)	2	(4)	1,254	(1,568)

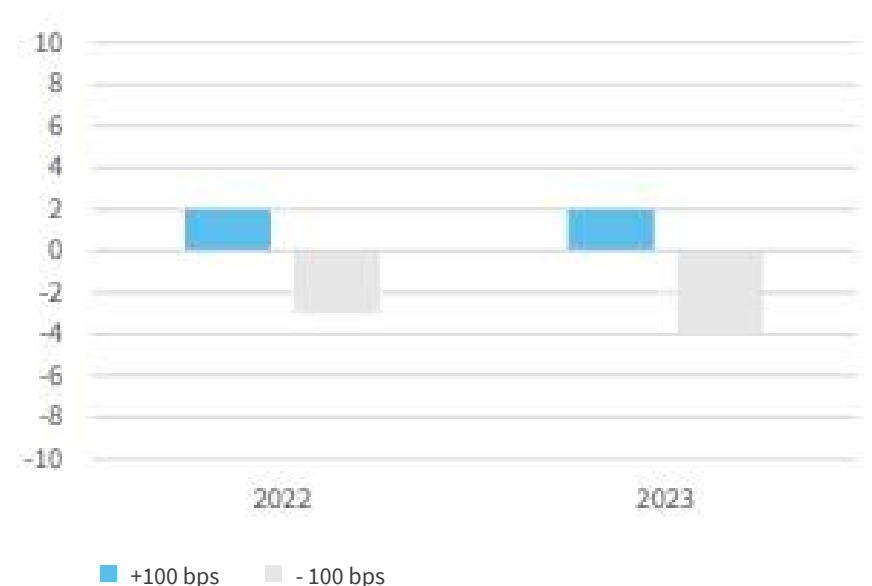
Change in portfolio value as a result of changes in the yield curve - impact on net profit (in PLN m)



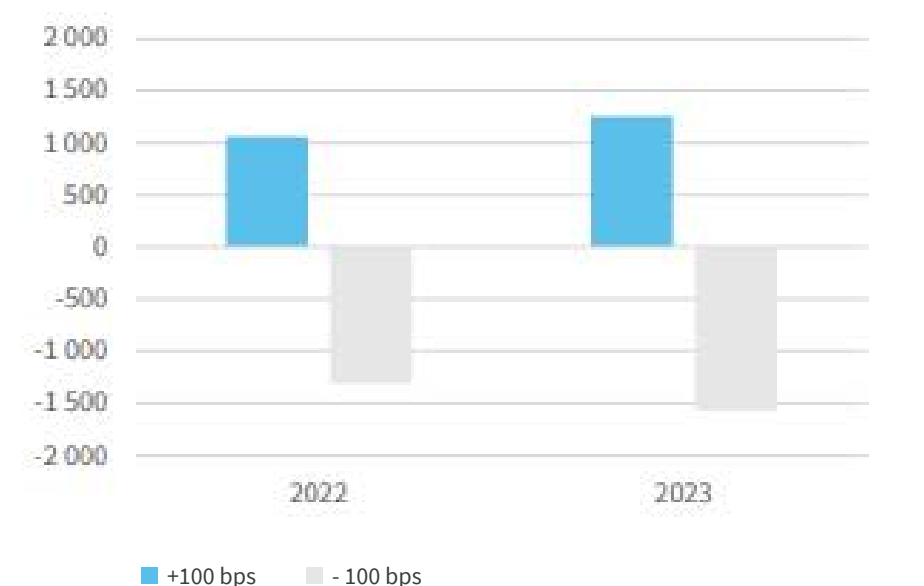
Change in portfolio value as a result of changes in the yield curve - impact on equity (in PLN m)



Change in the value of assets and liabilities under insurance and reinsurance contracts as a result of changes in the yield curve - impact on net profit (in PLN m)



Change in the value of assets and liabilities under insurance and reinsurance contracts as a result of changes in the yield curve - impact on equity (in PLN m)





The table below presents the contractual level of sensitivity of net interest income (NII) to a 100 bps change in interest rates and sensitivity of the economic value of equity (EVE) of PZU Group's banks to a 200 bps change in interest rates.

Entity	Sensitivity (%)	31 December 2022		31 December 2023	
		decrease	increase	decrease	increase
Pekao Group	NII	(3.85)%	0.16%	(1.66)%	0.34%
	EVE	3.10%	(5.75)%	1.50%	(3.75)%
Alior Bank Group	NII	(4.68)%	0.65%	(6.14)%	3.12%
	EVE	1.56%	(4.74)%	(1.77)%	0.53%

Stock price risk

The table below shows a sensitivity test of the PZU Group's portfolio of listed equity instruments for which the PZU Group bears risk.

Effect of change in valuation of listed equity instruments on equity	31 December 2022	31 December 2023
increase in valuation of listed equity instruments by 20%	288	163
decrease in valuation of listed equity instruments by 20%	(288)	(163)

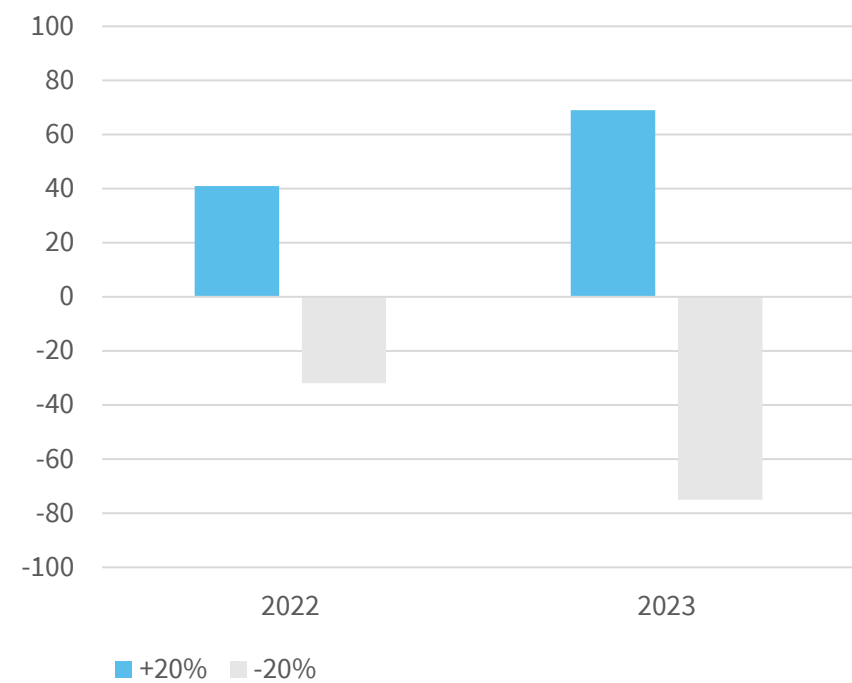
Currency risk

The following tables present a sensitivity analysis of currency risk for portfolios of financial instruments and assets and liabilities under insurance and reinsurance contracts.

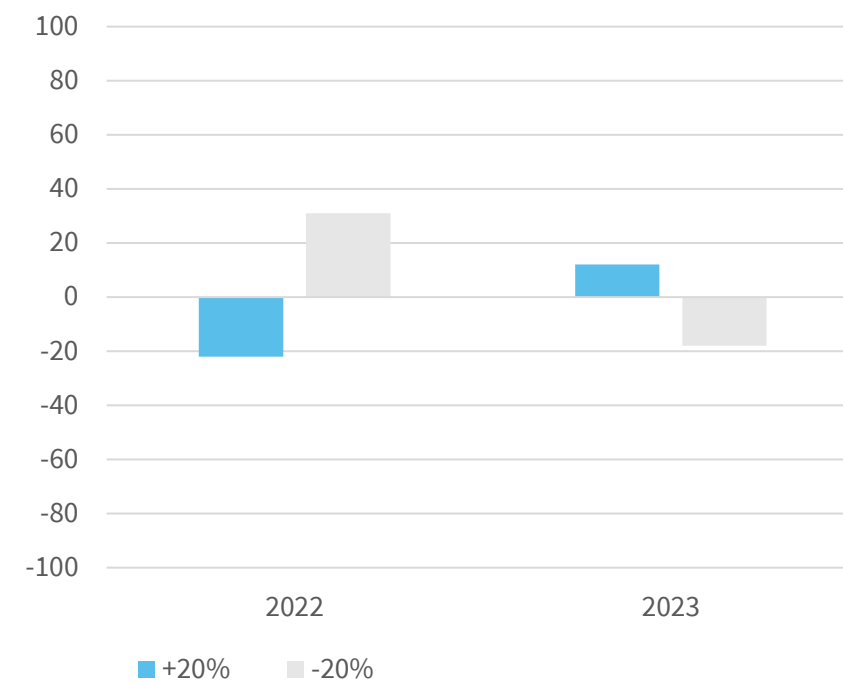
Sensitivity analysis of currency risk	31 December 2022				31 December 2023			
	Net profit		Equity		Net profit		Equity	
	decrease	increase	decrease	increase	decrease	increase	decrease	increase
EUR – change of 20%								
Assets and liabilities on account of insurance contracts and reinsurance	(107)	107	(502)	502	(105)	105	(534)	534
Financial instruments	110	(104)	696	(689)	110	(59)	757	(706)
GBP – change of 20%								
Assets and liabilities on account of insurance contracts and reinsurance	-	-	-	-	(43)	43	(40)	40
Financial instruments	(90)	90	(1)	1	(80)	80	4	(4)
USD – change of 20%								
Assets and liabilities on account of insurance and reinsurance contracts and reinsurance	8	(8)	8	(8)	(6)	6	(6)	6
Financial instruments	(241)	236	12	(17)	(255)	257	24	(22)
Other – change of 20%								
Assets and liabilities on account of insurance and reinsurance contracts and reinsurance	(6)	6	(69)	69	(4)	4	(62)	62
Financial instruments	41	(33)	41	(33)	61	(65)	61	(65)



Sensitivity analysis of currency risk - impact on net profit



Sensitivity analysis of currency risk - impact on equity



5.4. ESG risks

25 [GRI 3-3] [GRI 2-12] [ESRS GOV-5] [ESRS SBM-3]

5.4.1. Key ESG risks

From the perspective of the impact on issues related to social, employee, environmental, human rights and prevention of corruption, compliance risk and operational risk are of special importance.

ESG risk management is an integral part of the overall risk management process. Therefore, individual ESG risks are classified into major risk categories. Issues in the social and corporate governance areas are primarily operational and compliance risks. For environmental issues, it's also business, credit, market and actuarial risks.

PZU's operational and compliance risk management principles and structure are based on established regulations. Operational risks are controlled on multiple levels in the organization. Risk management is overseen by independent, dedicated units within the Company's

structure – the Risk Department for operational risk and the Compliance Department for compliance risk.

Key ESG risks – monitoring

The key tool used to monitor operational risk are the operational risk indicators, covering areas with special exposure to operational risk. They are subject to regular reviews: at least once a year.

Compliance risk is assessed at the Company as part of ongoing management processes and systemic assessment carried out on a semi-annual basis; it is also monitored monthly and quarterly based on selected risk indicators.

Detailed references to these risks are described in the following sections of this report:

Corporate governance „G”

Risks	Detailed information
Risks pertaining to disclosure of personal data and data subject to insurance secrecy to unauthorized persons	7.12.1. Information security
Risks of corruption associated with inappropriate implementation in the Group's structure of anti-corruption procedures, including the lack of protection for whistleblowers	7.10.4. Prevention and Detection of Corruption and Bribery
Risk of conflict of interest	7.8.1. Management of a conflict of interest
Risks associated with inadequate design and implementation of solutions in the area of crime prevention and failure to implement them correctly	7.12.2. Preventing crime
Reputational risk associated with the identification of PZU's activities with money laundering and terrorist financing or the risk of using PZU's activities for money laundering or terrorist financing, compliance risk associated with inadequate implementation of the AML/CFT law into business and operational processes and failure to implement them correctly	7.12.3. Preventing Money Laundering and Terrorism Financing
Reputational risk associated with the identification of PZU's activities with violations of compliance with international sanctions, compliance risk associated with inadequate implementation of Polish, EU and international laws governing the area of international sanctions into business and operational processes and failure to implement them correctly	7.12.5. Application of International Sanctions

Environment „E”

Risks	Detailed information
Reputation risk and compliance risk in connection with direct environmental impact	8.3.1. Direct environmental impact
Physical risk	8.1.2. Analysis of climate change and risk identification
Transition risk	8.1.2. Analysis of climate change and risk identification

Social responsibility „S”

Risks	Detailed information
The risk associated with difficulties in recruiting qualified staff. It pertains, in particular, to areas characterized by narrow specialization and those where candidates with unique competences are sought	9.1. Employees
Risk of failure to ensure a safe and healthy work environment. Putting employees at risk of accidents at work	9.1.10. Safety
Risk of overrunning the personnel budget, i.e. risk related to the need to hire an employee for an amount higher than budgeted in connection with lack of qualified employees in the labor market. Unbudgeted employee hiring	9.1.7. Remuneration and benefits
Risk of misselling, i.e., the risk of dishonest communication with clients regarding the PZU Group’s offers to purchase products that do not meet their needs or do so in a manner that is not suitable to their nature	9.2.2. Responsible sales
Compliance risk concerning the generally prevailing laws and guidelines of state authorities and reputational risk	9.2.1.2. Advertising ethics

Corporate governance „G”

Regulations	Detailed information
Security Policy in PZU SA and PZU Życie SA	7.12.1. Information security
Information Security Procedure of PZU SA and PZU Życie SA	7.12.1. Information security
Information Security Procedure of PZU SA and PZU Życie SA	7.12.1. Information security
Anti-Corruption Program in PZU SA and PZU Życie SA	7.10.4. Prevention and Detection of Corruption and Bribery
Whistleblowing Procedure in PZU SA and PZU Życie	7.10.3. Whistleblower System and Whistleblower Protection 7.10.4. Prevention and Detection of Corruption and Bribery
Rules for managing conflicts of interest in PZU SA and PZU Życie	7.8.1. Management of a conflict of interest
Rules for acceptance and giving of gifts in PZU SA and PZU Życie SA	7.8.1. Management of a conflict of interest
Security Procedure in counteracting crime in PZU SA and PZU Życie SA	7.12.2. Preventing crime
Security procedures in the area of counteracting money laundering and terrorism financing in PZU Życie and the PZU Group	7.12.3. Preventing Money Laundering and Terrorism Financing
Rules for the protection of employees and affiliates of PZU Życie performing activities related to the implementation of certain duties in the field of counteracting money laundering and terrorism financing	7.12.5. Application of International Sanctions
Sanction Policy in PZU SA and Życie SA	7.10.3. Whistleblower System and Whistleblower Protection
Whistleblowing System in PZU and PZU Życie	7.10.3. Whistleblower System and Whistleblower Protection

25 [GRI 3-3] [GRI 2-12] [GRI 2-23] [GRI 2-24] [ESRS MDR-P]

5.4.2. ESG risk management – policies

The main element of risk management in the PZU Group is detailed regulations, adopted at the level of companies and functional offices. The document governing these issues is the cooperation agreement (as of 21 March 2017) between PZU and the subsidiaries. The starting point for regulations adopted in subsidiaries is the area of competence of the PZU parent company, where the relevant units are responsible for preparing the substantive relevant provisions for policies in subsidiaries. Under the agreement, regulated were

issues in the fields of: procurement, risk management, IT management, internal audit, strategy, projects, marketing and brand management, consulting and legal assistance, security management, human resources management, corporate communication, tax policy, corporate governance, actuarial services, accounting, planning and controlling, compliance, reinsurance, customer experience management, claims and benefits handling, sustainable business development (ESG), tariff-related actuarial services, analysis of insurance evolution and tariffs, sales technologies development, sales and non-motor underwriting of business insurance products.

Listed below are selected regulations in force at PZU, which are key to building a consistent approach within the framework of policies and procedures adopted collectively, in the area of ESG risk management (within the group of operational and compliance risks).



Environment „E”

Regulations	Detailed information
PZU Group Environmental Policy	8.3.1. Direct environmental impact
Sustainable Investment Policy in PZU and PZU Życie	8.1.3. ESG Strategy – approach to management in climate
PZU Green Standard	8.3.1. Direct environmental impact

Social responsibility „S”

Regulations	Detailed information
Human resource management policy PZU SA and PZU Życie	9.1.1. Employees – approach to management
Procedure for counteracting undesirable behavior in the work environment – mobbing and discrimination – in PZU and PZU Życie	7.10.2. Preventing Mobbing and Discrimination
Occupational health and safety policy at PZU and PZU Życie	9.1.10. Safety
Remuneration policy in the PZU Group	9.1.7. Remuneration and benefits
Financial Planning Procedure in the PZU Group	9.1.7. Remuneration and benefits
Rules and Regulations of the Company Social Benefit Fund (ZFŚS)	9.1.7. Remuneration and benefits
Principles concerning the product management system in PZU and PZU Życie	9.2.2. Responsible sales
Code of Ethics in Advertising	9.2.1.2. Advertising ethics
Policies for managing effective communication in PZU	9.2.1.3. Plain language
Client experience management policy in PZU and PZU Życie	9.2.4. Customer dialog and improvement process
PZU Group’s Human Rights Policy	7.11. Minimum safeguards



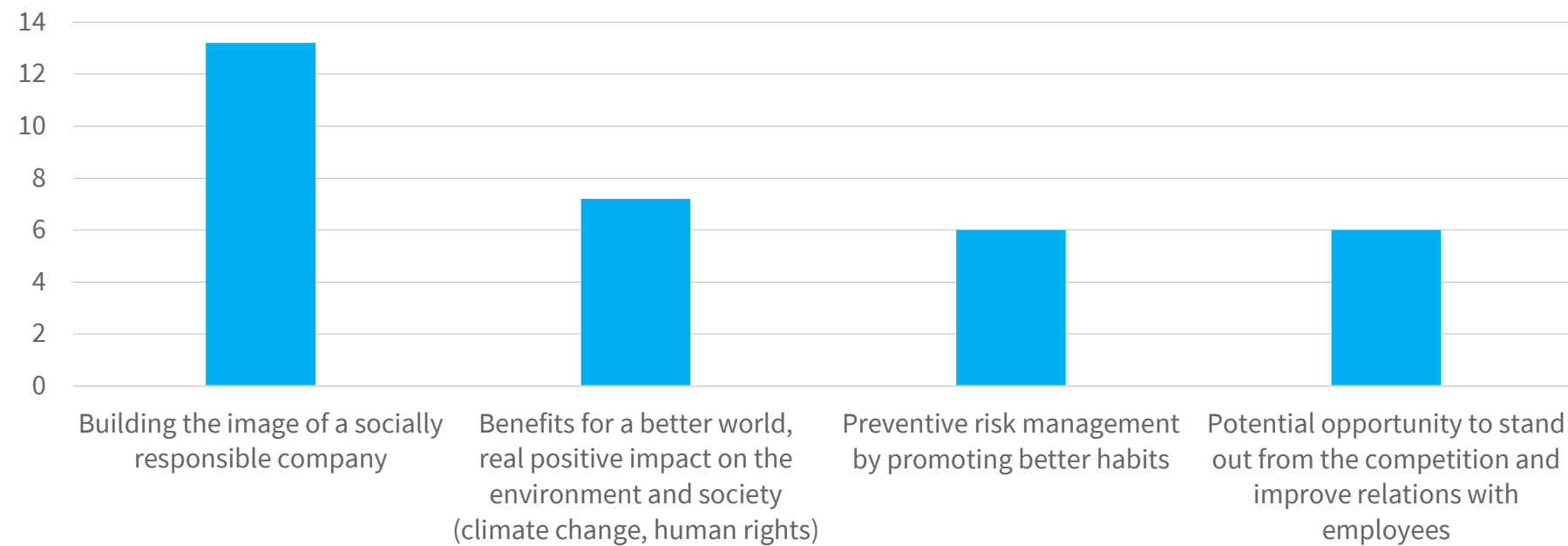
5.5. ESG opportunities

[ESRS SBM-3]

According to the Polish Insurance Association’s 2023 report, building an image as a socially responsible company is prevalent among the most common motivations for companies in the insurance sector to make ESG-related changes. These actions are aimed not only at increasing customer confidence, but also at attracting investors for whom sustainability issues are becoming increasingly important. In addition, insurers recognize that a consistent approach to ESG can contribute to real positive impacts on climate change and human rights. By promoting better habits,

these companies are not only meeting community expectations, but also supporting global sustainability efforts. Moreover, capitalizing on ESG opportunities provides insurance companies with a potential opportunity to differentiate themselves from the competitors, resulting in improved customer relations. Investments in ESG areas, as it is noted, can also help improve employee relations, increase employee engagement and create a healthier, more sustainable work environment. As a result, the ESG approach becomes an integral part of business strategy, benefiting both the organization and society as a whole.

What opportunities do insurance companies see in connection with ESG?



Source: report by the Polish Insurance Association (PIU) entitled Climate of Increasing Losses - The role of insurance in climate protection and the energy transition 2023

Integrating ESG criteria into the PZU Group’s value chain

From a management perspective, the PZU Group seeks to make the most effective use of new opportunities by increasingly integrating ESG criteria into its value chain – in the evaluation process for customers, providers, investments and products. This approach makes it possible to identify sustainable activities, while minimizing risks associated with unethical practices, negative social and environmental impacts. Implementing ESG criteria not only establishes lasting relationships based on shared values, but also supports the development of products and investments that comply with global sustainable business standards, which contributes to value creation for both the organization and its stakeholders. Moreover, ESG criteria are customized taking into account the risks and opportunities to which the nature of the business is exposed. Evaluation considering ESG factors is

conducted at PZU on a cyclical basis, in accordance with internal procedures.

The results of evaluating ESG criteria depend on a variety of factors, primarily on the characteristics of a particular industry. The differences between economic sectors mean that requirements and expectations for sustainability can vary significantly. For example, industries with a high environmental impact, such as manufacturing or energy, will be subject to stricter criteria regarding greenhouse gas emissions and energy efficiency. Service-oriented sectors, on the other hand, may focus on social issues such as workers’ rights or wage equality. Therefore, in the process of evaluating suppliers against ESG criteria, it is important to tailor the analysis to industry specifics, thus taking into account companies’ varying challenges and levels of commitment to sustainability.



ESG criteria used to evaluate customers/providers/investments/products

K - Customers **D** - Providers, **I** - Investments, **P** - Product

ESG area	Sample ESG criteria	Group under evaluation			
		K	D	I	P
ENVIRONMENTAL	Greenhouse gas emission management/monitoring/reduction.	X	X	X	X
	Responsible and efficient waste management, including waste reduction and recycling, and hazardous waste disposal.	X	X	X	X
	Promoting the development of renewable energy sources including, but not limited to, the selection of energy from renewable sources, reducing the consumption of raw materials from non-renewable sources, the rational use of natural resources.		X	X	X
	Building positive influence/promoting activities/education for environmental protection and biodiversity among staff and contractors.		X	X	X
	Management and minimization of electricity, heat and water consumption.	X	X	X	
	Having a unit in the organizational structure responsible for environmental/ESG issues.	X		X	
	Climate and environmental impacts.	X		X	
	Adaptation to climate change.			X	
	Tackling climate change.				X
	Monitoring of the environmental burden of operations.		X		
	Choosing technologies that are less harmful to the environment.			X	
	Offering sustainability supporting products.	X			X
	Identifying and managing environmental risks.	X			
	Preparing reports and/or publishing information on environmental activities.	X			
	Managing environmental impacts through company's environmental management systems, policies and business strategy.	X			
	Supporting circular economy.				X
	Taxonomic criteria.				X

ESG area	Sample ESG criteria	Group under evaluation			
		K	D	I	P
SOCIAL	Occupational health and safety management.	X	X	X	X
	Countering discrimination, bullying and other forms of harassment.	X	X	X	X
	Ensuring respect for and observance of human rights.	X	X		X
	Community outreach activities and CSR area management.	X		X	X
	Working and employment conditions - including, but not limited to, gender pay equality, employee competence development, workplace ergonomics.	X	X		X
	Responsible workplace management - including, but not limited to, balancing opportunities, supporting diversity, equal treatment, dialogue with employees.		X		X
	Promoting mental health, wellbeing, work-life balance.		X		X
	Prohibition of slave labor, forced labor and child labor.		X		
	Having mechanisms to communicate and report human rights violations.		X		
	Standards for customer service, sales contracts and external communications.			X	
	Nurturing the reputation and trust of stakeholders, especially customers, employees, business partners and investors, and avoiding actions that negatively affect the company's image.			X	
	Managing product quality, the impact of the product on the employees, customers, suppliers, other stakeholders.	X			X
	Positive impact of the product on the customers' health.				X

ESG area	Sample ESG criteria	Group under evaluation			
		K	D	I	P
GOVERNANCE	Information security management - including ICT system security, information security breaches, protection of confidential information, protection of personal data, compliance with the GDPR.	X	X	X	X
	Anti-corruption and bribery, the number of verified cases, managing this area.	X	X	X	X
	Following and developing business ethics and compliance.	X	X	X	X
	Selecting our own contractors that meet ESG requirements.		X	X	
	Risk management and risk minimization efforts.	X			X
	ESG risk analysis.	X			
	Minimizing ESG risks in the value chain.				X
	Executive board compensation policies.	X			
	Impact of ESG factors on offerings and investments.	X			
	Applying the best business standards and fair competition.		X		
	Respect for intellectual property.		X		
	Taking responsibility for the Company's assets and avoiding misuse, including misappropriation, devastation, theft, and preventing the use of official position for personal benefits.			X	
	Preparing for disruptions in the economic and administrative system.			X	
	Maintenance of business process continuity during social crises such as war or pandemic.			X	
	Compliance with laws and implementation of anti-trust measures.			X	
Building relationships with stakeholders, fostering organizational transparency, responsible marketing activities and reliable external communications.				X	

Taking advantage of opportunities in the development strategy

The analysis of ESG criteria in the value chain allows us to include into Group strategy the elements that will have a positive long-term effect in the form of increased corporate value, image or economic benefits. In particular, these will include activities related to product offerings, risk management approaches and social and environmental responsibility.

- 1) The product area has already included a number of products protecting against climate change, including natural disaster insurance, climate insurance, and insurance for sustainability-oriented businesses. Both new products in this area are currently under development and modifications to existing offerings are planned, which could be important both for new sales and for retaining current customers.
- 2) In the area of investments, it will be important to increase involvement in renewable energy sources and innovative green technologies, which may contribute to boosting the company's reputation and attracting customers interested in sustainable development. Diversifying the investment portfolio, implemented by including ESG-related assets, will also be beneficial, potentially reducing financial risks associated with traditional sectors exposed to regulatory changes.
- 3) In the area of corporate social responsibility (CSR), it will be important to expand financial education programs, public health initiatives and community projects, which will strengthen relationships with customers, employees or local communities. Increasing public awareness of ESG issues through educational programs and outreach activities will also provide benefits.

- 4) In the labor area, an increase in employee well-being activities are expected to play an important role, which can contribute to both an improved workplace atmosphere and increased organizational productivity and efficiency.
- 5) In the climate change adaptation domain, another ESG area will be important to integrate into risk management processes, as well as to expand climate scenario analysis, which should contribute to increasing the organization's climate resilience and generate new business opportunities, especially in the perspective of closing the insurance gap. Data from the European Insurance Supervisory Authority (EIOPA) shows that insurers' coverage for climate-related catastrophe losses in Europe is only 25%. The insurance sector perceives the insurance gap as an opportunity for its industry, which can play a key role in achieving the sustainable development goals. It is vital to take preventive measures and raise consumer awareness of the relevance of insurance, especially in the context of the growing risks associated with climate change and the need to protect against the financial consequences of natural disasters. Supporting consumers and businesses in protecting themselves from the effects of climate change becomes therefore a priority. Introducing new standards, raising awareness and effective cooperation may contribute to reducing the gap and better managing risks, bringing long-term benefits to all stakeholders.



6. Performance and dividend

- 6.1. Key factors affecting the financial results achieved
- 6.2. PZU Group's income and costs
- 6.3. PZU Group's asset and liability structure
- 6.4. Contribution made by the market segments to the consolidated result
- 6.5. PZU's standalone results
- 6.6. Dividend
- 6.7. Financial rating
- 6.8. Analysts' predictions



6.1. Key factors affecting the financial results achieved

In 2023, net profit attributable to the shareholders of the PZU Group's parent company was PLN 5,766 million, compared to PLN 3,781 million in 2022 (up 52.5%). Net profit reached PLN 12,452 million, i.e. PLN 119,8% more than in 2022, and profit before tax stood at PLN 16,077 million, compared to PLN 8,137 million the year before.

With the exclusion of non-recurring events¹ the net result rose by 28.8% compared to last year.

Operating profit in 2023 was PLN 16,067 million, up PLN 96.9% compared to the result in 2022.

Operating profit was driven in particular by the following:

- higher performance in the banking business segment (PLN +7,266 million), in particular, due to an increase in the interest income as a result of increases in interest rates in 2022, negative one-time effects from

the previous year, including: costs related to the modification of agreements for PLN mortgage loans granted to consumers due to their suspension of loan repayments (credit holidays), the accession to the Bank Protection System and a payment to the Borrower Support Fund. In addition, there were lower compulsory payment to the Bank Guarantee Fund (BFG) in 2023, and the positive effects were partially offset by higher operating costs of banks, mainly in Pekao Bank due to the indexation of salaries and higher property maintenance costs;

- higher profitability on the operating activities of the corporate non-life insurance business (PLN +340 million) as a result of better performance on investments (increases in revenues as a result of a higher level of assets to cover insurance contract liabilities as well as a higher level of money market rates and the purchase of high-yield debt instruments for the portfolio) and also better performance on

- insurance services (mainly due to higher dynamics of MOD insurance products sales);
- higher operating result in the group and individually continued life insurance segment (PLN +115 million), mainly as a result of higher investment income allocated to the segment and lower claims and benefits as a result of the decline in mortality after the COVID-19 pandemic (the group and individually continued life insurance portfolio, due to the high and increasing average age of the insured, was particularly exposed to the impact of increased mortality caused by the pandemic and civilization diseases);
- an increase in operating profit in the investment segment (PLN +83 million) mainly due to an increase in TFI PZU revenues as a result of achieving high rates of return on assets under management, as well as improved results from the valuation of listed equity portfolios as a result of an improvement in the capital market, and bond portfolios following declines in yields against last year's money market increases and purchases of high-yield debt instruments for the portfolio;
- better performance of the Baltic business (PLN +59 million) due to higher revenues from insurance contracts triggered by higher sales of motor insurance and health insurance products, partially offset by higher liabilities on claims in the current year and a higher level of amortization of acquisition expenses;
- higher result in the mass insurance segment (PLN +41 million) – mainly by improving the result from investments allocated to the segment and an increase in the result from net insurance services;

- lower performance on the operating activities of the individual protective life insurance products segment (PLN -5 million), primarily, as a result of changes in financial revenues and expenses on insurance activities, and also better performance on insurance services;
- lower performance on the operating activities in the pension insurance segment (PLN -21 million), mainly due to a less favorable balance of settlements with the Insurance Guarantee Fund of the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych, "KDPW"), partially offset by an increase in fund management fees.

In the individual operating result items, the PZU Group posted:

- an 8.6% increase in insurance revenues – to PLN 26,868 million, (PLN +1,735 million after reinsurance premium allocations), including an increase in amortization of liabilities for remaining coverage (LRC) as a consequence of higher sales growth mainly in MOD insurance (average premium growth resulting from rising vehicle values and a higher number of insureds) to a lesser extent in MTPL (mainly on the LINK4 portfolio) and non-motor insurance in both non-life insurance segments. Increased revenue was noted in the Baltic countries segment as a result of higher sales in non-life insurance segment, including motor TPL and MOD insurance products (due to higher fees in the region), as well as health and property insurance products. The increased level of revenue from insurance contracts is also triggered by a higher y/y level of premiums allocated to cover acquisition cash flows as a consequence of growing sales and a simultaneous increase in commission costs (changes in the sales distribution channels).

1) Non-recurring events in 2023 include: updating the provision for risks related to foreign currency mortgage at Pekao Bank and interest income at Pekao related to the settlement of the government program, initiated in 2022, to modify PLN mortgage loan agreements granted to consumers due to their suspension of loan repayments (so-called credit holidays), and in 2022, costs connected with Alior Bank and Pekao Bank accessing the Bank Protection System; provision created by Pekao Bank for legal risk of foreign currency mortgage loans, costs related to the modification of agreements for PLN mortgage loans granted to consumers due to their suspension of loan repayments (so-called credit holidays), and an impairment of financial assets and receivables in Ukrainian companies.

- the higher level of insurance service expenses, which amounted to PLN 22,746 million, i.e. 7.6% more than in 2022. Expenses adjusted for the amounts recoverable from reinsurers increased by PLN 1,379 million, and this resulted from:
 - higher administrative expenses attributable to the insurance activities in the insurance business segments in Poland due to an increase in personnel costs and in real estate costs (indexation of rental prices, utilities, costs of the new headquarters and IT expenses for group work tools);
 - amortization of insurance acquisition cash flow (impact of change in the sales distribution channels);
 - higher liabilities of the current year, including in particular in the mass non-life insurance segment and the Baltic companies, partially offset by lower claims and benefits in the group and individually continued life insurance segments as a result of the decline in mortality following the COVID-19 pandemic;
 - the release of a higher net excess of prior years' claims reserves over the current projected value of payouts; (including, the effect of the release of the reserve without payout in the contract guarantee of PLN 60.3 million in the corporate non-life insurance);
- 83.8% higher investment income, exclusive of interest expenses and 82.6% higher income after factoring in the interest expenses² (increase from PLN 10,586 million to PLN 19,325 million). Growth pertained to investment income from both banking and

non-banking activities. The higher performance in banking activities was related in particular to the increase in interest income of both banks as a result of a series of interest rate hikes in 2022 and the absence in 2023 of one-time effects recognized in 2022, including: a lower level of legal risk allowances for foreign currency mortgage loans created by Pekao Bank and costs incurred in 2022, related to the modification of contracts for PLN mortgage loans granted to consumers due to their suspension of loan repayments (so-called credit holidays), amounting to PLN 1,958 million at Pekao Bank and PLN 502 million at Alior Bank. At the same time, an increase in investment income was posted in investment activity, net of banking activity³. Compared to 2022, it was higher mainly as a result of an increase in results from investment activities on the asset portfolio covering investment products and as a result of an increase in the income level of the following portfolios:

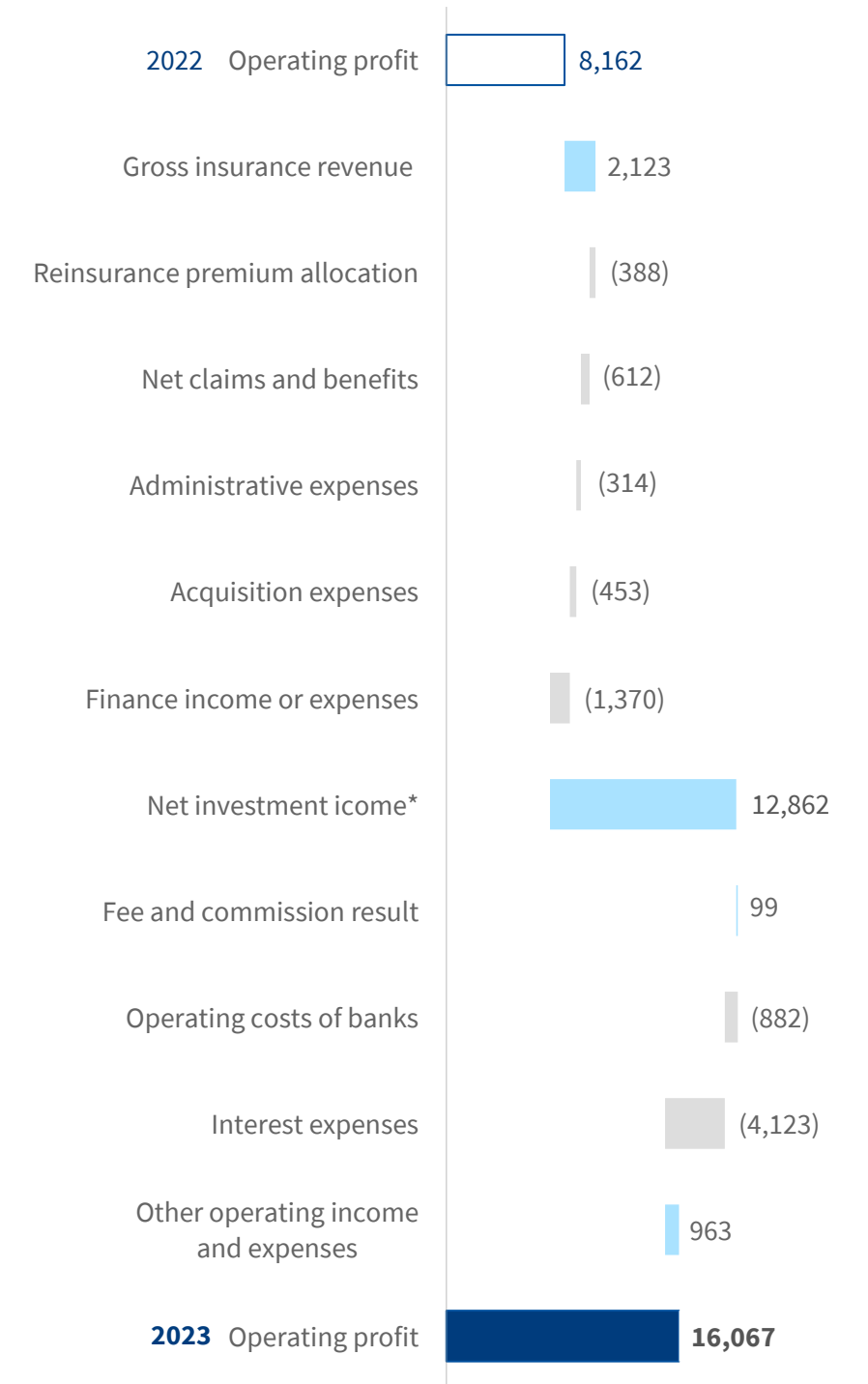
- listed shares due to an improvement in the capital market;
- money market instruments due to higher WIBOR rates as well as higher portfolio assets;
- Polish sovereign bonds as a result of purchasing high-yield instruments for the portfolio.

3) Banking activity: data of Pekao and Alior Bank

Better performance on the asset portfolio covering investment products did not affect the PZU Group's total net profit, as it was offset by the insurance finance income or expenses.

- an increase in net commissions and fees to PLN 3,786 million, compared with PLN 3,687 million in 2022, mainly related to an increase in revenues of TFI PZU as a result of achieving high rates of return on assets under management partially offset by a higher level of commission expenses on payment card transactions at banks;
- movement in the negative balance of other operating income and expenses – to PLN 2,983 million, compared with PLN 3,946 million in 2022. It was mainly related to the one-time effects of 2022 in the banks – the payment of PLN 696 million to the aid fund in connection with the accession of Alior Bank and Pekao Bank to the Bank Protection System and the payment of PLN 231 million to the Borrower Support Fund. In addition, there was a PLN 116 million lower charge for payments to the Bank Guarantee Fund in 2023, while the charge for the tax on financial institutions increased in total from PLN 1,452 million in 2022 to PLN 1,496 million in 2023 (this is the result of an increase in taxable assets, not the tax rate).

Operating result of the PZU Group in 2023 (PLN million)



*) excluding interest expense

2) including: interest income calculated using the effective interest rate, other net investment income, result on derecognition of financial instruments and investments, movement in allowances for expected credit losses and impairment losses on financial instruments, net movement in fair value of assets and liabilities measured at fair value, and interest expenses.



Basic amounts of the consolidated profit and loss account	1 January – 31 December 2022	1 January – 31 December 2023
	PLN million	PLN million
Insurance service result before reinsurance	3,600	4,122
Insurance revenue	24,745	26,868
Insurance service expenses	(21,145)	(22,746)
Net income or expenses from reinsurance contracts held	63	(103)
Allocation of reinsurance premiums	(1,126)	(1,514)
Amounts recoverable from reinsurers	1,189	1,411
Insurance service result	3,663	4,019
Insurance finance income or expenses	(408)	(1,786)
Financial income and expenses from reinsurance	30	38
Fees and commissions result	3,687	3,786
Net investment result*	15,353	28,215
Operating costs of banks	(5,450)	(6,332)
Interest expenses	(4,767)	(8,890)
Other operating income and expenses	(3,946)	(2,983)
Operating profit (loss)	8,162	16,067
Share of the net financial results of entities measured by the equity method	(25)	10
Profit (loss) before tax	8,137	16,077
Income tax	(2,471)	(3,625)
Net profit (loss)	5,666	12,452
Net profit (loss) attributable to the equity holders of the parent company	3,781	5,766

*) Including: interest income calculated using the effective interest rate, other net investment income, result on derecognition of financial instruments and investments, movement in allowances for expected credit losses and impairment losses on financial instruments and net movement in fair value of assets and liabilities measured at fair value

6.2. PZU Group's income and costs

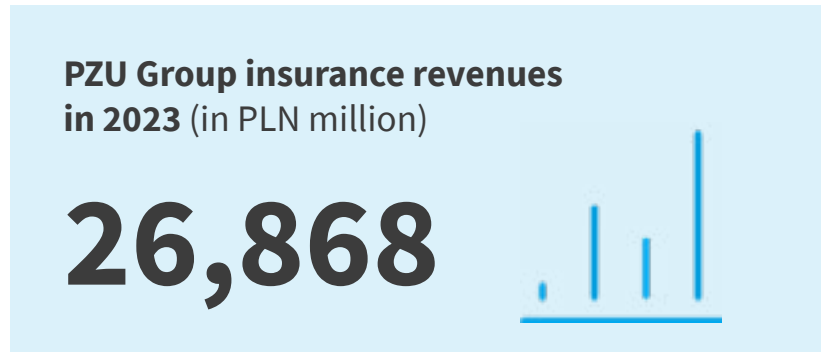
Insurance revenue

In 2023, the insurance revenue of PZU Group reached PLN 26,868 million, i.e. 8.6% more (PLN 2,123 million) than in 2022. The change in the level of insurance revenues was driven predominantly by:

- an increase of PLN 985 million (+9.0% y/y, to PLN 11,966 million) in insurance service revenues in the mass non-life segment and an increase of PLN 978 million after reinsurance premium allocation, including an increase in the amortization of liabilities for remaining coverage (LRC) as a consequence of higher sales, mainly, of MOD insurance products (an increase in the average premium) and, to a lesser degree, motor third party liability insurance products (mainly in the LINK4 portfolio) and non-motor insurance products. The effect on the MOD and motor third party liability insurance portfolios was driven by a higher number of contracts made, due in part to the availability of vehicles greater than in the preceding year. The higher level of revenue from insurance contracts is also triggered by a higher y/y level of premiums allocated to recovery of insurance acquisition cash flows as a consequence of growing sales and a simultaneous increase in commission costs, resulting from changes in the sales distribution channels;
- an increase of PLN 653 million (+18.9% y/y, to PLN 4,101 million) in insurance revenues in the corporate non-life insurance segment – including amortization of liabilities for remaining coverage (LRC) (PLN +561

million) mainly as a result of higher sales growth in MOD and non-motor insurance. After reinsurance premium allocations, revenues increased by PLN 269 million. The higher level of revenue from insurance contracts is also triggered by a higher y/y level of premiums allocated to recovery of insurance acquisition cash flows as a consequence of growing sales and a simultaneous increase in commission costs, which results mainly from changes in the sales distribution channels.

- higher insurance revenues in the Baltic countries segment (gross revenue growth of PLN 407 million y/y, revenue growth after reinsurance premium allocation of PLN 391 million) as a result of higher sales in non-life insurance segment, including MTPL and MOD insurance products (due to higher fees in the region), as well as health and non-life insurance products;



- increase in insurance revenue in the individual life insurance segment (up PLN 56 million y/y) as a result of higher contractual service margin release mainly as a consequence of observed demographic changes (lower mortality) and a revision of assumptions, including lower incidence rates;
- higher insurance revenues in the group and individually continued life insurance segment (by PLN 46 million y/y) as a result of higher contractual service margin release in 2023 mainly due to lower expected mortality; an increase in revenues to cover insurance acquisition cash flows due to an increasing share of intermediary compensation partially offset by a lower level of premium required to cover expected claims and benefits, mainly due to an assumed high level of expected claims in 2022 that was not reflected in the actual level of realized claims for annual renewable group contracts

Fees and commissions result

In 2023, commissions and fees result amounted to PLN 3,786 million, and was by PLN 99 million, i.e. 2.7%, higher than in the previous year. The revenues included primarily:

- net revenues from commissions and fees in the banking business of PLN 3,137 million, down PLN 22 million, or -0.7%, as compared to last year; mainly due to an increase in commission expenses on payment card transactions;

Commissions and fees result in 2023

(PLN million)

3,786



- pension insurance revenues – at PLN 147 million, down PLN 14 million, or -8.7%, compared to the same period of the previous year mainly due to revenues from the reserve account and from the overpayment to the Insurance Guarantee Fund of the National Depository for Securities (“KDPW”) recognized in 2022;
- revenues and fees received from funds and mutual fund management companies of PLN 498 million, up PLN 135 million, or 37.2%, as compared to 2022, including an increase in revenues of TFI PZU as a result of achieving high rates of return on assets under management.

Net investment result and interest expenses

In 2023, net investment result including interest expense excluding Pekao Bank and Alior Bank amounted to PLN 3,112 million compared to PLN 1,403 million in the comparable period of the previous year. The higher level of result on investment activities excluding banking activities related in particular to a PLN 1,220 million increase in the results generated on the asset portfolio



that constitute investment insurance coverage, which has no impact on the PZU Group's total net result, as it is offset by insurance finance income or expenses. At the same time, there was an increase in performance excluding banking activities and the asset portfolio for investment insurance coverage, which was due to improved performance primarily in the following portfolios:

- listed shares as a result of the capital market recovery;
- money market instruments due to higher WIBOR rates as well as higher portfolio assets;
- Polish sovereign bonds measured at amortized cost and at fair value through other comprehensive income as a result of purchases into the portfolio of instruments offering high yields as well as bonds measured at fair value through profit or loss following declines in profitability against last year's increases.

The aforementioned increases were partially offset by lower earnings from the valuation measurement of the real estate portfolio, as well as Private Equity following the adjustment of valuations of unlisted equity instruments to the change in the public market.

Higher investment profit was accompanied by higher interest expenses by PLN 35 million (+23,2% y/y) as a result of higher interest rates in Poland.

Result on other operating income and expenses

In 2023, the balance of other operating income and expenses was negative and stood at PLN 2,983 million, compared to the also negative balance of PLN 3,946 million in 2022. The balance change was caused by the following factors:

- accession of Alior Bank and Pekao Bank to the Bank Protection System in 2022, resulting in a contribution to the aid fund of PLN 696 million recognized in the that period;
- contribution to the Borrower Support Fund in the amount of PLN 231 million in 2022;
- lower fees to the Bank Guarantee Fund by PLN 116 million, the total burden on banks in 2023 dropped to PLN 249 million;
- higher charge of the levy on financial institutions, which in the case of the PZU Group (insurance and banking activity considered jointly) increased from PLN 1,452 million in 2022 to PLN 1,496 million in 2023, due to higher charges on the banking activities resulting from the higher balance of taxable assets (the rate of the bank levy has not changed);
- higher provision for legal risk related to foreign currency mortgages at Pekao Bank of PLN 497 million versus PLN 352 million in 2022.

Insurance segments (PLN million)	Insurance revenue	
	1 January - 31 December 2022	1 January - 31 December 2023
TOTAL	24,745	26,868
Total Non-life insurance – Poland	14,429	16,067
Mass insurance – Poland	10,981	11,966
MTPL insurance	4,139	4,303
MOD	2,866	3,308
Other products	3,976	4,355
Corporate insurance – Poland	3,448	4,101
MTPL insurance	638	651
MOD	788	930
Other products	2,022	2,520
Total life insurance – Poland	7,986	8,092
Group and individually continued insurance – Poland	7,316	7,362
Individual insurance – Poland	581	637
Investment insurance – Poland	89	93
Total Non-life insurance – Ukraine and the Baltic Countries	2,238	2,629
Ukraine – non-life insurance	198	184
Baltic Countries – non-life insurance	2,040	2,445
Total life insurance – Ukraine and Baltic Countries	92	80
Ukraine – life insurance	50	36
Baltic Countries – life insurance	42	44



Insurance service expenses (PZU Group)

Insurance service expenses were PLN 22,746 million, i.e. increased by PLN 1,601 million, i.e. by 7.6%, as compared to 2022. Expenses adjusted for the amounts recoverable from reinsurers increased by PLN 1,379 million, and this resulted from:

- in the mass non-life insurance segment, higher net liabilities for the current year's claims, costs including amortization of insurance acquisition cash flows (impact of growing share of multiagency and dealer channel in the portfolio), release of a lower net excess of prior years' claims reserves over the current projected value of payouts;
- in the corporate non-life insurance segment, higher amortization of insurance acquisition cash flows with a positive effect on the result of the loss reserve from previous years (the effect of the release of the reserve without the payment in the contract guarantee in the amount of PLN 60.3 million);
- higher liabilities for the current year's claims in the Baltic countries segment as a result of the increase in the value of the portfolio, administrative expenses attributable to the insurance business mainly due to higher personnel costs and amortization of acquisition costs;
- lower claims and benefits in the group and individually continued life insurance segment as a result of the post-pandemic (COVID-19) mortality decline (portfolio particularly vulnerable to an impact of the increased pandemic and civilization disease mortality – the aging of the portfolio);

- higher liabilities for current year claims, costs including amortization of acquisition costs in the individual protection life insurance segment;
- higher administrative expenses attributable to the insurance activities in the insurance business segments in Poland due to an increase in personnel costs and in real estate costs (indexation of rental prices, utilities, costs of the new headquarters and IT expenses for group work tools).

Financial income and expenses from PZU Group insurance

The finance revenue and expenses on the insurance activities in 2023 were PLN -1,786 million, as compared to PLN -408 million in 2022 (and together with the finance revenue and expenses on the reinsurance activities, respectively, PLN -1,748 million and PLN -378 million). The increase in expenses was influenced in particular by the increase in the value of investments at policyholder risk in the investment insurance segment and the effect of changes in interest rates on the effect of shortening the discount period.

Operating costs of banks

The banks' operating expenses amounted to PLN 6,332 million in 2023 against PLN 5,450 million in 2022, an increase of PLN 882 million y/y. The increase in costs was influenced in particular by the indexation of salaries and higher real estate costs, due to increases in energy prices and the minimum wage at Pekao Bank.

Drivers and atypical events affecting the results

In 2023, the PZU Group's result was burdened as a result of updating the provision for risk related to foreign currency mortgage loans at Pekao Bank in the amount of PLN 406 million (out of which PLN 497 million burdened other operating expenses, and PLN +91 million was reported as a movement in allowances for expected credit losses and impairment losses on financial instruments). In addition, an amount of PLN 103 million was included in Pekao Bank's interest income, representing the unrealized portion of the government's program, launched in 2022, to modify the contracts of PLN mortgage loans granted to consumers due to their suspension of loan repayments (so-called credit holidays).

In 2022 PZU Group's result was burdened by non-recurring effects related to banking activities including:

- costs associated with the accession of a Pekao Bank and Alior Bank to the Bank Protection System in the amount of PLN 482 million and PLN 214 million, respectively;
- updating the provision for legal risk related to foreign currency mortgage loans at Pekao in the gross amount of PLN 1,598 million (out of which PLN 352 million burdened other operating expenses, and PLN 1,246 million was reported as a movement in allowances for expected credit losses and impairment losses on financial instruments);

- costs related to the modification of agreements for PLN mortgage loans granted to consumers due to their suspension of loan repayments (the so-called credit holidays), in the gross amount of PLN 1,958 million at Pekao Bank and PLN 502 million at Alior Bank.

In addition, due to the Russian Federation's invasion of Ukraine on 24 February 2022, PZU's Management Board assessed the impact of this event on the PZU Group's operations, business continuity, financial position and going concern. As a result of this analysis and due to the downgrading of Ukraine's rating, the PZU Group decided to recognize write-downs in the consolidated income statement for 2022, mainly for financial assets and receivables. The impact of these write-downs on the PZU Group's consolidated net result reached PLN 94 million.

6.3. PZU Group's asset and liability structure

As at 31 December 2023, the PZU Group's total assets were PLN 467,893 million, up PLN 38,707 million compared to the end of 2022.

Assets

Loan receivables from clients constituted 46.8% of the Group's assets (versus 49.6% at the end of 2022). Their balance reached PLN 218,808 million. Compared to 2022, it increased by PLN 6,115 million chiefly due to an increase in mortgage loans for individual clients.

44.6% of assets (versus 40.6% at the end of 2022) were investments: financial assets, investment property, derivatives and financial assets pledged as collateral for liabilities. They totaled PLN 208,534 million, and were up by PLN 34,483 million as compared to the end of last year. The increase in the value of investments was associated particularly with back activity, and was related to the higher value of the portfolio of debt securities. Net of the banking business, the investment portfolio increased compared to the level from the previous year, and changes in its balance are attributable to the generated investment result, and inflow of premiums driven by business growth.

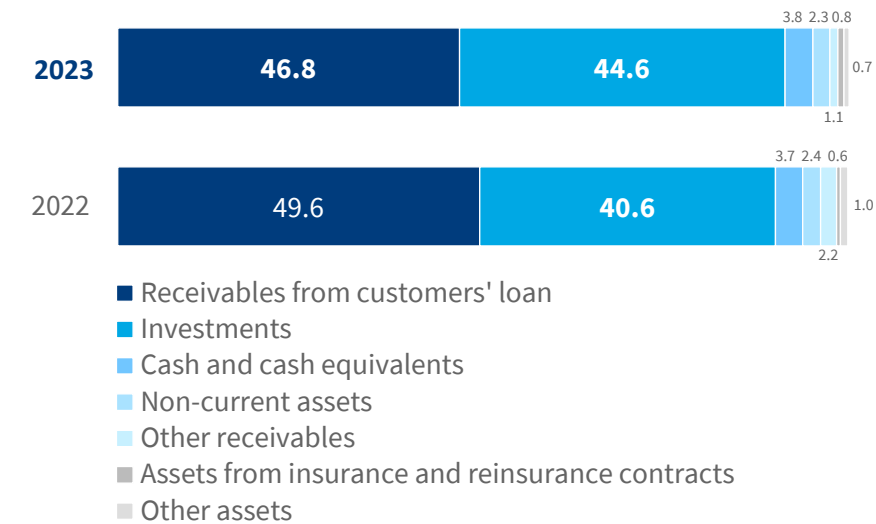
2.3% of assets (versus 2.4% at the end of 2022) were non-current assets in the form of intangible assets, goodwill and property, plant and equipment. They amounted to PLN 10,650 million, and were by PLN 256 million higher as compared to the end of 2022. This increase also pertained to property, plant and equipment.

3.8% of assets (versus 3.7% at the end of 2022) were cash and cash equivalents. Their value was PLN 17,702 million, and was PLN 1,742 million higher than in 2022. This was mainly determined by an increase in the cash balance in bank accounts in Pekao Bank.

1.1% of assets (versus 2.2% at the end of 2022) represented the PZU Group's receivables, including receivables under the current income tax. They amounted to PLN 5,246 million, and were by PLN 4,167 million lower as compared to the end of 2022. The decrease arose primarily from the lower value of outstanding transactions involving financial instruments.

0.1% of assets (compared to 0.2% as at the end of 2022) were the assets held for sale. In 2023, their balance fell by

Structure of PZU Group assets (in %)



PLN 33 million, to PLN 621 million. It concerned mainly the properties held by real estate sector mutual funds as held for sale, since the expected investment horizon has been reached.

Equity and liabilities

At of 31 December 2023, the PZU Group's consolidated equity reached PLN 60,479 million, which was up PLN 12,054 million compared to 2022.

The value of the non-controlling interests increased by PLN 8,194 million to PLN 30,457 million. This was the result of an increase in the valuation of debt instruments and cash flow hedging instruments measured at fair value through other comprehensive income, earmarking PLN 1,423 million for dividends by Pekao Bank (including PLN 1,138 million for minority shareholders) and the

profit attributable to non-controlling owners of PLN 6,686 million (generated by Alior Bank and Pekao Bank).

Equity attributable to the parent company's shareholders increased by PLN 3,860 million to PLN 30,022 million. This is the effect of 2023 net income attributable to owners of the parent company of PLN 5,766 million and an increase in the valuation of debt and cash flow hedging instruments measured at fair value through other comprehensive income, partially offset by the negative effect of a change in discount rates for the valuation of insurance liabilities due to a decrease in the discount curve and the distribution of PZU's profit for 2022 in the amount of PLN 1,637 million plus the amount of PLN 1,296 million transferred from the supplementary capital created from net profit for the year ended 31 December 2021, including the allocation of PLN 2,072 million for the disbursement of dividends.

64.9% of the Group's equity and liabilities as of 31 December 2023 were liabilities to clients under deposits. They amounted to PLN 303,781 million, and were by PLN 25,723 million higher as compared to the end of 2022. This was influenced by an increase in current and time deposits at Pekao Bank and Alior Bank.

As of 31 December 2023, the PZU Group had liabilities arising from own debt securities totaling PLN 12,003 million, including:

- PLN 9,691 million on bonds issued by Bank Pekao and Alior Bank;
- PLN 1,257 million on certificates of deposit issued by Bank Pekao and Alior Bank;
- PLN 1,055 million on covered bonds issued by Bank Pekao.

Subordinated liabilities of the PZU Group as of 31 December 2023, reached PLN 6,166 million, which was similar to the corresponding 2022 value.

At the end of 2023, net insurance contract liabilities amounted to PLN 42,363 million and accounted for 9.1% of total equity and liabilities. As compared to the liabilities at the end of 2022, they increased by PLN 4,814 million. The increase was related in particular to the decline in interest rates as well as an increase in the BEL estimate on a high unit value claim, with no major impact on the result due to deep reinsurance coverage.

4.1% of equity and liabilities at yearend 2023 was other liabilities in the amount of PLN 18,971 million. They were PLN 4,342 million higher than at the end of 2022. The change in the balance was mainly due to liabilities from repurchase transactions, to banks for payment documents cleared in interbank clearing systems and current income tax.

Cash flow statement

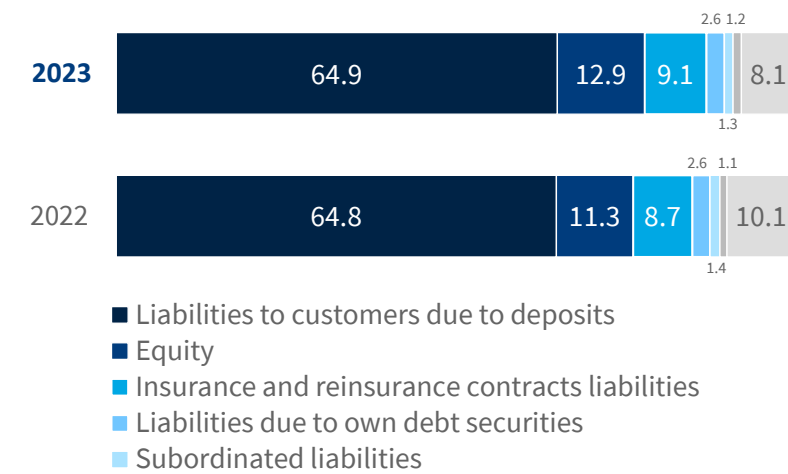
At the end of 2023, net cash flow was PLN 1,993 million, down by PLN 4,453 million compared to the previous year. This decrease was recorded in particular in net cash flows from investment activity.

Material off-balance sheet line items

The value of contingent liabilities at the end of 2023 was PLN 80,673 million, that is PLN 3 million less year on year. The balance consisted primarily of the following items:

- PLN 5,137 million in contingent liabilities for renewable limits in settlement accounts and credit cards;
- PLN 53,822 million in liabilities from loans in tranches;
- PLN 9,313 million in liabilities in the form of awarded guarantees and sureties;
- PLN 6,627 million in factoring liabilities.

Structure of PZU Group's equity and liabilities (in %)



6.4. Contribution made by the market segments to the consolidated result

The following industry segments were identified in order to facilitate management of the PZU Group:

- corporate insurance (non-life insurance) – a broad scope of property, TPL and motor insurance products customized to a client’s needs entailing individual underwriting offered by PZU, LINK4 and TUW PZUW;
- mass insurance (non-life insurance) – property, accident, TPL and motor insurance products offered to individual clients and entities in the small and medium enterprise sector by PZU and LINK4;
- group and individually continued insurance (life insurance) – group insurance products offered by PZU Życie to groups of employees and other formal groups (e.g. trade unions), under which persons with a legal relationship with the policyholder (e.g. employer, trade union) accede to the insurance product granted and individually continued insurance products under which the policyholder acquires the right to individual continuation during the group phase;
- individual insurance (life insurance) – insurance offered by PZU Życie to individual clients under which the insurance contract applies to a specific insured and this insured is subject to individual underwriting;
- life investment insurance – unit-linked insurance with significant insurance risk (investment agreements that are not investment contracts);
- investments – the segment includes investments of free funds, i.e. the surplus of the investment portfolio over the level allocated to pay insurance liabilities of PZU and PZU Życie and the operating result of TFI PZU;
- pension insurance – the segment includes income and expenses of PZU OFE pension funds;
- banking – a broad range of banking products offered to corporate and retail clients by Bank Pekao and Alior Bank;
- Baltic Countries – non-life insurance and life insurance products provided in the territories of Lithuania, Latvia and Estonia;
- Ukraine – non-life insurance and life insurance products provided in the territory of Ukraine;
- investment contracts – include PZU Życie products that do not transfer material insurance risk and do not satisfy the definition of insurance contract; these are some of the products with a guaranteed rate of return and in unit-linked form;
- other – consolidated companies that are not classified in any of the enumerated segments.

Corporate insurance

The operating profit in the corporate insurance segment in 2023 was PLN 864 million, meaning it was up by PLN 340 million or 64.9% compared to 2022. The improvement in operating result was mainly due to an increase in net insurance services result (+255 million y/y) and an improvement in investment income (+107 million y/y).

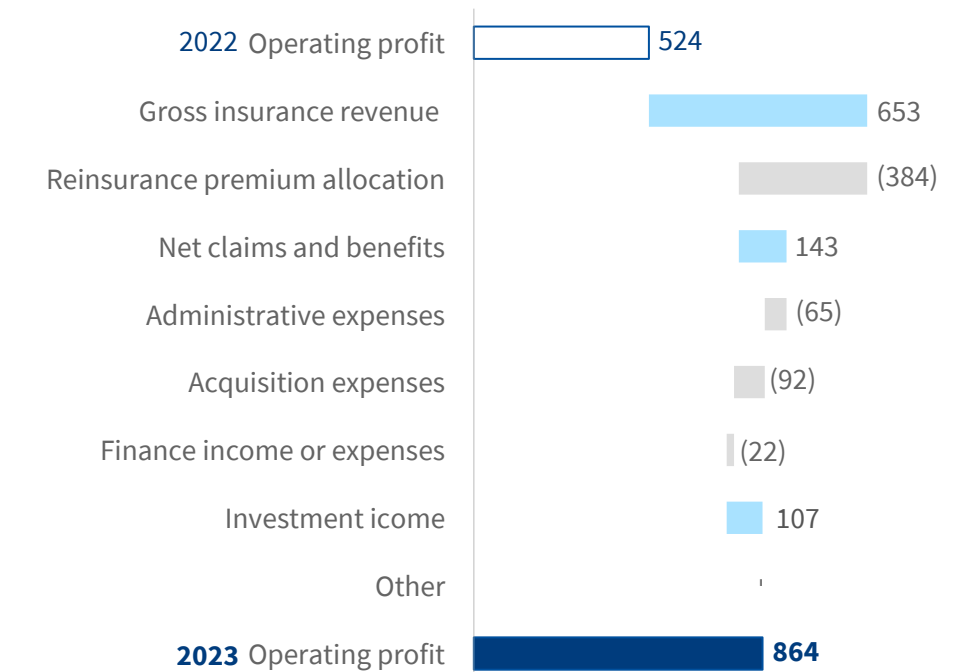
The result was affected mainly by:

- an increase in insurance contract revenue compared to 2022 by PLN 653 million, i.e.: +18.9 y/y (PLN +269 million y/y after reinsurance premium allocation). The increase resulted from an increase in the amortization of LRC as a consequence of a higher sales, mainly, of MOD insurance products, and from an increase in non-motor insurance products. In MOD insurance, it is mainly the impact of an increase in average premiums as a consequence of the rising value of vehicles that translate into an increase in sums insured. The effect was compounded by the higher availability of vehicles than a year ago and the consequent recovery in the leasing market, which translated into an increase in the number of contracts. The increase in LRC amortization in non-motor insurance is the result of premium earning from 2022 including a contract with an oil company with a premium of more than PLN 400 million concluded in November 2022 reinforced by the acquisition of a large contract in Q3 2023 with a power generation client with a premium of more than PLN 200 million. The higher level of revenue from insurance contracts is also triggered by a higher y/y level of premiums allocated to recovery of insurance acquisition cash flows as a consequence of growing sales and a simultaneous increase in commission costs;

- higher net insurance service expenses by PLN 14 million y/y (+0.6 % y/y) which together with an increase in the net insurance contract revenue by 10,6% y/y resulted in the profitability measured by the combined ratio (COR) increasing by 7.8 percentage point. An increase in the net insurance service expenses is a result of:

- lower y/y claims and benefits of the current year (PLN -7 million y/y) resulting from deterioration in motor insurance and significant improvement in non-motor insurance – in 2022 provisioning for two large claims with a total impact on the result of nearly PLN 130 million;
- higher costs, including amortization of insurance acquisition cash flows and administrative expenses attributable to insurance operations. The increase in

Result on insurance of the corporate insurance segment
(in PLN million)



administrative expenses results primarily from higher personnel costs (impact of salary increases) and in real estate costs – indexation of rental prices, utilities, costs of the new headquarters) and IT expenses for group work tools;

- positive impact on the result of the changes that relate to past service (LIC) (+180 million). The y/y increase in total yield by PLN 138 million is due, among other things, to the impact of the conclusion of an agreement in the contract guarantee and, consequently, the release of an unpaid provision in the amount of PLN 60.3 million. In addition, in financial loss insurance, an increase in the provision in a fire loss of nearly PLN 1 billion was recognized with a reinsurer’s share of PLN 1 billion (deeply reinsured loss);
- the PLN 107 million (+ 47.6% y/y) increase in net investment income compared to the comparable period last year was due in particular to an increase in the required balance of assets to cover liabilities, as well as the higher level of money market rates and the purchase of high-yield debt instruments into the portfolio offset in part by the negative impact of foreign exchange rate differences. At the level of the PZU Group’s overall net result, this currency effect was offset by the changed level of insurance liabilities covered by foreign currency assets;
- the insurance finance income and expenses (after reinsurance allocation) were -PLN 73 million, which translates into an increase in expenses by PLN 22 million y/y triggered mainly by fluctuations in interest rates. Rising interest rates are pushing the weighted average locked-in rates used to discount insurance liabilities at initial recognition higher and higher.

Consequently, the effect of “unwinding” the discount as a result of the passage of time is getting stronger.

In 2023, the segment recorded a PLN 560 million gross insurance service result influenced by an increase in 2023 of nearly PLN 1 billion in the provision to a prior years’ event (a claim by a customer from the fuel industry), however, due to the high level of reinsurance (more than 98%) without a significant impact on the net insurance service result which amounted to PLN 605 million.

Mass insurance

The operating profit in the mass insurance segment in 2023 was PLN 2,038 million, up by PLN 41 million or 2.1% compared to 2022. The higher profit was the result of improved investment income (PLN +42 million) and an increase in net insurance service result result (PLN +27 million).

The result was affected mainly by:

- an increase in revenue from insurance contracts compared to 2022 by PLN 985 million, i.e.: +9.0 y/y (PLN +978 million y/y after reinsurance premium allocation). The increase resulted from an increase in the amortization of LRC as a consequence of a higher sales, mainly, of MOD insurance products, and from an increase in non-motor insurance products. In MOD insurance, it is mainly the impact of an increase in the average premium resulting from the increasing value of vehicles, which translates into an increase in the sums insured. The effect was compounded by the higher availability of vehicles than a year ago and the consequent recovery in the market, including dealers, which translates into an increase in insurance. The

increase in LRC amortization in non-motor insurance is mainly a consequence of the growth of the PZU Dom, PZU Firma insurance portfolio offered to small and medium-sized businesses. The higher level of revenue from insurance contracts is also triggered by a higher y/y level of premiums allocated to recovery of insurance acquisition cash flows (+11.9% y/y) as a consequence of growing sales and a simultaneous increase in commission costs – higher share of multi-agency channel in the portfolio);

- a higher level of net insurance service expenses by PLN 951 million y/y (+10.2 % y/y) which, together with an increase in the net insurance contract revenue by 9,0% y/y, resulted in a 0.9 p.p. deterioration in profitability as measured by the combined ratio (COR). An increase in the net insurance service expenses is a product of:

- higher liabilities (y/y) for the current year’s claims and expenses, including acquisition expenses (as a result of growing share of multi-agency and dealer channel in the portfolio) and administrative expenses attributable to the insurance activities. The increase in administrative expenses results primarily from higher personnel costs and in real estate costs (indexation of rental prices, utilities, costs of the new headquarters) and higher marketing costs,
- recognition of a loss component for the 2023 cohort of contracts (mainly MTPL insurance), including on the inward reinsurance portfolio with PZU Group companies being the result of an increase in claims inflation and an update of assumptions regarding the expected level of indirect costs. The total excess of amortization over the recognition of the loss component amounted to PLN 42 million maintaining the positive impact of the change in the value of the

Result on insurance of the mass insurance segment (in PLN million)

2022 Operating profit	1,997
Gross insurance revenue	985
Reinsurance premium allocation	(7)
Net claims and benefits	(577)
Administrative expenses	(88)
Acquisition expenses	(286)
Finance income or expenses	(28)
Investment income	42
Other	
2023 Operating profit	2,038

loss component on the insurance service result in both motor and non-motor insurance.

- release of a lower y/y net excess of prior years’ claims reserves over the current projected value of payouts;
- the PLN 42 million (+ 6.0% y/y) increase in net investment income compared to the comparable period last year was due in particular to an increase in the required balance of assets to cover liabilities, as well as the higher level of money market rates and the purchase of high-yield debt instruments into the portfolio offset in part by the negative impact of foreign exchange rate differences. At the level of the PZU Group’s overall net result, this currency effect

was offset by the changed level of insurance liabilities covered by foreign currency assets;

- the insurance finance income and expenses (after reinsurance allocation) were PLN -258 million, an increase in expenses by PLN 28 million y/y mainly as a consequence of changes in interest rates, i.e.: an increase in interest rates in H1 2022 and a decrease in H1 2023.

Group insurance and individually continued insurance

In 2023, the Group and Individual Continuing Insurance segment achieved PLN 1,612 million in operating profit, an increase of PLN 115 million, or 7.7%, compared to the same period last year. The result was affected mainly by:

- higher by PLN 46 million insurance contract revenues as a result of:
 - a lower y/y premium required to cover expected claims and benefits (PLN -127 million), following an expected return to lower pre-pandemic mortality rates while high utilization of health insurance benefits, mainly outpatient and paramedical services (the effect of health debt realization after the two-year pandemic in an environment of high medical services inflation);
 - revenue growth to cover rising insurance acquisition cash flows (+7.2% y/y) due to the increasing share of broker compensation,

- higher contractual service margin release in 2023 mainly due to lower expected mortality and expected gradual improvement in profitability in group health insurance.

- an increase in net insurance service expenses by PLN 54 million y/y (0.9% y/y), which together with an increase in the net insurance contract revenue by 0,6% y/y resulted in the profitability measured by the ratio of insurance service result to insurance contract revenue decreasing by 0.2 percentage points. An increase in the insurance service expenses is a product of:

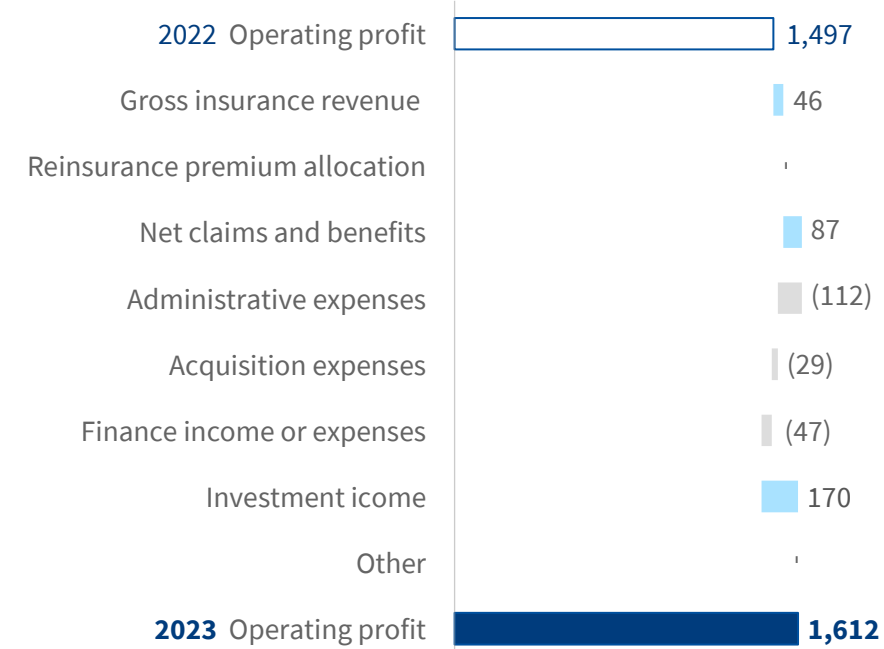
- lower claims and benefits as a result of, among other things, a drop in mortality rates after the COVID-19 pandemic. The group and individually continued insurance portfolio, due to the high and increasing average age of the insured, was particularly vulnerable to the impact of increased mortality caused by pandemics and diseases of civilization. Effect partially limited by rising costs of medical and paramedical benefits;

- changes in the value of the loss component with a positive impact on the result of PLN +13 million (PLN -43 million y/y) are mainly a consequence of the lower creation of the loss component for the current period cohorts (updating the assumptions for expected claims ratio from death risks and utilization of medical benefits) and slower amortization of the component from previous years than a year ago;

- higher administrative expenses as a result of higher personnel costs and in real estate costs (indexation of rental prices, utilities, costs of the new headquarters and IT expenses for group work tools);

- an increase by PLN 170 million (+24.9% y/y) in the investment income, as compared to the corresponding period of the previous year, was in particular due to an increase in income from floating coupon instruments due to a higher required level of assets to cover liabilities as well as a higher level of money market rates and the purchase of high-yield debt instruments in Poland for the portfolio;
- the insurance finance income and expenses (after reinsurance allocation) were PLN -509 million, which translates into an increase in expenses by PLN 47 million y/y mainly as a consequence of the increase in locked-in rates which generated higher insurance finance expenses.

Result on insurance of the group insurance segment and individually continued (in PLN million)



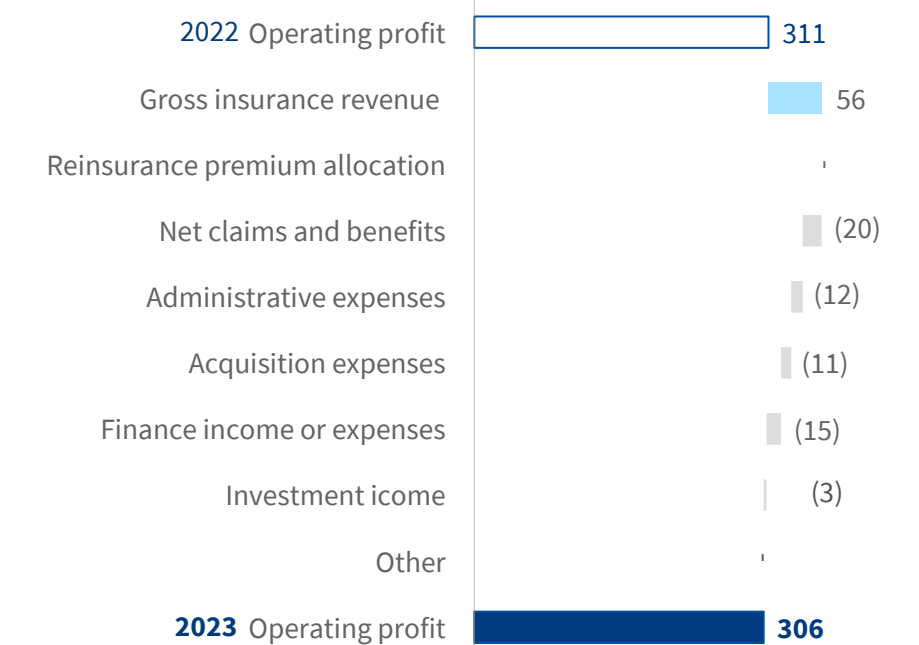
Individual insurance

In 2023, the individual insurance segment posted an operating profit of PLN 306 million, down PLN 5 million, or 1.6%, compared to the same period last year. This was mainly due to a change in the level of insurance financial income and expenses (PLN -15 million y/y), with a simultaneous improvement in the result from insurance service (PLN +13 million y/y) and an even level of the investment income allocated to the segment (PLN -3 million y/y).

The result was affected mainly by:

- higher insurance contract revenue (PLN + 56 million y/y) resulting from:

Result on insurance of the individual insurance segment (in PLN million)



- higher y/y contractual service margin release, mainly as a consequence of observed demographic changes (lower mortality) and updated assumptions, including lower morbidity rates;
- a higher level of revenues written to recovery of insurance acquisition cash flows with a lower level of the expected claims and benefits – a result of a decrease in the bancassurance portfolio and an increase in the endowment insurance (Type J) in own channels;
- growth in other income – in 2022, a significantly higher negative impact of cancellation of bancassurance contracts translating into an increase in premium refunds (mainly from single premium contracts) of credit insurance;

- an increase in net insurance service expenses by PLN 43 million y/y (+14.3% y/y), which together with an increase in the net insurance contract revenue by 9,6% y/y resulted in the profitability measured by the ratio of insurance service result to insurance contract revenue decreasing by 2.2 percentage points. An increase in the net insurance service expenses is mainly the result of:

- higher administrative expenses as a result of higher personnel costs and in real estate costs (indexation of rental prices, utilities, costs of the new headquarters and IT expenses);
- an increase in the loss component with an impact of PLN -9 million y/y on the result being the cumulative effect of the recognition of a new loss component higher by PLN 9 million y/y, and lower amortization of the loss component for active cohorts from prior

periods with an impact of PLN -6 million y/y on the result;

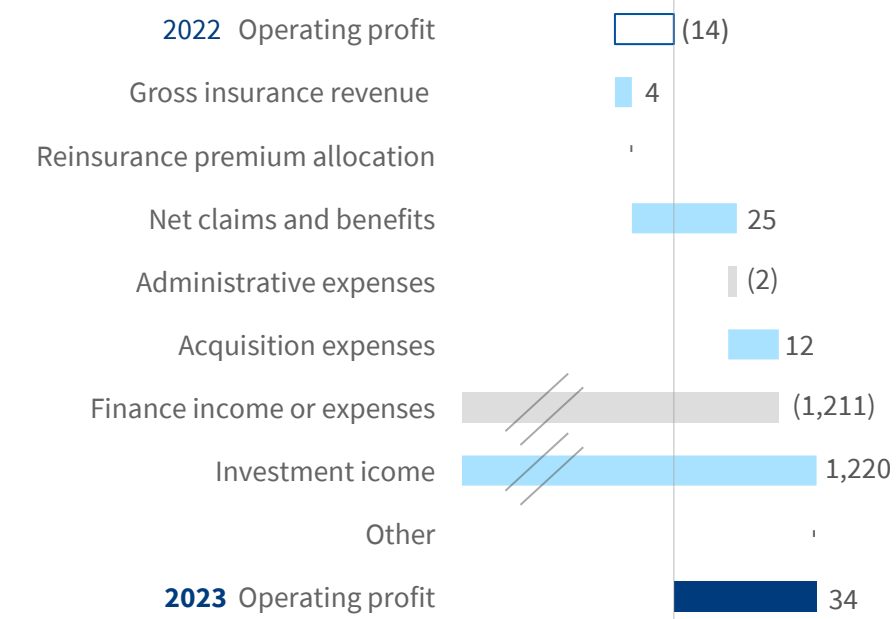
- the investment result slightly lower compared to the comparable period last year (PLN -3 million, or -2.5% y-o-y) as a result of a reduction in the average required rate of return in the newer product groups;
- insurance finance income or expenses (net of reinsurance), at PLN -102 million, a decrease in expense of PLN -15 million y/y mainly as a consequence of the one-time recognition of the difference in the valuation measurement of liabilities for products with discretionary profit sharing calculated using current rates and rates from the time of initial recognition (locked-in rates) recognized in the first quarter of 2022 being the first reporting period after the transition date.

Life investment insurance

In 2023, the investment life insurance segment achieved an operating profit of PLN 34 million, a significant increase over the same period last year. The y/y change is a result of an increase in sales of a new endowment insurance product with the guaranteed sum assured marketed in the second half of 2022, and of higher fees charged to customers as a consequence of lower insurance equity funds.

The investment income was PLN 765 million, as compared to the investment loss generated in the previous year (PLN -455 million), in particular, on the PPE products, Multi-currency Investment Program and IKE products. However, the increase in the investment income had no effect on the PZU Group's total net profit,

Result on insurance of the life insurance segment of an investment nature (in PLN million)



as it is offset by insurance financial income and expenses (a y/y increase in insurance financial expenses of PLN 1,211 million).

Investments

In 2023, the profit in the investment segment increased, as compared to 2022, by PLN 80 million (+18.1% y/y), which was triggered by:

- improved earnings from the valuation measurement of the listed equity portfolio due to better market conditions and the sovereign bonds portfolio as a result of declines in profitability compared to last year's increases;
- lower earnings from the valuation measurement of the real estate portfolio, and Private Equity following the

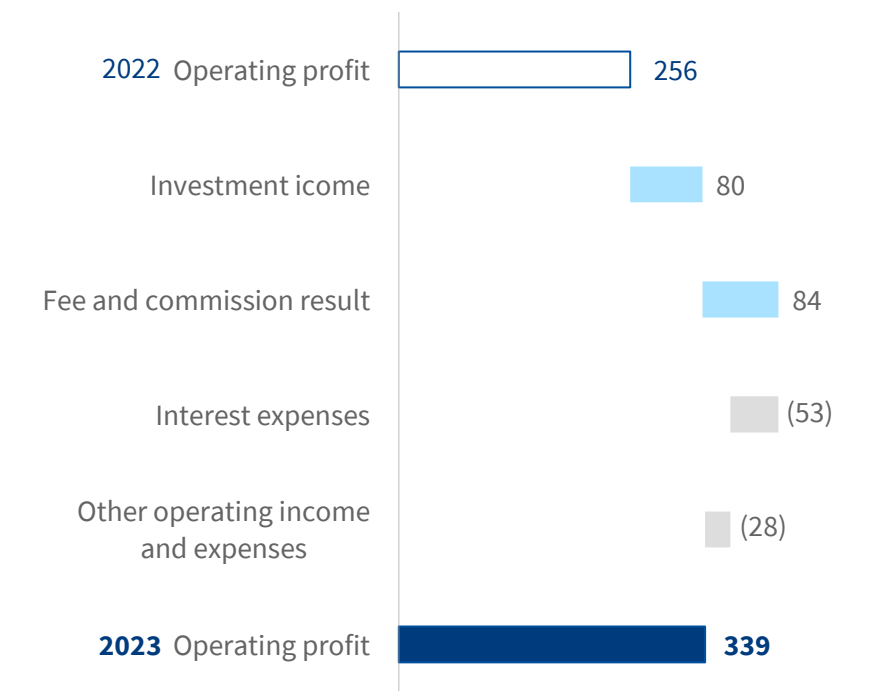
adjustment of valuations in the private market to the change in the public market;

- higher allocation to insurance segments.

Higher investment profit was accompanied by higher interest expenses (by PLN 53 million y/y) as a result of higher interest rate level in the Polish money market.

Operating result in the investment segment amounted to PLN 339 million in 2023, compared to a lower level in the comparable period last year (PLN 256 million), in particular as a result of a higher result from investments in free funds as well as a high operating result of PZU TFI as a result of achieving high rates of return on assets under management.

Result on insurance of the investment segment (in PLN million)



Banking segment / banking activity

The operating profit in the banking segment (without amortization of intangible assets acquired as part of the bank acquisition transactions), composed of the Pekao Bank and Alior Bank groups, amounted to PLN 11,180 million in 2023 and was higher by PLN 7,266 million than the year before.

Increase in revenues of the PZU Group's banks results from the continued high level of interest rates despite the Monetary Policy Council's 100 bps rate cuts. In addition, in 2023 banks incurred significantly lower costs related to the modification of PLN mortgage loan agreements granted to consumers due to the suspension of their loan repayments (so-called credit holidays) and lower costs of provisions for legal risk of foreign currency loans. Lower contributions to the Bank Guarantee Fund, as well as lack of additional regulatory costs of contributions to the Bank Protection System and the Borrower Support Fund, also had a positive impact on the y/y difference in results.

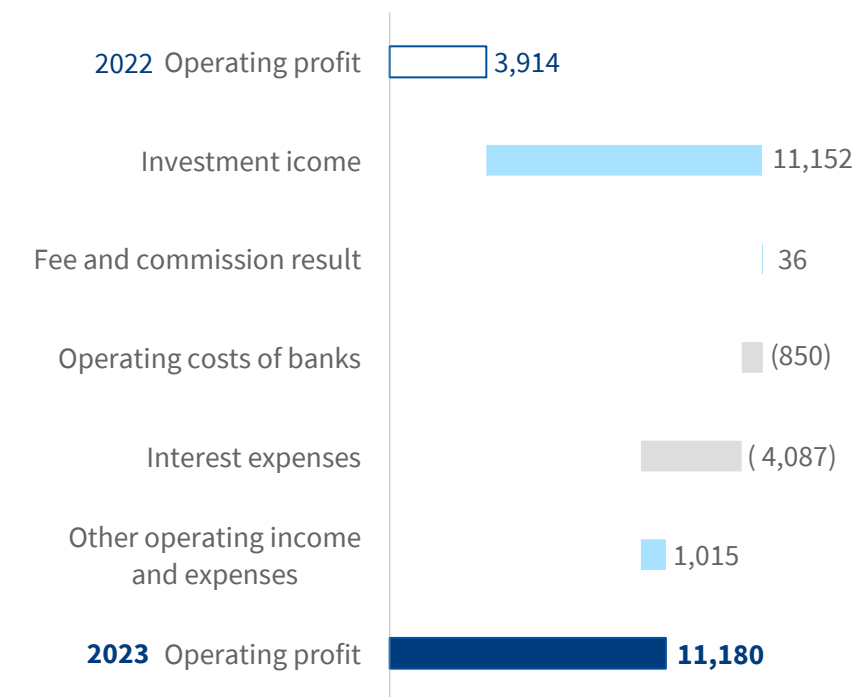
The Pekao Bank's contribution to the PZU Group's operating profit in the banking segment (net of the amortization of intangible assets acquired as part of the acquisition transaction) was PLN 8,473 million, while Alior Bank's contribution was PLN 2,707 million.

The key component of the segment's income is the investment income, which amounted to PLN 24,788 million in 2023 (+81.8% y/y). Investment income consists of: interest income, dividend income, trading result and result on impairment losses. In 2023, the segment income was positively impacted by high net interest income due to continued high interest rates. In addition, as part of interest income in 2023 Pekao Bank recorded a one-time income of PLN 103 million, in connection

with the modification of PLN mortgage loan agreements granted to consumers due to the suspension of their loan repayments (so-called credit holidays). Results in 2023 are also affected by lower legal risk provisions for foreign currency mortgages.

The total portfolio of loan receivables in both banks increased by PLN 6 billion (2.8% y/y) in 2023 compared to 2022. This is largely the result of an increase in mortgage receivables from clients in Q4 2023, resulting mainly from the launch of the government's "2% Safe Mortgage" program.

Result from operating activities of the banking segment
(in PLN million)



The value of allowances for expected credit losses and impairment losses on financial instruments totaled PLN 565 million in Bank Pekao and PLN 661 million in Alior Bank, and was lower y/y by PLN 1,452 million and PLN 414 million, respectively, mainly due to lower provisions for legal risk related to CHF foreign currency mortgage loans.

Pekao Bank's profitability at the end of 2023, as measured by the net interest margin ratio, is 4.2%, an increase of 0.95 p.p. over the value achieved in 2022. The value of Alior Bank's net interest margin ratio at the end of 2023 is 5.89%, up 1.25 p.p. compared to the corresponding period in 2022. The difference in the level of the net interest margin results in particular from the structure of the loan receivables portfolio. At both banks, interest margins have increased as a result of the series of interest rates increases that started in 2022 and ended in the first half of 2023, as well as due to the inclusion of the so-called credit holidays in interest income in 2022.

The net fee and commission income in the banking activity segment amounted to PLN 3,605 million and was 1% higher than in the corresponding period of last year. The main reasons for the improvement in commission income were higher customer activity in the areas of loans and card payments, increased margins on foreign exchange transactions, and higher commissions from investment funds.

The total operating expenses were PLN 6,489 million and consisted of the Pekao operating expenses amounting to PLN 4,570 million and of the Alior Bank operating expenses of PLN 1,919 million. The increase by 15.1% y/y was caused mainly by higher personnel costs (indexation of salaries) and higher real estate maintenance expenses due to higher electricity prices and higher minimum wage.

In addition, other contributors to the operating result included other operating income and expenses, where the main components are the levy on other financial institutions (PLN 1,143 million) and the BFG fees (PLN 249 million). The negative balance of other operating income and expenses was PLN 1,015 million lower compared to 2022, due to lack of fees from the Bank Protection System (PLN 696 million in 2022) and the Borrower Support Fund (PLN 231 million in 2022), as well as lower fees for the BGF (PLN -116 million y/y). The Cost/Income ratio was 32.0% for both banks (31% for Bank Pekao and 34% for Alior Bank), so 8 percentage points less than the year before.

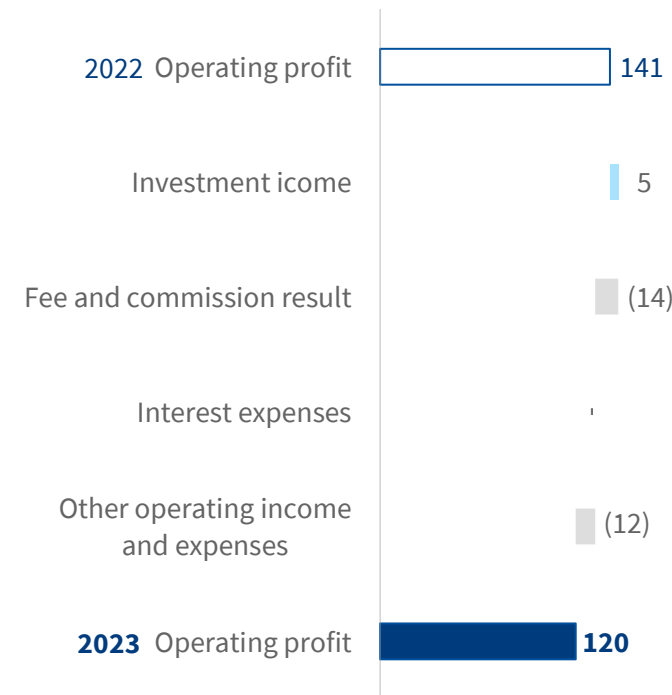
Pension insurance

The operating profit in the pension insurance segment amounted to PLN 120 million at the end of 2023, or 14.9% less than in the corresponding period in 2022.

Factors affecting the operating result and its movement:

- a decrease in net fee and commission income to PLN 147 million, with the change due to the recognition in 2022 of income from the overpayment of funds in the Guarantee Fund of the National Depository for Securities (PLN 25 million) and income from the reserve account (PLN 6 million) offset by a PLN 14 million increase in fund management fees in 2023;
- an increase in the negative balance of other operating income and expenses to -PLN 44 million, mainly due to higher costs of fund operations (a PLN 17 million surcharge on the Insurance Guarantee Fund);

Result from operating activities of the pension insurance segment (in PLN million)



- the investment result increase by PLN 5 million to the level of PLN 17 million, attributable to the high level of market interest rates.

Baltic Countries

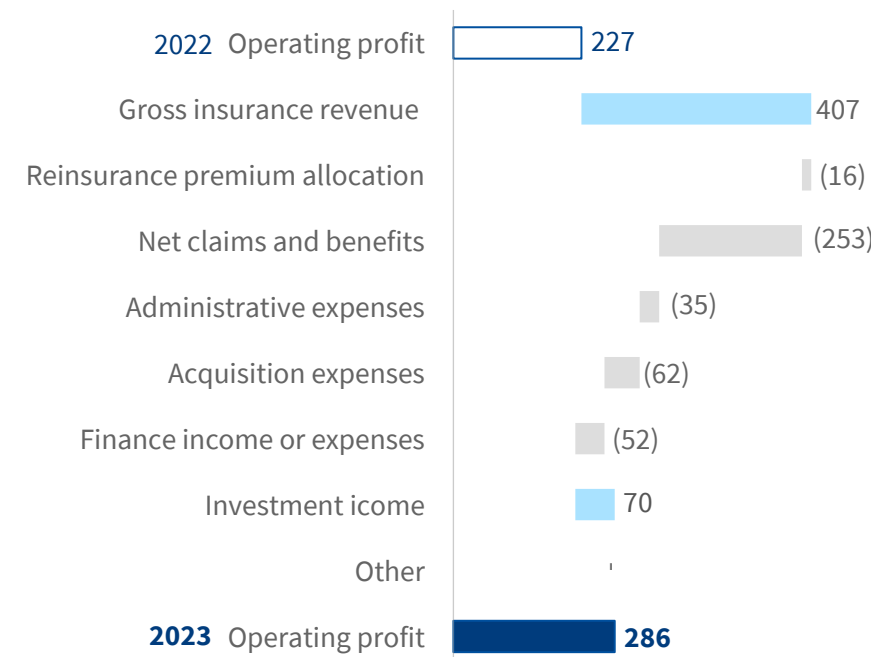
The operating result in the Baltic Countries in 2023 was PLN 286 million, an increase by PLN 59 million, or 26.0%, compared to 2022.

Compared to last year, there was an increase of PLN 407 million, or +19.5%, in insurance contract revenue, including allocated reinsurance premiums of PLN 391 million. Within revenues, there was an increase in the amortization of LRC as a consequence of a higher sales.

Sales higher by PLN 385 million were generated in the non-life insurance segment chiefly as a result of a considerable growth in sales of motor third party liability and MOD insurance (by 19.1% y/y in the functional currency) due to an increase of tariffs in the region and non-life insurance (by 26.5% y/y in the functional currency) due to, among other things, the conclusion of new contracts of significant value, and health insurance (by 33.0% in the functional currency) as a result of a higher number of policies. In life insurance, sales climbed PLN 2 million. The higher level of insurance contract revenue is also triggered by a higher y/y level of premiums allocated to cover acquisition costs as a consequence of growing sales.

Insurance service expenses adjusted by amounts due from reinsurers increased by PLN 350 million y/y (+19.2%). Non-life insurance business saw an increase

Result on insurance of the Baltic Countries segment (in PLN million)



of PLN 349 million, which, with a 19.5% y/y increase in net insurance contract revenues, represents a 0.1 p.p. improvement in profitability measured by the combined ratio (COR).

An increase in the net insurance service expenses of the segment is a product of:

- higher y/y claims and benefits liabilities due to the increase in the value of the portfolio;
- release of a higher y/y net excess of prior years' claims reserves over the current projected value of payouts;
- change of a loss component with an effect on the insurance service result PLN -12 million y/y as a product of the recognition of a new loss component lower by PLN 51 million as compared to the corresponding period of the preceding year, and of changes in assumptions for active cohorts from the previous years having an effect on the profit in the amount of -PLN 63 million y/y;
- a 15.9% y/y increase in administrative expenses, mainly due to higher personnel costs. At the same time, the segment's ratio of administrative expenses calculated to net insurance service revenues decreased by 0.3 p.p. to 10.5%;
- PLN 62 million higher amortization of acquisition cash flows. The acquisition expense ratio was 18.8% recording a 0.6 p.p. y/y decrease.

The finance income and expenses on insurance net were PLN -27 million, which translates into an increase in expenses by PLN 52 million y/y triggered mainly by fluctuations in interest rates.

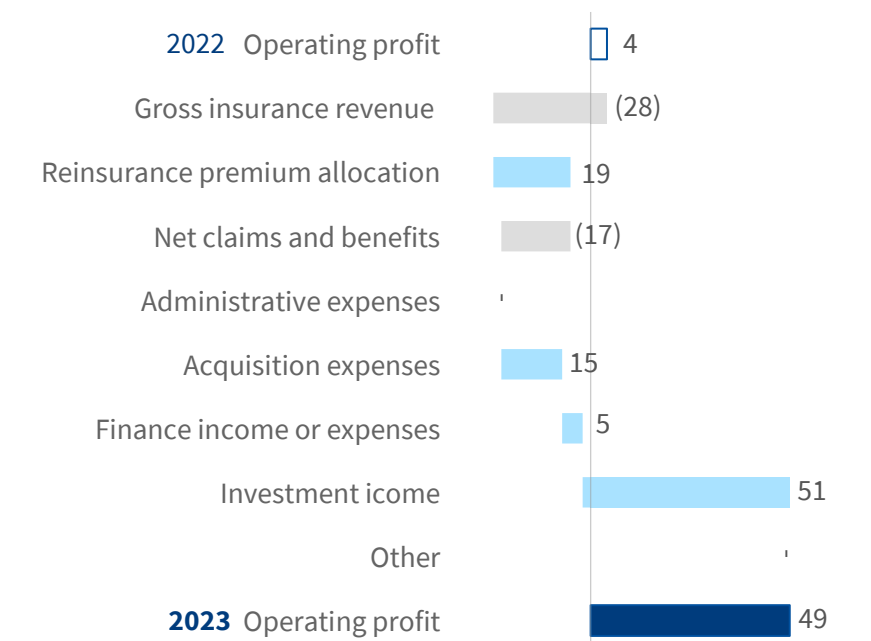
The increase in investment income compared to the comparable period last year was due in particular to an increase in income from floating rate instruments.

Ukraine

The Ukraine segment ended 2023 with an operating profit of PLN 49 million against PLN 4 million in the previous year. The 2022 result was affected by the analysis of the recoverability of assets held, carried out, among other things, as a result of the country's downgrade.

In 2023, there was a decrease in insurance contract revenue compared to 2022 by PLN 28 million, i.e. -11.3% y/y (in functional currency, an increase of UAH 120 million, i.e. +6.6% y/y), including allocated reinsurance premiums a decrease of PLN 9 million.

Result on insurance of the Ukraine segment (in PLN million)



Revenues included a decrease in amortization of LRC and a decrease in the value of the portion of premiums allocated to recovery of insurance acquisition cash flows as a result of a decline in portfolio sales in the bancassurance channel in the life insurance business. At the same time, the segment recorded a y/y increase in sales of PLN 27 million, or 11.8% (up 34.7% in functional currency). In non-life and other personal insurance, sales growth in functional currency amounted to UAH 582 million, or 45.2%, mainly as a result of higher premiums from Green Card insurance (up 119.1%), TPL and MOD insurance (up 42.8%) and health insurance (up 70.3%). In life insurance, sales increased by UAH 3 million, i.e. 0.8% y/y.

Insurance service expenses adjusted by amounts due from reinsurers increased by PLN 2 million y/y, or +1.0% (in functional currency by +19.9%).

An increase in the net insurance service expenses of the segment results from:

- higher y/y claims and benefits liabilities;
- a PLN 15 million, or 20.5%, lower y/y amortization of insurance acquisition cash flows (in functional currency, down UAH 29 million, or -5.4% y/y). The acquisition expense ratio dropped by 5.6 p.p. to 26.6%.

The value of administrative expenses remained unchanged at PLN 43 million (in functional currency, an increase of 19.4%, or UAH 61 million). The segment's ratio of administrative expenses calculated to net insurance revenues increased by 0.8 p.p. to 19.7%;

The result from investments stood at PLN 50 million, up by PLN 51 million y/y.

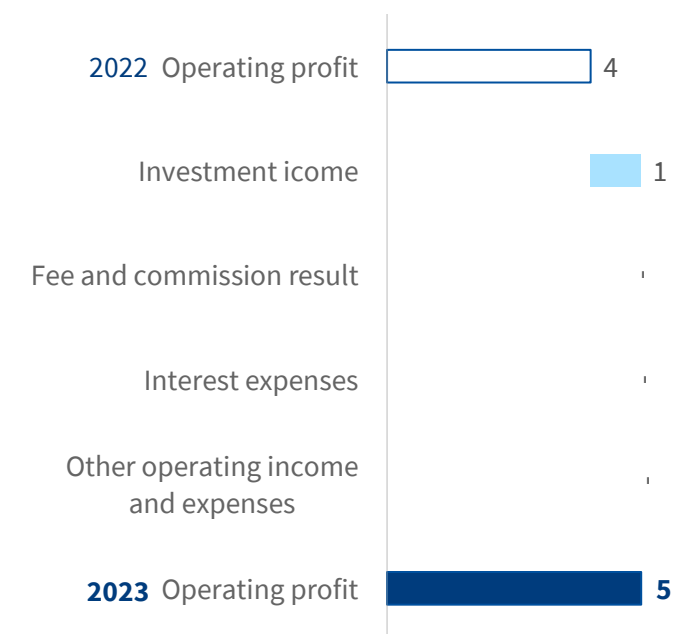
Investment contracts

The segment includes PZU Życie products that do not transfer any significant insurance risk within the meaning of IFRS 17 and that do not meet the definition of an insurance contract, including some products with a guaranteed return and unit-linked. These products are recognized in accordance with the requirements of IFRS 9.

In 2023, the investment contracts segment introduced PZU Stabilne Jutro life and endowment insurances. From 2023 this segment includes also some endowment insurances with guaranteed return sold in this period in own channels as well as distributed in cooperation with PZU Group banks.

A slight increase in the operating profit by PLN 1 million y/y is due to profit earned on newly distributed products

Profit from operating activities of the investment contracts segment (in PLN million)



with guaranteed returns partly offset by the impact of lapsing unit-linked products classified as investment contracts.

Alternative Performance Measures

Selected Alternative Performance Measures (APM) within the meaning of European Securities and Markets Authority Guidelines (ESMA) no. 2015/1415 are presented below.

The profitability and operational efficiency indicators presented herein, constituting standard measures applied generally in financial analysis, provide, in the opinion of the Management Board, significant additional information about the PZU Group's financial performance. Their usefulness was analyzed in terms of information, delivered to the investors, regarding the Group's financial standing and financial performance.

Profitability indicators

To facilitate the analysis of PZU Group's profitability, such indicators were selected that best describe this profitability in the opinion of the Management Board.

The return on equity (ROE), adjusted return on equity (aROE), and the return on assets (ROA) indicate the degree to which the Company is capable of generating profit when using its resources, i.e. equity or assets. They belong to the most frequently applied indicators in the analysis of profitability of companies and groups regardless of the sector in which they operate.

Return on equity (ROE) is a measure of profitability. It permits an assessment of the degree to which the company multiplies the funds entrusted to it by the owners (investors). This is a ratio of the generated profit to the held equity, i.e. financial resources at the Group's disposal for an indefinite term which were contributed to the enterprise by its owners. In the case of the PZU Group, the value of net profit and equity differ considerably depending on whether they are provided excluding or including the profit/equity of minority shareholders. Therefore, both return on equity (ROE) – attributable to equity holders of the parent, and return on equity (ROE) – consolidated, without excluding profit and equity attributable to non-controlling shareholders, are presented. In addition, the PZU Group presents an adjusted return on equity (aROE), calculated on an equity basis excluding accumulated other comprehensive income relating to insurance and reinsurance financial income and expenses (which are the effects of changes in the macroeconomic environment on the PZU Group's capital), which provides greater stability to the indicator.

Return on assets (ROA) reflects their capability of generating profit. This indicator specifies the amount of net profit attributable to a unit of financing sources engaged in company's assets.

Return on equity attributable to equity holders of the parent (PZU) for 2023 was 20.5% and the aROE ratio was 22.0%. At the same time, they were 4.8 p.p. and 5.7 p.p. higher, respectively, than those obtained in the same period last year, which was mainly due to higher results in the banking segment supported by an increase in the result from insurance service result.

Basic performance indicators of the PZU Group	1 January - 31 December 2022	1 January - 31 December 2023
Adjusted Return on Equity (aROE) – attributable to the parent company’s shareholders <i>(annualized net profit / average shareholders’ equity excluding accumulated other comprehensive income relating to financial income and expenses from insurance and reinsurance) x 100%</i>	16.3%	22.0%
Return on equity (ROE) – attributable to the parent company’s shareholders <i>(annualized net profit / average shareholders’ equity) x 100%</i>	15.7%	20.5%
Return on equity (ROE) – consolidated <i>(annualized net profit / average shareholders’ equity) x 100%</i>	12.1%	22.9%
Return on assets (ROA) <i>(annualized net profit / average assets) x 100%</i>	1.4%	2.8%

Return on assets (ROA) of the PZU Group for 2023 was 2.8%, i.e. 1.4 p.p. higher than in 2022. This was driven in particular by higher results in the banking segment due to an increase in interest income and last year’s one-time effects weighing on banks’ results in 2022 including:

- costs associated with the accession of Pekao Bank and Alior Bank to the Bank Protection System in the gross amount of PLN 482 million and PLN 214 million, respectively;
- updating the provision for legal risk related to foreign currency mortgage loans at Pekao Bank in the gross amount of PLN 1,598 million in 2022 compared to PLN 406 million in 2023;
- costs related to the modification of agreements for PLN mortgage loans granted to consumers due to their suspension of loan repayments (so-called credit holidays), in the gross amount of PLN 1,958 million at Pekao Bank and PLN 502 million at Alior Bank.

Operational efficiency ratios

To facilitate the analysis of PZU Group’s performance, such indicators were selected that best describe performance in the case of insurance companies and those pursuing banking activity in the opinion of the Management Board. Some indicators refer the costs of pursuit of insurance activity to revenue, hence reflect which portion of the revenue was allocated to costs and which portion – to margin. For the banking activity, the Cost/Income (C/I) ratio was selected as the relation which best reflects the performance of this area of the activity in the opinion of the Management Board. All indicators are widely applied by other companies from the corresponding sectors and by investors and serve an analysis of efficiency and profitability of these companies.

One of the fundamental measures of operational efficiency and performance of an insurance company is COR (Combined Ratio) calculated, due to its specific

Operational efficiency ratios	1 January - 31 December 2022	1 January - 31 December 2023
1. Administrative expense ratio of insurance segments <i>(administrative expenses / net insurance revenue) x 100%</i>	8.5%	9.1%
2. Combined ratio in non-life insurance <i>(net insurance service expenses / net insurance revenue) x 100%</i>	86.5%	86.0%
3. Operating profit margin in life insurance <i>(operating profit / net insurance revenue) x 100%</i>	22.2%	24.4%
4. Cost/income ratio – banking activity	39.9%	32.0%

nature, for the non-life insurance sector (Section II). This is the ratio of insurance service expenses, including amounts recoverable from reinsurers to the net income on insurance activities; a decrease in the value of this indicator signifies an improvement in efficiency.

The combined ratio (for non-life insurance) of the PZU Group’s has been maintained at a level ensuring high profitability of business.

In 2023, it stood at 86.0% and was 0.5 p.p. lower than in 2022, including thanks to higher profitability in the corporate non-life insurance segment – a decrease in claims despite an increase in the cost of insurance business.

Another important indicator is the life insurance profit margin – the profitability of life insurance segments calculated as the ratio of operating profit/loss to net insurance revenues. In 2023, the ratio reached 24.4% with an increase of 2.2 p.p. compared to 2022, due in

particular to lower claims and benefits in the group and individual continuing life insurance segments as a result of the decline in mortality after the COVID-19 pandemic.

As regards banking activities, efficiency is measured by the cost to income ratio, i.e. the quotient of administrative expenses and the sum of operating income, excluding: the BFG charge, the levy on other financial institutions and the movements in allowances for expected credit losses and impairment losses on financial instruments. In 2023, the cost to income ratio in the PZU Group’s banking business reached 32.0%, and was lower than in 2022 by 7.9 p.p. This was due to the rate of growth in income surpassing that in costs. The increase in income was experienced chiefly in the area of interest income of both banks as a result of a series of interest rate hikes.

6.5. PZU's standalone results

In 2023, the issuer (PZU) recorded a technical result of PLN 1,455 million, compared to PLN 1,267 million in 2022, an increase by 14.8% (+188 million y/y). Net profit was PLN 3,983 million, up 143.4% relative to PLN 1,637 million generated in the previous year. Disregarding the dividend received from PZU Życie, PZU's net profit was PLN 3,086 million, and was by PLN 1,996 million, i.e. 183.3 %, higher compared to 2022.

As regards the individual net result items, PZU recorded:

- increase in gross written premium to PLN 16,187 million, i.e. 10.2% more than in the previous year. This was due to higher premiums from MOD insurance, insurance against fire and other damage to property (mainly as a result of increased sales of housing insurance and PZU Firma) as well as MTPL and GTPL, as well as assistance. After the reinsurers' share and change in the provision for unearned premiums, net earned premium was PLN 13,843 million and was 8.6% higher than in 2022;
- higher level of claims and benefits – amounting to PLN 8,377 million, which means an increase by PLN 483 million, i.e., 6.1% compared to 2022. The main change is an increase in the motor insurance group (both MTPL and MOD), partially offset by lower claims expenses in insurance against fire and other damage to property and insurance guarantees;

- an increase in net income from investing activities to PLN 3,604 million (up 176.6% y/y) as a result of improved performance of subordinated companies, particularly in the banking business, as well as higher dividend from PZU Życie;
- acquisition expenses higher by PLN 343 million, by 12.2%, compared to 2022, including reinsurance commissions, as a consequence of the growing insurance portfolio and the high share of multiagency channel in the sales structure, characterized by higher commission rates;
- a 19.4% increase in administrative expenses, from PLN 759 million in 2022 to PLN 906 million in 2023. The increase is primarily the result of higher personnel costs (the impact of employee salary increases due to changes in the macroeconomic environment) and real property costs as a result of indexation of rental prices, utilities and the cost of the new headquarters. The effect compounded by higher marketing costs;

In 2023, PZU collected **gross premium** of PLN 16,187 million (PLN 14,824 on direct business), i.e., 10.2% more than in 2022. The premium comprised mainly:

- MTPL insurance premiums, accounting for 31.0% of PZU's insurance portfolio (32.6% in the prior year). The increase in premiums while the share of the portfolio declined by 1.6 p.p. is a consequence of the growing

supply of new vehicles and better matching of offerings to client risk;

- the MOD insurance premium with a 25.9% share of PZU's total gross written premium (up +1.0 p.p. compared to the previous year). The premium value largely increased in comparison to 2022 (by 14.8% y/y), which is due to the high growth in the number of insurance contracts, with the simultaneous increase in average premiums (rising vehicle values translating into an increase in sums insured);
- premiums on insurance against fire and property damage accounting for 24.4% of PZU's premium portfolio. Compared to 2022, their share in the insurance portfolio dropped by 0.3 p.p., while their value was up 8.7%. Premium increases include the effect of higher sales of housing insurances and PZU Firma, partially offset by a decline in sales of underground property insurance;
- premiums from other liability insurance accounting for 6.6% of the PZU's insurance portfolio. The premiums were 14.0% higher y/y and their share in the portfolio increased by 0.3 percentage points. This resulted from the growth of the TPL portfolio offered with PZU Firma, as well as professional TPL insurance;
- other insurance premiums, which accounted for 12.1% of the portfolio, up 0.6 p.p. compared to 2022. The premium increase is the result of higher sales of assistance insurance (mainly PZU Auto Pomoc and PZU Auto Szyba and travel insurance), BI and ALOP loss-of-profit insurance (renewal of a large unit value contract) and shipyard insurance.

PZU gross premium in 2023 (in PLN million)

16,187



For growth in 2023 **net result on investing activities**⁴ was mainly contributed by higher income on shares in subsidiaries primarily as a result of an increase in earnings from banking activities as well as higher dividends from PZU Życie. In addition, the increase in the result was influenced by income from the sale of part of the non-standard investment portfolio and the reference to the profit in the income statement previously recognized in the capital.

In 2023, PZU's net **claims and benefits** and reserve accretion amounted to PLN 8,377 million, up 6.1% compared to 2022. The main factors that contributed to the change in net claims and benefits:

- a significant increase in the value of claims and benefits in the group of motor insurance (both MTPL and MOD insurance). The movement in claims and benefits was caused by positive development of claims from previous years partially offset by deterioration in the claims ratio in the current year (the impact of an increase in average claims paid, including the depreciation of the PLN against the EUR);

4) Investing activities include investment income, unrealized gains on investments, costs of investing activities, unrealized losses on investments and share in net profit (loss) of subsidiaries measured by equity method.

- lower loss ratio in guarantees and insurance of various financial losses, predominantly in loss-of-profit insurance in corporate insurance;
- an increase in the value of claims and benefits in the general third party liability insurance group, mainly in compulsory agricultural liability, voluntary professional liability, and general liability insurance in PZU Dom and PZU Firma;
- a decrease in the value of claims and benefits in insurance against fire and other damage to property, mainly in crop insurance.

Acquisition expenses (including reinsurance commissions) amounted to PLN 3,158 million in 2023, increased by 12.2% in comparison to 2022, which along with an 8.6% increase in net earned premium y/y translated into a deterioration of the acquisition expense ratio by 0.7 p.p. The change in the acquisition expense ratio was driven largely by the modification in the product and sales channel mix, including a higher share of the multiagency and dealer channel.

In 2023, **administrative expenses** reached PLN 906 million, i.e. 19.4% higher than in the previous year, which alongside the increase in net earned premium by 8.6% y/y translates into a worse administrative expense ratio, by 0.6 p.p. The increase in administrative expenses is primarily the result of higher personnel costs (the impact of employee salary increases due to changes in the macroeconomic environment) and real estate costs as a result of indexation of rental prices, utilities and the cost of the new headquarters. The effect compounded by higher marketing costs.

The balance of other **technical income and expenses** in 2023 was negative and stood at PLN 194 million. The 13.6% improvement over FY2022 is mainly the result of lower receivables write-downs and higher interest for late payment of premiums. The balance of other **operating income and expenses** was also negative. It reached PLN -418 million, while the year before – when it was also negative – it stood at PLN 364 million. The y/y change is mainly the result of higher financial expenses (+ PLN +46 million y/y), including interest on the issue of debt securities. At the end of 2023, PZU’s **balance sheet total** was PLN 52,965 million and was 15.3% higher compared to the previous year.

The main component of PZU’s assets were **investments** which stood at PLN 46,628 million (up 16.1% compared to the end of 2022), which accounted for 88.0% of PZU’s total balance sheet value, compared to 87.4% as at the end of the previous year. The level of investments, excluding deposits in subsidiaries, increased due to the net inflow of funds from operations and the investment result generated, which was offset by the payment of dividend from the 2022 profit, increased by the amount transferred from supplementary capital, originally included in the 2021 profit.

As at the end of 2023, PZU’s **receivables** stood at PLN 2,954 million, and accounted for 5.6% of assets, whereas the year before they amounted to PLN 2,527 million (5.5% of assets). This increase is an outcome of higher direct insurance receivables (PLN +573 million y/y, net of impairment charges) and a decline in other receivables, including those from other entities (- PLN 213 million y/y; the impact of lower receivables from outstanding investment transactions and collateral margins).

Fixed assets, in the form of intangible assets, goodwill and property, plant and equipment, were disclosed in the balance sheet at PLN 447 million (PLN +15 million y/y). They accounted for 0.8% of assets.

As at the end of 2023, PZU held **cash** of PLN 160 million (0.3% of assets). The year before, the corresponding value was PLN 131 million.

At the end of 2023, **technical provisions** were the main component of PZU’s equity and liabilities. They reached the value of PLN 25,147 million (net), which accounted for 47.5% of equity and liabilities. Their share of the balance sheet fell by 4.6 p.p. compared to 2022, while in value terms they increased by PLN 1,233 million, due in particular to:

- a higher level of premium reserves, mainly in motor insurance and insurance against fire and other damage to property,
- higher provisions for unpaid claims and benefits, mainly in the group of motor insurance, general TPL insurance and insurance against fire and other damage to property.

As at the end of 2023, **equity** was PLN 20,884 million and accounted for 39.4% of equity and liabilities, up 5.0 p.p. compared to the end of 2022.

Contingent receivables amounted to PLN 3,075 million, i.e. increased by 1.0% in comparison to the previous year. These comprised of, among other things, guarantees and sureties received and other contingent receivables comprising mainly collateral received in the form of mortgages on the debtor’s assets and other contingent receivables.

The balance of **contingent liabilities** was PLN 2,055 million, which represents a growth by PLN 911 million (79.5% y/y) in comparison to 2022. This is the result of an increase in disputed claims, not recognized by the insurer referred by creditors to litigation (PLN +772 million y/y) and higher other contingent liabilities due to undisbursed loan tranches (PLN +141 million y/y). In 2023, PZU generated a return on equity (ROE) of 21.7%, up 11.3 p.p. compared to 2022. In 2019–2023, the average **return on equity** (ROE) was 14.9%.

Basic performance indicators of PZU	2019	2020	2021	2022	2023
Return on equity (ROE) <i>(annualized net profit / average equity) x 100%</i>	18.4%	11.8%	12.1%	10.4%	21.7%
Return on assets (ROA) <i>(annualized net profit / average assets) x 100%</i>	6.2%	4.4%	4.6%	3.6%	8.1%



Operational efficiency ratios	2019	2020	2021	2022	2023
1. Gross claims and benefits ratio (simple) <i>(gross claims and benefits / gross written premium) x 100%</i>	61.7%	63.2%	57.2%	62.6%	59.3%
2. Net claims and benefits ratio <i>(net claims and benefits / net earned premium) x 100%</i>	63.1%	62.4%	61.7%	61.9%	60.5%
3. Insurance activity expense ratio <i>(insurance activity expenses / net earned premium) x 100%</i>	25.6%	26.1%	27.3%	28.0%	29.4%
4. Acquisition expense ratio* <i>(acquisition expenses / net earned premium) x 100%</i>	19.9%	20.1%	21.3%	22.1%	22.8%
5. Administrative expense ratio <i>(administrative expenses / net earned premium) x 100%</i>	5.7%	6.0%	6.1%	5.9%	6.5%
6. Combined ratio in non-life and other personal insurance <i>(net claims and benefits + insurance activity expenses / net earned premium) x 100%</i>	88.7%	88.5%	89.1%	89.9%	89.9%

*) including reinsurance commissions

6.6. Dividend

6.6.1. Capital and Dividend Policy

On 25 March 2021, the PZU Supervisory Board adopted a resolution to approve the PZU Group's Capital and Dividend Policy for 2021-2024. The adopted policy is a continuation of the principles set forth in the PZU Group's Capital and Dividend Policy for 2016-2020.

In accordance with the Policy, the PZU Group endeavors to do the following:

- 1) manage capital effectively by optimizing the usage of capital from the Group's perspective;
- 2) maximize the rate of return on equity for the parent company's shareholders, in particular by maintaining the level of security and retaining capital resources for strategic growth objectives through organic growth and acquisitions;
- 3) ensure sufficient financial means to cover the Group's liabilities to its clients.

The capital management policy rests on the following principles:

- 1) manage the PZU Group's capital (including excess capital) at the level of PZU;

- 2) sustain target solvency ratios at the level of 200% for the PZU Group, PZU SA and PZU Życie SA (according to Solvency II);
- 3) maintain the PZU Group's financial leverage ratio at a level no higher than 25%;
- 4) ensure funds for growth and acquisitions;
- 5) maintain the financial conglomerate's surplus own funds above the pertinent requirements for solvency;
- 6) PZU will not issue any new shares for the duration of this Policy.

Under the policy, certain temporary deviations in the actual solvency ratio above or below the target level may occasionally occur.

The PZU and PZU Group's dividend policy rests on the following principles:

- 1) the PZU Group endeavors to manage capital effectively and maximize the rate of return on equity for the parent company's shareholders, in particular by maintaining the level of security and retaining capital resources for strategic growth objectives through acquisitions;
- 2) the dividend amount proposed by the parent company's Management Board which PZU pays for the respective financial year is determined on the basis of the PZU Group's consolidated financial result attributable to equity holders of the parent company, where:
 - a) not more than 20% will increase retained earnings (supplementary capital) for purposes of organic development and innovations, and implementation of development initiatives,
 - b) no less than 50% is subject to payment as an annual dividend;
 - c) the remaining part will be paid in the form of annual dividend or will increase retained earnings (supplementary capital) if significant expenditures are incurred in connection with execution of the PZU Group Strategy, including in particular, mergers and acquisitions;

- with the reservation that:

- 3) according to the Management Board's plans and risk and solvency self-assessment of the parent company, the own funds of the parent company and the PZU Group following the declaration of payment or payment of a dividend will remain at a level that will ensure fulfilment of the conditions specified in

the Capital Policy of the PZU Group and PZU (items 2 to 5);

- 4) when determining the dividend the regulatory authority's recommendations concerning dividends will be taken into consideration.

6.6.2. Disbursement of dividends

28 September 2023 – paid out a dividend of nearly PLN 2.1 billion, i.e., PLN 2.40 per share.

A detailed sequence of key related events is presented below.

6 December 2022 – the recommendation of the Polish Financial Supervision Authority (KNF) for dividend payment in 2023

The KNF's recommendation on the dividend policy of insurance and reinsurance companies allowed insurance companies to:

- 1) pay out a dividend of up to 100% of the profit generated in 2021,
- 2) pay out a dividend of up to 50% of the profit generated in 2022,

provided that the criteria set by KNF have been fulfilled.

These criteria include a Supervisory Review and Evaluation Process (SREP) (i.e. risk assessment) and the coverage of a specific capital requirement on a standalone (unconsolidated) basis. Moreover, a company intending to disburse a dividend must

not have experienced a situation involving a shortage of own funds to cover the capital requirement in any quarter and must not be covered by a short-term financial plan or remedial plan.

KNF also pointed out that, when deciding on the level of dividends, insurance companies should take into account their additional capital needs within the period of 12 months from the approval date of the 2022 financial statements, which may result, among others, from changes in the market and legal environment, in particular from the high degree of uncertainty about the future evolution of the coronavirus pandemic.

4 May 2023 (RB 6/2023) – Motion of the PZU Management Board regarding the distribution of the profit generated in 2022 and the amount transferred from the supplementary capital created from the profit generated in 2021

In connection with the aforementioned recommendation of the KNF, the PZU SA Management Board recommended distribution of the profit generated in 2022 (and the amount transferred from the supplementary capital created from the profit generated in 2021). The proposed dividend amount was PLN 2.1 billion, i.e., PLN 2.40 per share. The Supervisory Board favorably evaluated the motion of the Management Board on 10 May 2023 (RB 8/2023).

7 June 2023 (RB 13/2023) – Ordinary Shareholder Meeting’s resolution on the distribution of PZU’s net profit

The Ordinary Shareholder Meeting of PZU adopted a resolution on distribution of PZU’s net profit, in which it decided to distribute the profit generated in 2022 increased by the amount transferred from the

supplementary capital created from the profit generated in 2021. The amount of PLN 2.1 billion was designated for the dividend payment. The dividend record date was set for 7 September 2023 and the dividend payout date was set for 28 September 2023.

6.6.3. KNF’s stance on the dividend policy in 2024⁵

On 14 December 2023, KNF adopted a position on the dividend policy of insurance companies, reinsurance companies, and insurance-and-reinsurance companies in 2024.

The Commission permitted a dividend to be paid out only by the companies that meet all of the following criteria for distributions from the 2022 and 2023 profits:

1. They have received a good or satisfactory SREP risk score for 2022;
2. In the various quarters of 2023 they reported no shortage of own funds to cover the capital requirement (defined as the maximum of the minimum capital requirement (MCR) and the solvency capital requirement (SCR));
3. In 2023 they were not covered by a short-term financial plan or the remedial plan.
4. As at 31 December 2023, the level of own funds, without deducting the expected dividends, was at the level of at least 175% of the capital

5) up to the date of preparing this report on the activities of the PZU Group, the PZU Management Board has not adopted a resolution concerning the proposed distribution of profit for 2023. A report containing audited information on PZU’s solvency ratios and financial standing on a standalone basis will be published Q2 2024.

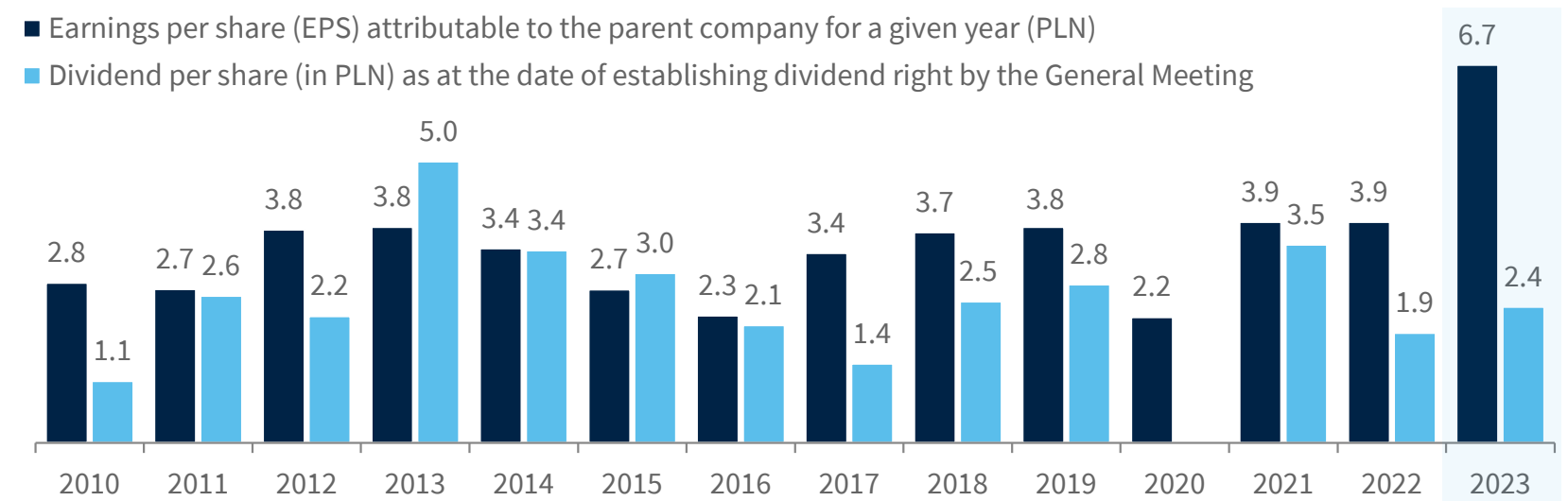
requirements for insurance companies, reinsurance companies, insurance-and-reinsurance companies operating in section I and at least 150% of the capital requirements for insurance companies, reinsurance companies, insurance-and-reinsurance companies operating in section II.

The undertakings satisfying the above criteria may pay a dividend in the maximum amount of 100% of the profit generated in 2022 (this including dividends already paid out from the 2022 profit) and 100% of the profit generated in 2023, however the coverage of capital requirements (after deducting the expected dividends from own funds) as at 31 December 2023, and for the quarter in which the dividend was paid, will be at the level of at least 175% for undertakings operating in section I and at least 150% for undertakings operating in section II.

The KNF, in its stance on dividend policy in 2023, authorized the **payment of up to 100% of the volume of profit earned in 2021** (taking into account dividends paid to date from 2021 profit) and **50% of the volume of profit earned in 2022**.

The undertakings satisfying the above criteria, when deciding on the level of dividends, should take into account their additional capital needs within the period of 12 months from the approval date of the 2023 financial statements, which may result, among others, from changes in the market and legal environment, in particular from the high degree of uncertainty about the macroeconomic perspective regarding, among others, inflation, interest rates, currency exchange rates, energy resources or effects brought about by the currently ongoing armed conflicts.

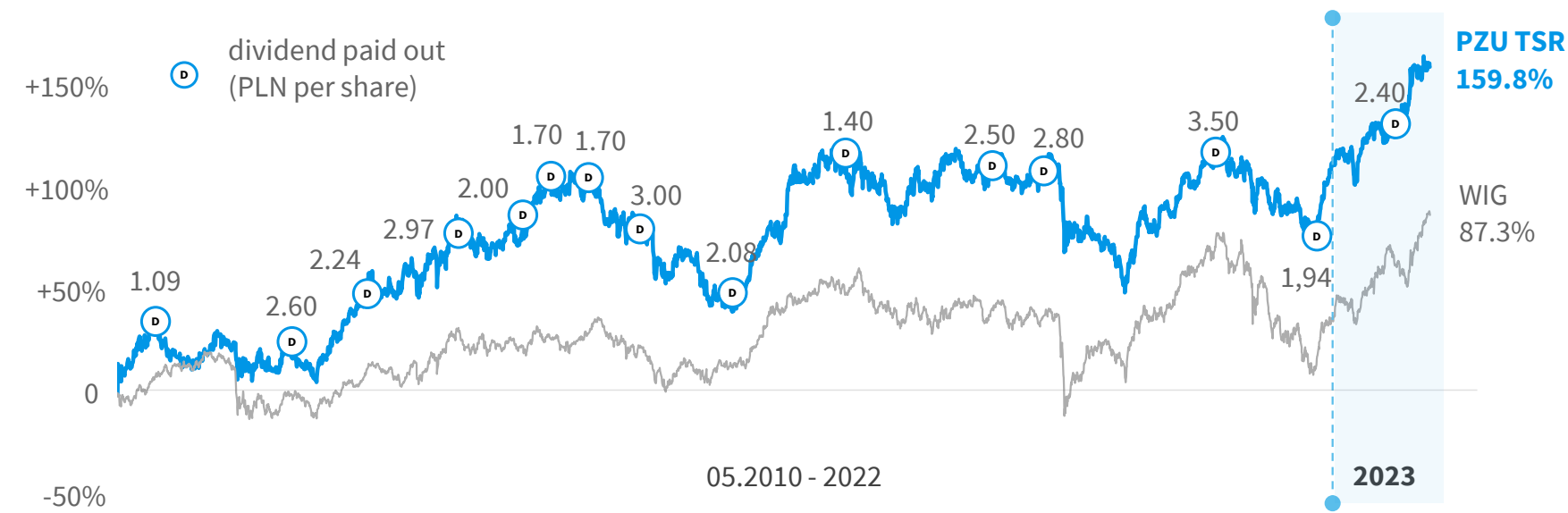
PZU’s profit and dividend since IPO on WSE



Source: PZU figures

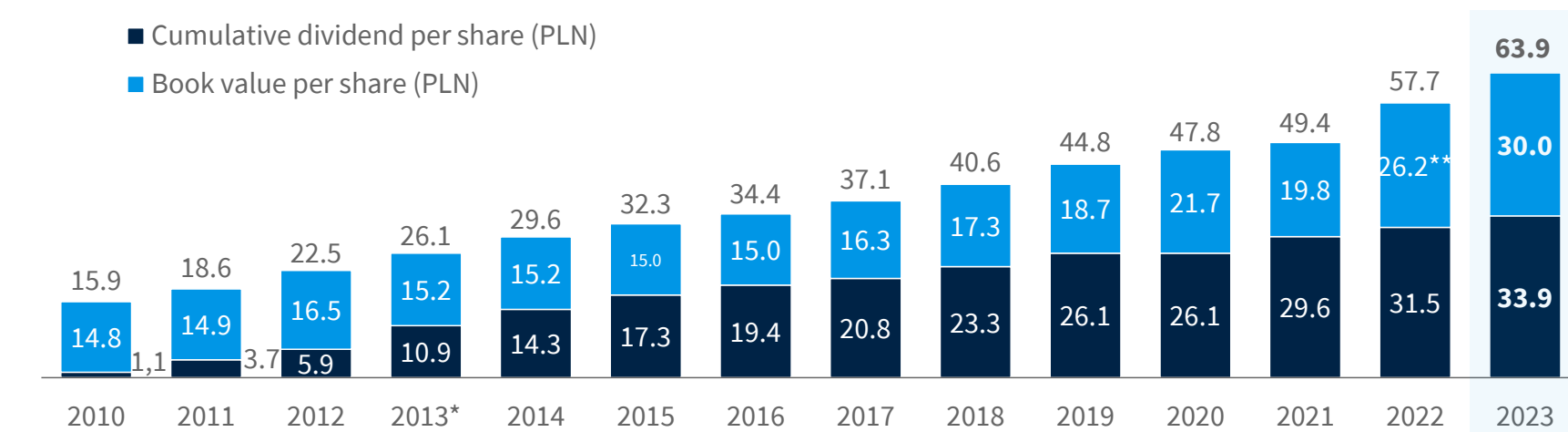


Total shareholder return (TSR) of PZU against the WIG index



Source: PZU figures

Book value per share and cumulative gross dividend per share of PZU in PLN



* in 2013 there was a dividend payment from surplus capitals (PLN 2 per share)

** adjusted data

Source: PZU figures

PZU profit and dividend	2019	2020	2021	2022	2023
Consolidated profit attributable to the parent company (PLN million)	3,295	1,912	3,336	3,781	5,766
PZU's unconsolidated profit (PLN million)	2,651	1,919	2,028	1,637	3,976
Dividend paid for the year (PLN million)	**	3,022	1,675	2,072	***
Dividend per share for the year (PLN)	**	3.50	1.94	2.40	***
Dividend per share according to the year in which the right was established (PLN)	2.80	**	3.50	1.94	2.40
(a) Change in share price y/y	(8.8)%	(19.2)%	9.2%	0.2%	33.5%
(b) Annual dividend ratio (%)*	6.4%	**	10.8%	5.5%	6.8%
(a+b) TSR Total Shareholders Return	(2.4)%	(19.2)%	20.1%	5.7%	40.2%

* ratio calculated as dividend (according to the year in which the right was established) compared to share price as at the end of the previous reporting year

** in 2020, the Ordinary Shareholder Meeting of PZU did not allocate profit to pay out the dividend (following the recommendation of the KNF of 26 March 2020); in 2021, the OSM of PZU resolved on the distribution of the profit generated in 2020 increased by the amount transferred from the supplementary capital created from net profit generated in the year ending on 31 December 2019

*** up to the date of preparing this report on the activities of the PZU Group, the PZU Management Board has not adopted a resolution concerning the proposed distribution of profit for 2023

Source: PZU figures

6.7. Financial rating

PZU

Since 2004, PZU and PZU Życie have been subject to regular reviews by the rating agency of S&P Global Ratings (S&P). The rating assigned to PZU and PZU Życie results from an analysis of financial data, competitive position, management and corporate strategy of both companies as well as the sovereign rating. It also includes a rating outlook, or an assessment of the Company's future position in the event that specific circumstances occur.

Recent rating/outlook changes: On 6 April 2020, the rating agency of S&P Global Ratings (S&P) revised the rating outlook of PZU from “positive” to “stable”. The financial strength and credit ratings of PZU remained at A-.

Recent rating/outlook affirmation: On 1 March 2024, the rating agency of S&P Global Ratings (S&P) affirmed the financial strength and credit ratings of PZU at A- with a stable outlook.

Company name	Current		Previous	
	Rating and outlook	Last change	Rating and outlook	Update date

PZU

Financial strength rating	A- /stable/	6 April 2020	A- /positive/	14 June 2019
Credit rating	A- /stable/	6 April 2020	A- /positive/	14 June 2019

PZU Życie

Financial strength rating	A- /stable/	6 April 2020	A- /positive/	14 June 2019
Credit rating	A- /stable/	6 April 2020	A- /positive/	14 June 2019

TUW PZUW

Financial strength rating	A- /stable/	6 April 2020	A- /positive/	14 June 2019
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Poland's rating

Country	Current		Previous	
	Rating and outlook	Last change	Rating and outlook	Update date
Poland*				
Credit reliability rating (long-term, local currency)	A /stable/	12 October 2018	A- /positive/	13 April 2018
Credit reliability rating (long-term, foreign currency)	A- /stable/	12 October 2018	BBB+ /positive/	13 April 2018
Credit reliability rating (short-term, local currency)	A-1	12 October 2018	A-2	13 April 2018
Credit reliability rating (short-term, foreign currency)	A-2	12 October 2018	A-2	13 April 2018

Source: S&P Global Ratings

*) on December 1, 2023, rating agency S&P maintained Poland's ratings at A- for long-term and A-2 for short-term foreign currency obligations, and A for long-term and A-1 for short-term domestic currency obligations. The rating outlook remained stable.

Pekao Bank

Bank Pekao cooperates with three leading rating agencies: Fitch Ratings (Fitch), S&P Global Ratings (S&P) and Moody's Investors Service (Moody's). The first two agencies prepare the rating at the Bank's request on the basis of concluded contracts; however, the Bank does

not have a contract Moody's and their rating is based on publicly available information and review meetings.

Fitch

On 28 September 2023, rating agency Fitch informed the Bank that it had maintained the Pekao Bank's long-term

FITCH RATINGS	PEKAO BANK	POLAND
Long-term issuer's rating (IDR)	BBB	A-
Short-term issuer's rating (IDR)	F2	F1
Viability rating	bbb	-
Government subsidy rating	No subsidy	-
Outlook	Stable	Stable
Domestic long-term rating	AA-(pol)	
Domestic short-term rating	F1+(pol)	-

issuer rating (IDR) at “BBB” with a Stable outlook and viability rating (VR) at “bbb.”

According to the rationale provided by Fitch, Pekao Bank's ratings reflect its strong market position and proven and stable business model. This, combined with a moderate risk appetite, allows the bank to generate fairly stable profits while maintaining reasonable capitalization and strong funding and liquidity. This is despite exposure to risks in the domestic operating environment, including the risk of government intervention. Pekao Bank's country ratings reflect the creditworthiness of the bank compared to other issuers in Poland.

S&P Global Ratings

On 27 June 2023, the rating agency S&P informed the Bank that it has maintained the Bank's ratings at the current level and the Bank's stable rating outlook,

and assigned a long-term rating of BBB+ to the Senior Preferred Series SP1 bond issue.

According to the rationale provided by S&P, the ratings reflect the Bank's limited exposure to CHF mortgages, which puts the Bank in a comfortable position with respect to the legal risks associated with these loans. In addition, given its strong capitalization, Pekao can benefit from the capital constraints of its competitors and gain market share in its corporate and retail business if demand for loans increases in the future. According to S&P, Pekao Bank's strong capital position and solid profitability provide comfortable buffers to absorb the costs of potentially adverse scenarios. The presence in the PZU Group benefits the corporate banking business and also supports the placement of MREL instruments in the domestic market.

On 14 November 2023, the rating agency S&P informed the Bank that it has maintained the Bank's ratings at the

S&P GLOBAL RATINGS	PEKAO BANK	POLAND
Long-term rating in foreign currencies	BBB+	A-
Long-term rating in domestic currency	BBB+	A
Short-term rating in foreign currencies	A-2	A-2
Short-term rating in domestic currency	A-2	A-1
Stand-alone rating	bbb+	-
Outlook	Positive	Stable

S&P GLOBAL RATINGS (COUNTERPARTY'S RATING IN THE CASE OF FORCED RESTRUCTURING)	PEKAO BANK	POLAND
Long-term rating of liabilities in foreign currencies	A-	-
Short-term rating of liabilities in foreign currencies	A-2	-
Long-term rating of liabilities in domestic currency	A-	-
Short-term rating of liabilities in domestic currency	A-2	-

current level, changed the Bank's rating outlook from stable to positive, and assigned a BBB rating to the Senior Non-Preferred Series ESN1 bond issue.

According to the rationale provided by S&P, the positive outlook reflects the agency's view that Pekao may opportunistically issue further significant amounts of Senior Non-Preferred instruments in the next 12-24

months, which could prompt S&P to raise the credit rating by one notch.

Moody's

Moody's did not revise ratings in 2023.



MOODY'S INVESTORS SERVICE	BANK PEKAO	POLAND
Long-term rating of deposits in foreign currencies	A2	A2
Short-term rating of deposits	Prime-1	Prime-1
Baseline Credit Assessment	baa2	-
Long-term counterparty credit risk rating	A2(cr)	-
Short-term counterparty credit risk rating	Prime-1(cr)	-
Outlook	Stable	Stable
Long-term counterparty risk rating	A2	-
Short-term Counterparty Risk Rating	Prime-1	-

FITCH RATINGS	ALIOR BANK	POLAND
Long-term issuer's rating (IDR)	BB	A-
Short-term issuer's rating (IDR)	B	F1
Viability rating	bb	-
Government subsidy rating	ns	-

S&P GLOBAL RATINGS	ALIOR BANK	POLAND
Long-term rating in foreign currencies	BB+	A-
Long-term rating in domestic currency	BB+	A
Short-term rating in foreign currencies	B	A-2
Short-term rating in domestic currency	B	A-1
Stand-alone rating	bb	-
Outlook	Stable	Stable

Alior Bank

On 14 November 2023, the rating agency **Fitch Ratings** published reports updating the Bank's rating and outlook. In it, the agency affirmed the IDR's long-term rating at BB and announced that the outlook had been changed to positive from stable. Fitch has maintained the VR rating at bb and announced that it has maintained the national short-term rating at F1(pol).

On 27 June 2023, the rating agency **S&P Global Ratings** announced that it had upgraded the Bank's long-term rating to BB+, from BB, and maintained its short-term rating at B. This is the highest rating in Alior Bank's history. In its rationale for the decision, the agency indicated that the rating upgrade was influenced primarily by improvements in capitalization levels and

the Bank's ability to build capital internally by, among other things, reducing credit risk. According to S&P Global Ratings, the Bank is able to maintain a high capital buffer to support its growth, even if it starts the disbursement of dividends. The Bank's slight exposure to mortgage loans denominated in Swiss francs (CHF) was viewed positively. A gradual increase in the share of mortgage loans and a reduction in the share of unsecured consumer loans, contributed to increasing the Bank's risk-weighted capital buffer. The justification also pointed to the declining share of higher-risk loans and appreciated the continuation of ongoing efforts to reduce the portfolio of non-performing loans.

6.8. Analysts' predictions

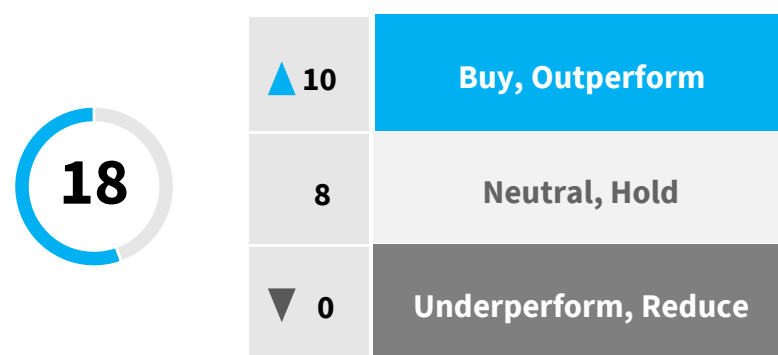
In 2023, 12 domestic and international financial institutions issued PZU share recommendations. Sell side analysts published 18 recommendations (29 in 2022). All recommendations issued during this period were positive or neutral (86% in 2022).

In 2023, the stock price was close to analysts' expectations. The difference between the target prices in recommendations and the PZU share price in 2022 was 0.7% on average. The biggest difference was seen in March 2023, when the share price was 8% higher than the average target price. In the following months, the rapid increase in the share price brought these values closer together. In the second half of the year, both the stock price and analysts' expectations rose.

In the second half of 2023, a large significant portion of analysts raised their projected net income for 2023 and beyond. This was largely in response to the very good financial results recorded consecutively in subsequent reporting periods. After three quarters of 2023, net income attributable to shareholders of the parent company amounted to nearly PLN 4.2 billion, an increase of 62.4% y/y.

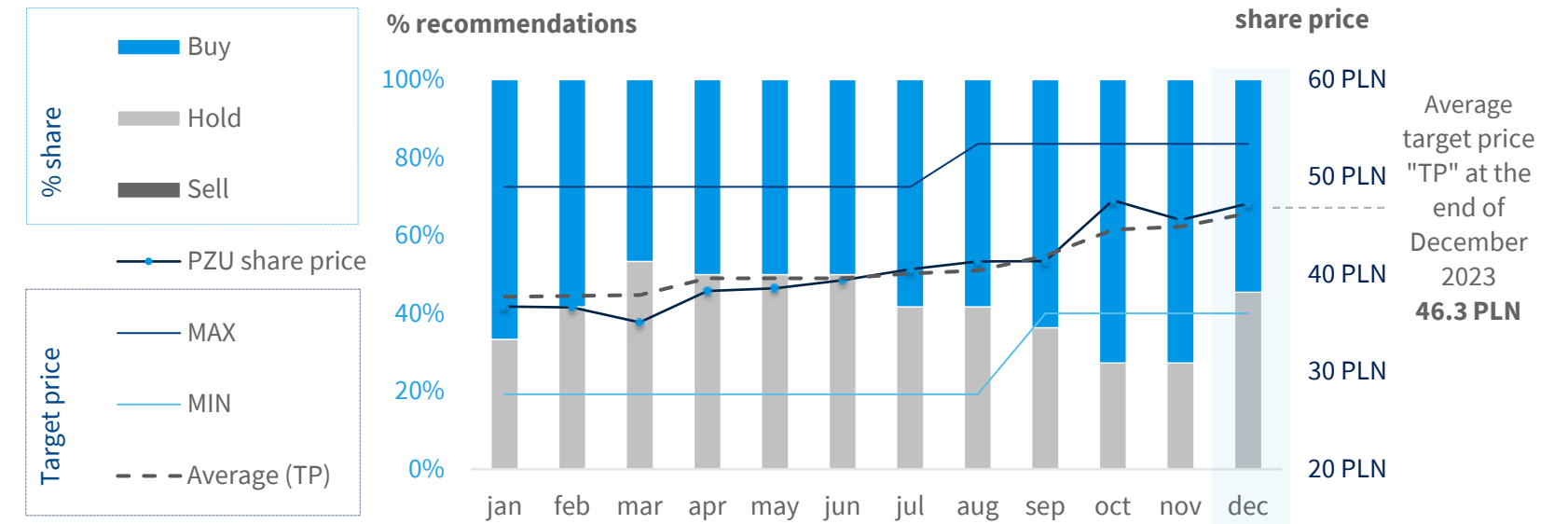
Along with rising price targets for PZU stock prices, there were also business expectations regarding market or strategic issues. As the company continues to grow, analysts expect, among other things, market share to be maintained, the investment portfolio to be actively managed and processes to be further digitalized. It is also very important from the point of view of valuation measurement fundamentals to maintain a strong capital position and dividend policy.

Statistics of recommendations issued in 2023

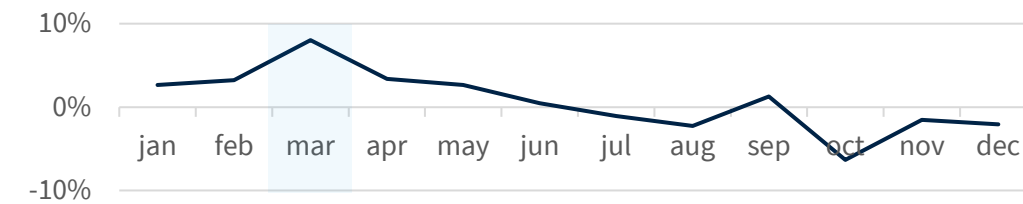


Source: analysts' recommendation; company

Analysts' expectations for PZU's share price in 2024 based on recommendations current at the end of December 2023

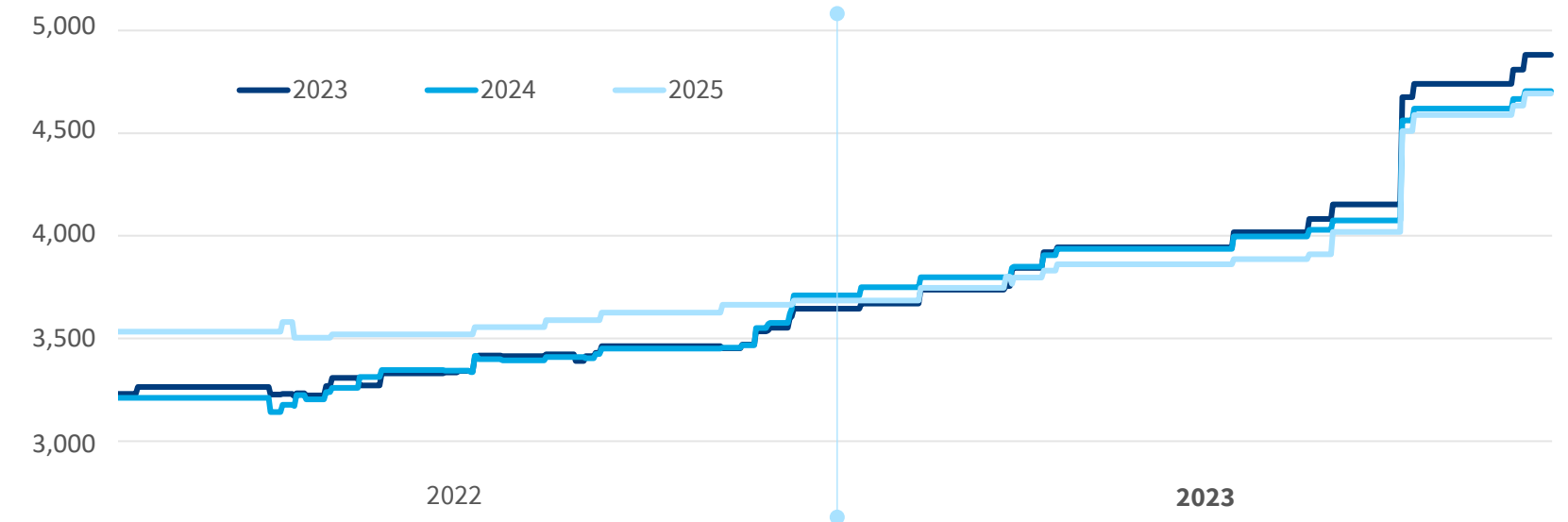


Deviation of the average valuation from a share price



Source: PZU figures

Changes in market consensus on PZU parent's net income



Source: own compilation based on analyses by institutions and analysts



Statistical figures on target prices in recommendations

	31 December 2022	31 December 2023	Change	Difference between prices in recommendations and share prices as at end of 2023 (PLN 47.27)
Highest target price	49.0	53.4	9.0%	13.0%
Average target price	37.4	46.3	23.8%	(2.1)%
Median of target prices	37.0	46.0	24.3%	(2.7)%
Lowest target price	27.7	36.0	30.0%	(23.8)%

Source: analysts' recommendation; company

Institutions issuing recommendations for PZU's shares (as at 31 December 2023)

INSTITUTION	ANALYST	E-MAIL	PHONE NO.
AUTONOMOUS RESEARCH	Youdish Chicooree	ychicooree@autonomous.com	+44 207 776 34 42
CITI	Andrzej Powierża	n/a	+48 22 690 35 66
ERSTE SECURITIES	Łukasz Jańczak	lukasz.janczak@erstegroup.com	+48 22 257 57 54
HSBC	Bhavin Rathod	bhavinkumarrathod@hsbc.co.in	+91 804 550 29 93
IPOPEMA	Marta Czajkowska-Bałdyga	marta.czajkowska-baldyga@ipopema.pl	+48 22 236 92 31
JP MORGAN	Samuel Goodacre	samuel.goodacre@jpmorgan.com	+44 207 134 67 20
MBANK	Michał Konarski	michal.konarski@mdm.pl	+48 22 697 47 37
PKO BP	Jaromir Szortyka	jaromir.szortyka@pkobp.pl	+48 22 580 39 47
RAIFFEISEN CB	Rok Stibric	rok.stibric@rbinternational.com	+43 171 707 59 75
TRIGON	Maciej Marcinowski	maciej.marcinowski@trigon.pl	+48 22 433 83 75
SANTANDER	Kamil Stolarski	kamil.stolarski@santander.pl	+48 22 586 81 00
UBS	Michał Potyra	michal.potyra@ubs.com	+44 20 756 819 35
WOOD & COMPANY	Marta Jeżewska-Wasilewska	marta.jezewska-wasilewska@wood.com	+48 22 222 15 48



7. Corporate governance (G)

Statement on the application of corporate governance rules

Corporate Culture and Key Business Conduct Policies





7. Corporate governance (G)

Statement on the application of corporate governance rules

- 7.1. Financial conglomerate
- 7.2. PZU's collection of corporate governance rules
- 7.3. Application of corporate governance rules
- 7.4. Information policy and communications with investors
- 7.5. Management Board and Supervisory Board
- 7.6. Internal systems and functions
- 7.7. Shareholder Meeting and relations with shareholders
- 7.8. Conflict of interest and transactions with related parties
- 7.9. Remunerations



7.1. Financial conglomerate

7.1.1. Approach to management

Due to its structure, extent and line of business, the PZU Group was identified by the Polish Financial Supervision Authority (KNF) as a financial conglomerate, in which PZU is the leading entity. Since February 2019 the PZU Group has also been subject to supplementary supervision exercised by KNF.

In addition to internal and sector regulations, pertaining to the business profile of individual Group companies, the main legal act regulating conglomerates is the Act of 15 April 2005 on supplementary oversight over credit institutions and insurance undertakings, reinsurance undertakings and investment firms comprising a financial conglomerate.

For a conglomerate to operate efficiently, the PZU Group adopted the allocation of responsibilities and the methods for discharging the duties (the relevant PZU units are responsible for coordinating the implementation of these duties within the PZU Group). The procedures of cooperation and information exchange between PZU Group companies are regulated by Agreements signed with respective PZU Group entities.

Of particular importance for the insurance segment is the cooperation between PZU and PZU Życie. These companies have corresponding management models, within which they work closely together, especially in the areas of strategic and risk management, as well as operational support.

The management and supervision processes over other PZU Group companies exercised from the parent company level are supported by internal formal solutions that are complementary to regulatory requirements and, at times, are designed to fill in legislative loopholes. For instance, they take the form of cooperation agreements and area-specific policies and procedures issued on their basis. Within the framework of this cooperation, organizational structures also exist, and their task is to develop and implement uniform solutions across the PZU Group.

7.1.2. Corporate governance over subsidiaries

Since 2010, the PZU Group's practice in terms of its corporate governance model and collaboration among its various entities has been for representatives of PZU and PZU Życie to sit on the supervisory boards of the Group's

companies. This solution ensures a uniform approach to governance standards in the key areas of the PZU Group's functioning.

Members of PZU's and PZU Życie's Management Boards serving in the boards of subsidiaries at the end of 2023:

- President of the PZU Management Board Beata Kozłowska-Chyła, Ph.D. Hab., was also Chair of the Supervisory Board of the PZU Życie and Chair of the Bank Pekao Supervisory Board;
- Małgorzata Sadurska, PZU Management Board Member, was Deputy Chair of Bank Pekao Supervisory Board, Chair of the TUW PZUW Supervisory Board and Member of the LINK4 Supervisory Board;
- Bartłomiej Litwińczuk, Member of the PZU Życie Management Board and PZU Group Director at PZU, was Chair of the LINK4 Supervisory Board;
- Piotr Nowak, PZU Management Board Member, was Chair of the TFI PZU Supervisory Board and Chair of the Tower Inwestycje sp. z o.o. Supervisory Board;
- Maciej Rapkiewicz, PZU Management Board Member and PZU Życie Management Board Member, was Chair of the PTE PZU Supervisory Board;
- Krzysztof Kozłowski, PZU Management Board Member, was Chair of PZU Zdrowie Supervisory Board;
- Andrzej Jaworski, PZU Życie Management Board Member, was Member of the PTE PZU Supervisory Board and Chair of the PZU Zdrowie Management Board, and Member of the PrJSC IC PZU Ukraine Supervisory Board and of the PrJSC IC PZU Ukraine Life Insurance Supervisory Board;
- Ernest Bejda, PZU Management Board Member and PZU Życie Management Board Member, was the Chair of the

PTE Centrum Operacji Supervisory Board and Deputy Chair of the Alior Bank Supervisory Board;

- Dominik Witek, PZU Management Board Member, was Member of the Alior Bank Supervisory Board.

Agreement on Cooperation

Purpose

A cooperation agreement has been in place (since 21 March 2017) for the purposes of efficient cooperation between units of the PZU parent company and PZU Group subsidiaries.

Included units – 27 entities of the PZU Group:

PZU, PZU Życie, TFI PZU, PZU Zdrowie, PZU Centrum Operacji, PZU Pomoc, TUW PZUW, PTE PZU, LINK4, Ogródowa – Inwestycje, PZU LAB, Tower Inwestycje, PZU Cash, PZU Finanse, Armatura Kraków, PZU Projekt 01, Tulare Investments, Omicron BIS, Ipsilon, PrJSC IC PZU Ukraine with its registered office in Kiev, PrJSC IC PZU Ukraine Life Insurance with its registered office in Kiev, LLC SOS Services Ukraine with its registered office in Kiev, UAB PZU Lietuva Gyvybes Draudimas with its registered office in Vilnius, Lietuvos Draudimas AB with its registered office in Vilnius, PZU Finance AB in liquidation (publ) with its registered office in Stockholm, AAS BALTA with its registered office in Riga, PZU Corporate Member Ltd. with its registered office in London. Polski Gaz TUW and Polski Gaz TUW na Życie joined the agreement on 2 February 2024, so as of that date, 29 entities are parties to it.

Scope

Cooperation based on adopted policies in the areas of: procurement, risk management, IT management,



internal audit, PZU Group’s strategy, projects, marketing and PZU brand management, consulting and legal assistance, security management, human resources management, corporate communication, tax policy, corporate governance at PZU Group, actuarial services, accounting, planning and controlling, compliance, reinsurance, supervision over foreign companies, customer experience management, claims and benefits handling, sustainable business development (ESG), tariff-related actuarial services, analysis of insurance evolution and tariffs, development of sales technology, sales tools and non-motor underwriting of business insurance products. Under a resolution of the PZU Management Board of 7 November 2023, the Group cooperation was expanded to include M&A, data management, products and real estate. In addition, the following policies were adopted in the PZU Group in 2023: Corporate Governance Policy, Human Rights Policy and Environmental Policy as updates to existing policies.

Corporate governance – banks (Bank Pekao, Alior Bank)

Agreements with banks

For the purpose of cooperating with banks, separate agreements were adopted to lay down the rules of cooperation and exchange of information, among others, on reporting duties and accounting, taxation and transfer pricing, planning and controlling, compliance and internal control, internal audit, risk, strategy, corporate governance, security and sustainable business development (ESG):

- Agreement on Cooperation and Exchange of Information of 28 September 2017 (amended: on 2 April

2020, 3 July 2020 and 30 March 2023) between PZU and Bank Pekao;

- Agreement on Cooperation and Exchange of Information of 19 June 2019 (amended: on 25 September 2020 and 3 April 2023) between PZU and Alior Bank.

Protection of secrets

Within the PZU organizational structure, in units responsible for business processes, the rules of the so-called Chinese walls apply. This serves to keep legally protected secrets of both banks and limit the possibility of exchanging sensitive information on business activity between banks in the PZU Group. What is also important, this ensures the separation of the flow of information obtained from PZU as the entity heading up the PZU Group, to procure compliance with the legal regulations pertaining to information subject to banking secrecy and other legally protected secrets.

Risk management

Having regard for the different business nature of the banking entities and the insurance entities, and their sectoral regulations, the direct application in the banks of the risk management system functioning in the insurance companies was impossible. The challenge was to align the process so that the attainment of the PZU Group’s objectives in risk management would transpire while respecting the banking sector’s regulations, the independence of the entities within the understanding of the Commercial Company Code and equal access to information among all the shareholders of the banks. This alignment was crafted in full cooperation with both banks. Risk appetite and Recovery Plans in Bank Pekao and Alior Bank are consulted with the PZU Group’s parent

company and the subject matter of opinions issued by the PZU Group Risk Committee. The aim is to ensure consistency between the activities carried out by the banks and the strategic plans and business objectives of the PZU Group as a whole and maintain an acceptable level of risk at the entire Group level. Thus agreed Risk Appetite and recovery plans are also approved by Supervisory Boards of banks.





7.2. PZU's collection of corporate governance rules

PZU's corporate governance is a set of fundamental principles, practices and processes on the management of and control over the Company. It lays out the rules for the operation of and co-operation between statutory bodies, and shapes their relationship with shareholders, clients and other stakeholders.

Corporate governance rules applied at PZU arise from the provisions of the law (in particular the Code of Commercial Companies and Partnerships, the Insurance and Reinsurance Activity Act, and the regulations governing the capital market), as well as the rules set forth especially in the documents specified below.

Best Practices of WSE-Listed Companies 2021

PZU complies with the rules laid out in "Best Practices of WSE-Listed Companies" since its shares were listed for trading on the regulated market. The document entitled "Best Practices of WSE-Listed Companies 2021" (WSE BP 2021) adopted by the Supervisory Board of the Warsaw Stock Exchange (WSE) on 29 March 2021 has been in effect since 1 July 2021. It is a collection of corporate governance rules and rules of conduct that affect how public companies interact with their market environment. The text is available on the website of:

- the Warsaw Stock Exchange: www.gpw.pl/best-practice;
- PZU: www.pzu.pl/en/investor-relations/about-the-group/corporate-governance.

Corporate Governance Rules for Regulated Institutions

Corporate Governance Rules for Regulated Institutions, issued on 22 July 2014 by the Polish Financial Supervision Authority (KNF), define the internal and external relations of regulated institutions, including their relations with shareholders and customers, their organization, the functioning of internal oversight and key internal systems and functions as well as the governing bodies and the rules for their cooperation. The document is available on the website of:

- The Polish Financial Supervision Authority: <https://www.knf.gov.pl/knf/pl/komponenty/>

img/knf_140904_Zasady_ladu_korporacyjnego_22072014_38575.pdf;

- PZU: www.pzu.pl/grupa-pzu/spolki/pzu-sa/zasady-ladu-korporacyjnego.

Best Practices of the PZU Group

PZU has also developed its own code defining the principal ethical standards governing the Company's behavior in relations with its stakeholders. The Best Practices of the PZU Group are a set of standards followed by all members of the PZU Group. The values and principles described in the document relate to such issues as conflict of interest, handling sensitive information, corruption and gift policy, reporting ethical problems, rules of cooperation with business partners, and disclosures. The obligation of abiding by the enacted standards pertains to all PZU Group employees, regardless of seniority or position. The Best Practices of the PZU Group are available at PZU's website: <https://www.pzu.pl/grupa-pzu/o-nas/kultura-compliance-pzu/dobre-praktyki-pzu>.

Best Insurance Practices

The set of principles expressed in the Best Insurance Practices adopted on 8 June 2009 by the General Assembly of the Polish Chamber of Insurance (PIU) (as amended) also informs how PZU conducts its business operations and shapes relations with its stakeholders. This document defines the rules of corporate social responsibility in respect to relations between insurance and customers, insurance intermediaries, the regulatory authority and the Financial Ombudsman, the media and in public securities trading. By applying the Best Insurance Practices, PZU conducts regular efforts to develop insurance awareness in the public at

large. The consolidated text of the document is available on the website of:

- the Polish Insurance Association,; <https://piu.org.pl/zasady-dobrych-praktyk/>;
- PZU: https://www.pzu.pl/_files/1504268.

7.3. Application of corporate governance rules

In the view of European Commission Recommendation of 9 April 2014 on the quality of corporate governance reporting (2014/208/EU), here are details concerning the application of corporate governance relating to topics of most importance for shareholders.

7.3.1. Application of corporate governance rules contained in Best Practices of WSE-Listed Companies

On 30 June 2022, PZU published its Statement on PZU’s compliance with WSE BP 2021 (available on the Company’s website: <https://www.pzu.pl/fileserver/item/1531690>).

PZU applies all rules laid down in the Best Practices of WSE-Listed Companies 2021, apart from Practice 2.1, 2.2 & 4.1. The year 2024 saw an incidental violation of Practice 4.9.1.

PZU monitors the degree and manner of compliance with the rules laid down in WSE BP 2021 and, if necessary, takes steps on an as-needed basis to ensure compliance therewith to the fullest extent and in an unquestionable manner. In particular, PZU pays attention to the following matters and activities.

Chapter	Material aspects of application of Best Practices of WSE-Listed Companies 2021 at PZU
Chapter 1. PInformation policy and communications with investors	<ul style="list-style-type: none"> • PZU sees to it that there is due communications with stakeholders by having a clear and reliable information policy. The Rules of PZU’s Information Policy towards Capital Market Players are available on the Company’s website: https://www.pzu.pl/fileserver/item/1543244; • PZU maintains a corporate website at: www.pzu.pl, which features all disclosures required by the law and indicated in WSE BP 2021. Under Investor Relations www.pzu.pl/ri, which is available in Polish and English, the following is published, in particular: <ul style="list-style-type: none"> - business strategy with measurable financial and non-financial objectives, and the ESG strategy as its integral part that includes environmental issues, climate change risks and indicators, sustainable development, social and labor issues (available at: https://www.pzu.pl/fileserver/item/1529177); - presentations including a discussion of quarterly financial results, the market environment, and progress on business and ESG strategies; - recordings and transcriptions of result conferences, shareholder meetings and other key corporate events; - statements of selected financial data; - aggregate recommendations of analysts with an average target price of shares, as well as the consensus for quarterly and annual projected consolidated results; - calendars for financial report publication, performance meetings, chats and participation in investor conferences. • PZU presents a description of its ESG activities, including how climate is accounted for in its decision-making processes, an equal pay index, and a statement of expenses incurred by the PZU Group to support culture, sport, physical activity, social organizations and foundations, charities, media, and trade unions. This information can be found in the integrated online annual report, the Management Board’s report on the Company’s activity and the report on non-financial information. All documents are available on the PZU website, in Polish and English. • Every quarter, PZU organizes result conferences for investors and analysts involving representatives of the Management Board and chat sessions for retail investors held by the CFO. The meetings are to discuss financial results, the degree to which the strategy is implemented, and the most important events affecting the PZU Group’s operations. • PZU representatives regularly contact investors (both institutional and retail) and analysts, allowing them to ask questions and obtain clarifications pertaining to matters of their interest. Contact occurs both within electronic communication channels and through in-person meetings during investor conferences organized by Polish and foreign brokerage houses as well as on-site meetings. • PZU endeavors to respond to investors’ questions immediately, and with respect to e-mail questions - within three working days. <p>More in chapter 7.4. Statements</p>

Chapter	Material aspects of application of Best Practices of WSE-Listed Companies 2021 at PZU
<p>Chapter 2. Management Board and Supervisory Board</p>	<ul style="list-style-type: none"> Supervisory Board Members and Management Board Members are subject to periodic suitability assessments. Supervisory Board Members are assessed by the Shareholder Meeting, and Management Board Members – by the Supervisory Board. The assessment includes verification process based on the criteria of competence, guarantee (of reputation and reliability), independent judgment (including no conflict of interest) and sufficient time dedication to the position of the Supervisory Board Member or the Management Board Member, as the case may be. All Members of the Management Board and of the Supervisory Board had the relevant competencies, skills and experience, as described later in the statement, and a positive suitability assessment. Members of the PZU Management Board and of the PZU Supervisory Board strove to apply the rules relating to them to the fullest possible extent, which included: <ul style="list-style-type: none"> in 2023, functions on the PZU Management Board were the main area of the professional activity of PZU Management Board Members; a consent from the PZU Supervisory Board is required for PZU Management Board Members to hold positions in corporate bodies outside of the PZU Group; the PZU Supervisory Board Members dedicated sufficient time to perform their duties, with the majority of Members attending all PZU Supervisory Board meetings in 2023; the PZU Supervisory Board Chair did not combine this function with that of Chair of the Audit Committee operating within the PZU Supervisory Board; As at the end of 2023, 8 out of 9 PZU Supervisory Board Members (including the Chair of the Audit Committee and all of its Members) met the independence criteria laid down in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision and had no actual and material relations with any shareholder holding at least 5% of the total vote in the Company; As at the date of signing of the Activity Report, i.e. 20 March 2024, 9 out of 10 Supervisory Board Members (including 3 out of 4 Audit Committee Members, i.e. the Chair and two Members) met the independence criteria laid down in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision. All Supervisory Board Members have submitted declarations that they have actual and material relations with any shareholder holding at least 5% of the total vote in the Company. PZU sets aside administrative and financial resources required to ensure the efficient operation of the Company's Supervisory Board.

Chapter	Material aspects of application of Best Practices of WSE-Listed Companies 2021 at PZU
<p>Chapter 2. Management Board and Supervisory Board</p>	<ul style="list-style-type: none"> As regards Principles 2.1 WSE BP & 2.2 WSE BP, PZU employs a diversity policy towards members of PZU governing bodies, adopted by the PZU Supervisory Board and Shareholder Meeting, which specifies the diversity targets and criteria in such areas as gender, education, specialist knowledge, age, and professional experience, and lays out the timeline and method for monitoring the achievement of those targets. In line with the policy, the Shareholder Meeting and Supervisory Board, in selecting the members of the Supervisory Board and the Management Board, respectively, strive for gender parity in PZU governing bodies, with the minimum gender minority participation at 30%. At the end of 2023, the gender diversity condition for the minority share of no less than 30% was not satisfied in the PZU Supervisory Board. This condition, was fulfilled in the case of PZU's Management Board. As of the date of signing the management report, the the gender diversity condition for the minority share of no less than 30% was not fulfilled in the case of the PZU Management Board, however it was met in the case of the PZU Supervisory Board. PZU points to the following issues: <ul style="list-style-type: none"> as regards qualifications and requirements for those occupying positions in management and supervisory bodies, PZU in particular takes into account the statutory criteria for education and professional experience adequate to the functions discharged on such positions in the entity conducting insurance activity; in shaping the membership of the Company's corporate bodies, PZU applies the diversity policy while also maintaining an objective approach and being guided by substantive criteria; the diversity targets and criteria in such areas as education, specialist knowledge and professional experience, as well as the timeline and method for monitoring the achievement of those targets are laid out in the Suitability Assessment Rules of the Supervisory Board and Audit Committee as well as of the PZU Management Board, adopted by the virtue of resolutions of the PZU Shareholder Meeting and Supervisory Board, respectively. The Supervisory Board effectively supervises PZU's operations, verifies the work of the Management Board in implementing the strategic goals as established, and monitors the performance of PZU and the PZU Group. The Management Board provides the Supervisory Board with access to information on matters concerning PZU. Each year, the Supervisory Board prepares and provides the Shareholder Meeting with an annual report on its activities containing all elements specified under Principle 2.11 WSE BP, including an assessment of the company's position, an assessment of the internal control, risk management and compliance systems, an assessment of the compensation policy functioning, an assessment of how PZU complies with its disclosure obligations, an assessment of the reasonableness of expenses incurred by PZU and the PZU Group to support culture, sport, charities, media, social organizations and trade unions, an assessment of the implementation of key sustainable development commitments, and an assessment of the implementation level of the diversity policy with respect to the Management Board and the Supervisory Board. <p>More in chapter 7.5. Statements</p>

Chapter	Material aspects of application of Best Practices of WSE-Listed Companies 2021 at PZU
<p>Chapter 3. Internal systems and functions</p>	<ul style="list-style-type: none"> • PZU maintains effective internal control, risk management and compliance systems, as well as an effective internal audit function: <ul style="list-style-type: none"> - the PZU Group’s internal control system has been developed at the level of the leading entity (i.e., PZU) and is applicable to all members of the PZU Group, in consideration of their distinct nature, proportionality and adequacy; - in order to ensure the proper quality and continuous improvement of the internal audit function, internal (on an annual basis) and external (not less than once every five years) assessments of the PZU’s internal audit activities are conducted. A third-party assessment of the internal audit function at PZU conducted by PwC Advisory and an analysis of coordination of the Group’s internal audit run by the Internal Audit Department demonstrated general compliance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics developed by the IIA; - PZU exercises supervision over the entire PZU Group’s risk management system. This supervision is based on mutual cooperation agreements entered into with the subsidiaries and the information provided thereunder. PZU manages risk at the PZU Group level on an aggregate basis, especially with respect to capital requirements. In addition, PZU, as a leading entity, manages risk concentration on the level of the whole financial conglomerate. PZU makes efforts aimed at ensuring adequate and uniform standards of compliance solutions in all subsidiaries and monitors compliance risk throughout the entire Group. • Within the PZU structure, there are separate units responsible for performing the tasks of each system and function – the Internal Audit Department, the Compliance Department, the Risk Department and the Actuarial Department: <ul style="list-style-type: none"> - The Managing Director on Audit, who heads the Internal Audit Department, reports functionally to the Audit Committee of the PZU Supervisory Board and organizationally directly to the CEO of PZU. Appointment and dismissal of a person to head the Internal Audit Department requires the opinion of the Audit Committee of the PZU Supervisory Board. The person managing internal audit may directly contact the Supervisory Board and Audit Committee Chairperson, and in particular immediately provide the Audit Committee with material information with respect to material irregularities found;

Chapter	Material aspects of application of Best Practices of WSE-Listed Companies 2021 at PZU
<p>Chapter 3. Internal systems and functions</p>	<ul style="list-style-type: none"> - The Managing Director on Regulations, who supervises the Compliance Department, organizationally reports directly to the CEO of PZU. Appointment and dismissal of a person to head the Compliance Department requires the opinion of the Audit Committee of the PZU Supervisory Board. The Managing Director on Regulations, as well as the Director of the Compliance Department, have direct access to the PZU Management Board Members and PZU Supervisory Board Members to whom the compliance function report; - The Director of the Risk Department organizationally directly reports to a PZU Management Board Member; - The actuarial function is supervised at PZU by the Company’s Chief Actuary, who is also the Director for Underwriting Risk in the Actuarial Department at PZU. The Company’s Chief Actuary reports to the PZU Board Member supervising the Actuarial Office and submits an annual Actuarial Function Activity Report to the PZU Management Board. • The annual activity report concerning the Internal Audit Department, featuring, among others, an assessment of the internal control, compliance and risk management systems, is adopted by the virtue of the resolution of the PZU Management Board. The report is presented to the Audit Committee of the PZU Supervisory Board. The assessment presented in the report is discussed by the PZU Audit Committee Chair at the meeting of the PZU Supervisory Board. • The PZU Supervisory Board monitors the efficiency of the internal control, risk management system and compliance function, along with the efficiency of the internal audit function based on, among others, the interim reports it receives; it also carries out an annual assessment concerning the efficiency of those systems and functions and includes relevant disclosures in its annual report. • The compensation of persons responsible for risk management and compliance and of the Head of the Internal Audit Department depends on the completion of the assigned tasks, regardless of PZU’s financial performance. <p>More in chapter 7.6. Statements</p>

Chapter	Material aspects of application of Best Practices of WSE-Listed Companies 2021 at PZU
<p>Chapter 4. Shareholder Meeting and relations with shareholders</p>	<ul style="list-style-type: none"> On 29 June 2022, the PZU Shareholder Meeting adopted a resolution on the adoption of WSE BP 2021 in which it declared that, acting within its powers, it will be guided by WSE BP 2021 to the extent that it is addressed towards the Shareholder Meeting and shareholders, taking into account the generally applicable provisions of the law and PZU's Articles of Association. In determining the time and place for the Shareholder Meeting, PZU ensures that as many shareholders as possible may take part – Shareholder Meetings take place in Warsaw, at the PZU's registered office. Media representatives may be present at a PZU Shareholder Meeting; PZU does not allow shareholders to participate in the shareholder meeting using means of electronic communication (Principle 4.1). PZU believes that there are many technical and legal factors that may affect the proper course of the shareholder meeting if an e-Shareholder Meeting is introduced. The legal doubts pertain to the ability to identify shareholders and check the legitimacy of participants in the shareholder meeting. The risk of the occurrence of technical difficulties, e.g. with the internet connection or possible external interference in the IT systems may disrupt the work of the shareholder meeting and evince doubts concerning the efficacy of the resolutions adopted during its course. PZU live-streams Shareholder Meetings and information concerning the planned broadcast is published in advance on the Company's website. After the Shareholder Meeting concludes its session, the recording is published on the PZU's website under the Investor Relations section (https://www.pzu.pl/en/investor-relations/shares-and-bonds/shareholders-meetings); Members of the Management Board and of the Supervisory Board take part in the Shareholding Meeting, in a composition allowing them to give substantive answers to questions asked during the Meeting. The Management Board presents the participants of the Shareholder Meeting with the Company's financial results and other material information, including non-financial information, and answers shareholders' questions;

Chapter	Material aspects of application of Best Practices of WSE-Listed Companies 2021 at PZU
<p>Chapter 4. Shareholder Meeting and relations with shareholders</p>	<ul style="list-style-type: none"> PZU endeavors to ensure that draft resolutions be submitted no later than three days before the shareholder meeting. The PZU Management Board appends justifications to its draft resolutions on matters and decisions which do not pertain to the business of the meeting, unless such justifications arise from the documentation presented to the Shareholder Meeting. Draft resolutions submitted by shareholders should also be submitted with justifications. PZU publishes draft resolutions with justifications on the PZU website under the Investor Relations section on the day of the Shareholding Meeting announcement (https://www.pzu.pl/en/investor-relations/shares-and-bonds/shareholders-meetings); In 2024, Principle 4.9.1 was incidentally violated. The principle states that where the shareholder meeting deliberates on the appointment of a person to the supervisory board or the appointment of a supervisory board for a new term, candidates for the board shall be put forward within a timeframe allowing the shareholders present at the shareholder meeting to make a decision with due consideration, but no later than three days prior to the shareholder meeting; candidate submissions, together with the complete documents concerning them, shall be immediately published at the Company's website. Seeing that some candidates for the PZU Supervisory Board were put forward by a Company's shareholder on 14 February 2024 (i.e., one day before the PZU Extraordinary Shareholder Meeting), there has been an incidental violation of Principle 4.9.1. PZU published a current report on the submission of candidates for the PZU Supervisory Board by a shareholder and posted complete materials on the submitted candidates on its website as soon as they were received. PZU pays out the dividend to its shareholders regularly in line with PZU's dividend policy and KNF's position. The amount of the dividend proposed by the PZU Management Board is no less than 50% of the PZU Group's consolidated financial result. Since 2010, i.e. Since its first listing at WSE, PZU has been paying out the dividend every year, except for 2020, when KNF and EIOPA recommended that insurers temporarily suspend the payment of dividend. <p>More in chapter 7.7. Statements</p>

Chapter	Material aspects of application of Best Practices of WSE-Listed Companies 2021 at PZU
<p>Chapter 5. Konflikt interesów i transakcje z podmiotami powiązanymi</p>	<ul style="list-style-type: none"> • PZU has internal regulations (in particular, rules for managing conflicts of interest, principles of ethics applicable to members of corporate bodies, PZU Group Best Practices) on the management of a conflict of interest and conclusion of transactions with related parties in the event that a conflict of interest may arise, which guarantee compliance with the principles found in Chapter 5 WSE BP 2021. These regulations also apply to all PZU Group companies, appropriately to the profile and scale of their operations. • No PZU shareholder is treated preferentially in relation to other shareholders with respect to transactions with related parties. PZU has regulations concerning transfer pricing. As a general rule, for each transaction between related parties, an analysis is prepared to confirm that the transaction was concluded at arm's length. • According to PZU's Articles of Association, if the value of a transaction with a related party exceeds 5% of total assets, the PZU Supervisory Board is obliged to decide whether to approve the transaction. • In order to reduce the risk of conflict of interest, in accordance with the principles of ethics applicable to members of corporate bodies, Members of the PZU Management Board and of the PZU Supervisory Board are obliged to: <ul style="list-style-type: none"> - avoid activities that may give rise to conflicts of interest, - take necessary measures to identify conflicts of interest, - obtain approval (from the Management Board or the Supervisory Board or the Shareholder Meeting, as appropriate) for membership on the supervisory or management boards of public companies other than PZU Group companies, and entities whose operations may potentially be deemed as competitive, - strive to eliminate or reduce the negative impact of conflicts of interest on the operation of the PZU Group company and its relations with the remaining PZU Group companies, clients and other external entities, - inform (the Management Board or the Supervisory Board or the Shareholder Meeting, as appropriate) of a conflict of interest or the possibility of a conflict of interest, and to refrain from taking part in discussions and voting on a matter in which a conflict of interest has arisen; - to inform the compliance unit of the possibility of a conflict of interest and the measures taken; • Potential conflicts of interest involving Management Board or Supervisory Board Members are analyzed within the framework of suitability assessment before these persons are appointed to those bodies, and within cyclical suitability reassessments. An annual analysis of additional actions taken by members of corporate bodies is also carried out. <p>More in chapter 7.8. Statements</p>

Chapter	Material aspects of application of Best Practices of WSE-Listed Companies 2021 at PZU
<p>Chapter 6. Remunerations</p>	<ul style="list-style-type: none"> • PZU has a remuneration policy for PZU Management Board Members and PZU Supervisory Board Members, adopted by the PZU Shareholder Meeting. The objectives of the compensation policy are as follows: <ul style="list-style-type: none"> - supporting the implementation of the PZU Group's strategy, - matching the level and structure of compensation to the PZU's risk profile, - ensuring proper financial management and its long-term stability, - pursuing a bonus policy that is flexible and adapted to the PZU's business position, by linking the variable compensation system of the company's managers to the achievement of the management targets as determined and ensuring that this variable compensation is in proper proportion with fixed compensation, - prevent conflicts of interest. • The compensation of Management Board Members is composed of a fixed and a variable portion. Variable compensation for a given financial year depends on the achievement of management targets selected by the Supervisory Board from a list, including the improvement of economic and financial indicators, and actions of social interest, including those which make the Company contribute to environmental protection. • Compensation of Supervisory Board Members does not depend on PZU's performance. They receive a fixed monthly compensation (regardless of the number of meetings), which is the product of the average monthly compensation in the corporate sector without distributions of bonuses from profit in Q4 of the previous year and the following multiplier of 2.75. The chairpersons of committees operating within the Supervisory Board receive compensation increased by 9%. • Compensation rules do not provide for remuneration in the form of management options. <p>More in chapter 7.9. Statements</p>

7.3.2. Application of Corporate Governance Rules for Regulated Institutions

The PZU Management Board and Supervisory Board adopted resolutions (respectively, UZ/375/2014 of 17 December 2014 and URN/49/2014 of 19 December 2014), whereby they adopted standards arising from the Corporate Governance Rules for Regulated Institutions (CGR) to the broadest possible extent while giving consideration to the rule of proportionality and the rule “comply or explain.”

In its resolution no. 36/2015 of 30 June 2015, the PZU Ordinary Shareholder Meeting declared that, acting within its powers, it will be guided by CGR in the wording adopted by KNF on 22 July 2014, subject to rules from which it derogated, i.e., rules under § 10(2), § 12(1), and § 28(4).

The statement on compliance with the Corporate Governance Rules for Regulated Institutions, taking into account the rules partially complied with and those which do not apply to PZU due to the nature of its operations is available on the PZU’s website: <https://www.pzu.pl/grupa-pzu/spolki/pzu-sa/zasady-ladu-korporacyjnego>.

PZU monitors the degree and manner of compliance with CGR and, if necessary, takes steps on an as-needed basis to ensure compliance therewith to the fullest extent. In particular, PZU pays attention to the following matters and activities.

Chapter	Material aspects concerning the application of Corporate Governance Rules for Regulated Institutions
<p>Chapter 1. Organization and organizational structure</p>	<ul style="list-style-type: none"> • PZU has relevant internal rules and regulations concerning its organization and organizational structure. PZU’s organization enables the achievement of long-term strategic objectives and independent monitoring of operational and strategic risks. The strategic objectives are laid down in the PZU Group Strategy adopted by the Management Board and approved by the PZU Supervisory Board. • The PZU organizational structure is commensurate with the scale of operations, the extent of realized functions and the scale and complexity of risks, and it effectively supports the achievement of the Company’s strategic objectives as well as immediate business and operating goals. For the organizational structure, please consult Investor Relations in PZU’s website (https://www.pzu.pl/en/investor-relations/about-the-group/group-structure). Within the PZU organizational structure, key functions are separated, there is an established scope of competence for each PZU Board Member and PZU Group Director, and there is a clear division of tasks and responsibilities among the various units. PZU headquarters is a support center for the PZU Management Board in managing the Company’s operations and coordinating activities within the PZU Group (headquarters provides, among other things, corporate governance function and supervision, strategy, internal audit, risk, compliance, legal services, security, AML, client experience management and communication, sustainable development, administration, procurement, real estate, actuarial services, reinsurance); specialized units carry out operational activities in the following areas: claims and benefits, assistance, customer service, insurance operations, insurance accounting and collection, analysis and reporting of employee operations, while organizational units in the field structure, including PZU Branches, are responsible for insurance sales and customer service; • PZU has detailed emergency and crisis management methods, including the PZU Group’s Corrective Measures Plan (a document applicable to the PZU Group’s significant companies, particularly the banks operating within the Group) and the Business Continuity Plan. Also, the Crisis Management Team has been functioning at PZU since 2022; the team oversees the operation of the business continuity management system and is responsible for managing a crisis situation. • The Compliance Department and the Legal Department at PZU monitor the law and the recommendations of the supervisory authorities, ensuring that PZU’s activities comply with the law and supervisors’ requirements. Irregularities at PZU may be reported anonymously. The Whistleblowing Procedure ensures confidentiality, discretion and personal data protection for whistleblowers. An employee who reports a potential irregularity in good faith is not at risk of any sanctions; nor does he or she incur any consequences pertaining to his or her employment relationship due to that report. The Management Board provides the Supervisory Board with quarterly risk reports, which include information on compliance risk management and serious fraud, as well as with quarterly internal audit reports.

Chapter	Material aspects concerning the application of Corporate Governance Rules for Regulated Institutions
<p>Chapter 2. Relations with shareholders of a regulated institution</p>	<ul style="list-style-type: none"> • PZU operates with the interests of all stakeholders in mind. No shareholder is privileged in access to information. To this end, PZU adheres to the provisions included in (among others) the Rules of PZU’s Information Policy towards Capital Market Players and Correspondence Procedure in the Area of Investor Relations, Best Practices of the PZU Group, Rules for Managing Conflicts of Interest, and Principles of Ethics Applicable to Members of Corporate Bodies. • PZU ensures that shareholders have equal access to information, including such featured on shareholder meetings. All disclosures are published, among other places, under Polish and English-language Investor Relations in PZU’s website. The Investors Relations has a separate tab dedicated only to Shareholding Meetings, where draft resolutions with justifications are posted each time a Shareholder Meeting is announced. • Shareholders have an impact on the PZU’s operations by passing resolutions at the PZU Shareholder Meeting. One share of PZU gives the right to one vote at the Shareholder Meeting. However, PZU’s Articles of Association limit the voting rights of shareholders in such a way that no shareholder other than the State Treasury may exercise more than 10% of the total number of votes existing in PZU at the Shareholder Meeting; • PZU’s Articles of Association clearly define the competencies of the Management Board, Supervisory Board and Shareholder Meeting, ensuring the separation of ownership and management functions. As at the end of 2023, 8 out of 9 Supervisory Board Members met the criterion of independence; and as at the date of signing the Activity Report (i.e. 20 March 2024) – 9 out of 10. • PZU does not allow active electronic participation in Shareholder Meetings due to reasons presented with respect to the application of Principle 4.1 WSE BP 2021. PZU shareholders may watch online livestreams of the Shareholder Meeting. • In the view of certain capital and personal links, PZU pays particular attention to the relationships and transactions within the PZU Tax Group and with related parties. For this purpose, it applies relevant policies and procedures. All transactions are performed in compliance with legal and tax requirements, in a transparent manner, meeting market standards and with documentation of transfer pricing to confirm that the prices used in transactions with related parties reflect the arm’s length principle. • Decisions concerning the payout of dividend are taken in line with the Capital and Dividend Policy of the PZU Group and the recommendations of KNF. In line with the policy, PZU endeavors to maximize the rate of return on equity for the parent company’s shareholders, in particular by maintaining the level of security and retaining capital resources for strategic growth objectives through organic growth and acquisitions.

Chapter	Material aspects concerning the application of Corporate Governance Rules for Regulated Institutions
<p>Chapter 3. Management</p>	<ul style="list-style-type: none"> • The Management Board is a managing body at PZU and is collegial in nature. At the end of 2023, it was composed of 8 persons. Management Board Members meet legal criteria (including those in the Insurance and Reinsurance Activity Act and Act on the Management of State Property), regulatory requirements, WSE BP 2021, and CGR. Management Board Members have the adequate level of knowledge, experience and skills to head the PZU business and their competencies complement each other allowing for a collegial level of management. The Supervisory Board assesses and reassesses the suitability of candidates for and members of PZU Management Board - individually and jointly. Verification is based on the criteria of competence, guarantee (of reputation and reliability), independent judgment (including no conflict of interest) and sufficient time dedication to the position of the Management Board Member. The individual suitability assessments of PZU Management Board Members conducted in 2023 confirmed that all Members of the Management Board had adequate knowledge and skills and meet all the suitability criteria necessary to hold their positions. • The Management Board is the sole body authorized to manage PZU’s operations and the sole to be responsible for it. The Management Board acts in the interest of PZU, in accordance with the Management Board’s Rules and Regulations, guided by law, recommendations of supervisory authorities, and internal regulations, having the safety of the Company in its mind. • The President of the Management Board directs the work of the Management Board. The Management Board Members are jointly responsible for the decisions which are reserved for their remit, regardless of the internal division of responsibility for the respective areas of operations. The PZU Management Board Members exercise oversight with respect to processes within their areas. The scopes of the areas supervised by individual Management Board Members are clearly and unambiguously defined in the Order of the President of the PZU Management Board on organizational oversight performed in the Company by PZU Management Board Members. • Management Board Members are not involved in social or profit-making activity which could lead to a conflict of interest with respect to PZU’s operations, or adversely affect their reputation as a Management Board Member. The rules for identifying, managing and preventing conflicts of interest and the rules for excluding a member of the managing body in the event of a conflict of interest or the possibility of a conflict of interest are laid down in the Management Board’s Rules and Regulations and the Code of Ethics for Members of Management Boards of PZU Group Companies.

Chapter	Material aspects concerning the application of Corporate Governance Rules for Regulated Institutions
Chapter 4. Supervising body	<ul style="list-style-type: none"> The Supervisory Board is a supervising body at PZU. Members of the Supervisory Board meet legal criteria (including those in the Insurance and Reinsurance Activity Act and Act on the Management of State Property), regulatory requirements, WSE BP 2021, and CGR. Supervisory Board Members have the adequate level of knowledge, experience and skills to supervise the PZU business and their competencies complement each other allowing for a collegial level of oversight. The Shareholder Meeting assesses and reassesses the suitability of candidates for and members of the Supervisory Board - individually and jointly. Verification is based on the criteria of competence, guarantee (of reputation and reliability), independent judgment (including no conflict of interest) and sufficient time dedication to the position of the Supervisory Board Member. In 2023 and as at the date of signing the Activity Report, i.e. 20 March 2024, all Members of the Supervisory Board and the Supervisory Board as a body had a positive suitability assessment. The Supervisory Board permanently and continually supervises PZU's operations in all areas and may undertake necessary supervisory action in an ongoing manner. The competences of the Supervisory Board are regulated by the Articles of Association and the Rules and Regulations of the Supervisory Board. The Supervisory Board and respective Members thereof are guided by objective assessment and judgment, and among others may avail themselves of the services of experts and advisory companies. The Chair of the Supervisory Board directs the work of the Supervisory Board. At the end of 2023, it was composed of 9 persons. 8 Members of the Supervisory Board met the independence criteria laid out in the Statutory Auditor Act (including all Members of the Audit Committee). As at the date of signing the Activity Report, i.e. 20 March 2024, the Supervisory Board consisted of 10 persons. 9 Members of the Supervisory Board met the independence criteria laid out in the Statutory Auditor Act (including 3 out of 4 Members of the Audit Committee, i.e. the Chair and two Members). The Audit Committee of the Supervisory Board, in accordance with its Rules and Regulations, monitors the performance of auditing activities at PZU based on the principles and schedule agreed upon in advance with the auditor, in particular the performance of the audit by the audit firm, taking into account any conclusions and findings of the Polish Audit Supervision Agency. A statutory auditor provides the Supervisory Board with their opinion on the conduct of the audit of the statements. In 2023, the Audit Committee assessed the PZU's financial statements and the PZU Group's consolidated financial statements for the year ended 31 December 2022, and the Management Board report on the activity of the PZU Group and PZU in 2022, with the report on non-financial information; Supervisory Board Members exercise their functions actively, as testified to by the number of and high attendance rate at sessions of the Supervisory Board and separately held sessions of the Supervisory Board Committees in 2023. The competences, qualifications, and professional experience of the Management Board Members and their guarantee of due oversight ensure the due performance of the Supervisory Board's duties. Supervisory Board Members are not involved in social or profit-making activity which could lead to a conflict of interest with respect to PZU's operations, or adversely affect their reputation as a Supervisory Board Member. The rules for identifying, managing and preventing conflicts of interest concerning PZU Supervisory Board Members have been set out in the Code of Ethics for PZU Supervisory Board Members. The PZU Supervisory Board assesses compliance with CGR, and the statement in this regard is included in the PZU Supervisory Board's annual report, made available at (https://www.pzu.pl/grupa-pzu/spolki/pzu-sa/zasady-ladu-korporacyjnego).

Chapter	Material aspects concerning the application of Corporate Governance Rules for Regulated Institutions
Chapter 5. Compensation policy	<ul style="list-style-type: none"> The rules governing the compensation for Management Board and Supervisory Board Members are laid out in the Compensation Policy for PZU Management Board and Supervisory Board Members, adopted by the Shareholder Meeting in the Resolution 36/2020 of 26 May 2020. On 7 June 2023, by the Resolution 65/2023, the Ordinary Shareholder Meeting of PZU introduced a provision in the Policy stating that the Policy also aims to ensure that sustainability requirements are properly integrated into the risk management process at the PZU Group level. The compensation rules for PZU employees are regulated by the PZU Compensation Policy adopted by the PZU Management Board in 2016. The Policy was updated in 2022, in particular, to clarify how the Policy incorporates ESG risks included in the risk management system. The Supervisory Board prepared the Report on the Compensation Policy at PZU, which is a part of the Supervisory Board's Report for 2022, and presented it to the Ordinary Shareholder Meeting on 7 June 2023. The Supervisory Board assessed that the Company had properly carried out the adopted Policy with all compensation rules dedicated to the various groups of people forming the Company. The Shareholder Meeting reviewed and then approved the PZU Supervisory Board's Report for 2022. The compensation of the Supervisory Board Members is determined by the Shareholder Meeting, and the compensation of the Management Board Members – by the Supervisory Board. The PZU Management Board establishes the Compensation Policy for PZU Group Directors at PZU who are also Members of the PZU Management Board at PZU Życie, and the Compensation Policy for senior management and Authorized Persons (as referred to in the Solvency II Delegated Regulation). The Compensation Policy is not an incentive to take excessive risk within PZU's operations. The rules governing variable compensation aim to support proper and efficient risk management, discourage excessive risk-taking, and assist in the implementation of the PZU Group's Strategy. The variable compensation of the Management Board Members and Group Directors for a given financial year depends on the level of achievement of the management objectives set by the Supervisory Board. In 2023, these included the improvement of economic and financial indicators (financial result, ROE); level of implementation of key measures of the PZU Group Strategy; and taking actions of social interests, including those which make the Company contribute to environmental protection. 40% of the variable compensation is deferred for three consecutive years. A Management Board Member may acquire the right to 1/3 of the deferred compensation provided that during this period no circumstances arise that prove that the conditions for payment of a given portion of variable compensation have not been satisfied. In 2023, the Supervisory Board set the Management Board's objectives for 2023, settled the objectives for 2022, and decided to pay the Non-Deferred Variable Compensation for 2022 and the Deferred Variable Compensation for 2019-2021. The compensation of the Management Board Members and persons exercising key positions is financed and paid out from PZU funds.

Chapter	Material aspects concerning the application of Corporate Governance Rules for Regulated Institutions
<p>Chapter 6. Information policy</p>	<ul style="list-style-type: none"> PZU has a transparent information policy that takes into account the needs of investors and clients. The PZU website has a dedicated Investor Relations section aimed at capital market players. Communication with investors is carried out on the basis of the Rules of PZU's Information Policy towards Capital Market Players. The document, which is published on the PZU's website, includes the scope, manner and timing of information dissemination, the principles and tools used in communication with capital market players, and incorporates regulations applicable to the status of a public company. The product section of the website presents, in a simple and accessible way, information on the main features of the products, as well as the General Terms and Conditions of Insurance and information supporting clients in their contact with PZU, including contact details and complaint handling rules. Since 2014, PZU has published integrated interactive Annual Reports. They describe the most important events, achievements and plans of the PZU Group, and include tools for a multifaceted analysis of financial results, corporate events and macroeconomic data. The reports include interactive infographics, animations and video clips, which offer a succinct presentation of the PZU Group's activities. PZU provides investors with equal access to information, among other things: it ensures proper execution of information obligations obligatory for listed companies, all materials after being sent to the WSE via the ESPI system are published immediately in Polish and English on the website in the Investor Relations section. In addition to periodic reports required by law, PZU prepares quarterly performance presentations, which are published on the Investor Relations section of the website, along with financial data in Excel format and recordings of result conferences. PZU also posts recordings of shareholder meetings and other important corporate events. PZU's information policy with respect to capital market players specifies deadlines for responding to questions submitted by e-mail and telephone – PZU makes efforts to respond promptly, in the case of questions submitted by e-mail within a maximum of 3 working days.

Chapter	Material aspects concerning the application of Corporate Governance Rules for Regulated Institutions
<p>Chapter 7. Promotional activities and client relations</p>	<ul style="list-style-type: none"> PZU has internal regulations which cover, among other things, issues related to ensuring compliance of marketing activities with the law, in particular with the laws on competition and consumer protection and on combating unfair competition. PZU also applies the internal PZU Code of Ethics in Advertising, which is a collection of additional standards, independent of the law and the guidelines of the Financial Supervision Commission. The Marketing Department uses the practice of verification of planned marketing messages prior to their publication in terms of their transparency, authenticity and accuracy of information contained therein with other PZU entities. The marketing activities are particularly consulted with the Legal Department and the Compliance Department (for compliance risk, including compliance with the law – risk of misleading the consumer, use of messages infringing the addressees' interests) and pertinent departments responsible for a given product (consistency of the message with the facts – risk of misleading consumers). PZU and PZU Życie apply the “Principles regarding the product management system” defining the key requirements and activities to be performed at each stage of the product life cycle to ensure that the developed and distributed products meet the needs and requirements of the target client groups. Before they are offered to clients, all of the Group's services and products are carefully reviewed by experts, including relevant legal and compliance departments, for compliance with regulations and requirements to protect clients' interests and current case law on consumer rights. Before a product is sold, a client is given a so-called Product Information Document, a short document about the product that allows the client to quickly learn about the terms of the product. The information on the PZU's website is similarly structured, with the main features of the product presented in a simple way. PZU endeavors to make communication with clients simple and understandable. The Plain Language Department designs content, changes documents and communications for clients (including marketing materials, insurance terms and conditions, and responses to complaints). It makes sure that the content is linguistically correct, well-designed and understandable; that is useful and does not raise any doubts. The process and rules for handling complaints, including issues of timeliness and quality of processing of client requests, are defined in PZU's internal regulations. The rules for handling complaints are available on the PZU website (https://www.pzu.pl/kontakt-i-pomoc/skargi-reklamacje/jak-rozpatrujemy-skargi-reklamacje); Since 2017, PZU has had a Client Ombudsman, who, among other things, participates in mediations before the Financial Ombudsman and the KNF, and conducts individual meetings and negotiations with customers on disputes. In addition, a Health Ombudsman position was established in 2020; the Health Ombudsman, among other things, conducts individual meetings and negotiations with clients on health insurance disputes.

Chapter	Material aspects concerning the application of Corporate Governance Rules for Regulated Institutions
Chapter 8. Key internal systems and functions	<ul style="list-style-type: none"> PZU has an internal control system in place, adjusted to the scale of its operations and its organizational structure. Its purpose is to ensure the effectiveness and efficiency of operations, reliability of reporting, in particular financial reporting, compliance of the Company's operations with the applicable laws, internal regulations and standards of conduct, and adherence to risk management rules. A Compliance Department has been separated at PZU in terms of organization and competence, which performs tasks in ensuring compliance of the insurance company's activities with the law and internal regulations. An effective internal audit function operates at PZU, which involves a regular and orderly assessment of the adequacy and effectiveness of the internal control system and other components of the management system. PZU ensures the objectivity and independence of the internal audit and compliance functions. The Managing Director on Audit, who heads the Internal Audit Department, reports functionally to the Audit Committee of the PZU Supervisory Board and organizationally directly to the CEO of PZU. Appointment and dismissal of a person to head the Internal Audit Department requires the opinion of the Audit Committee of the PZU Supervisory Board. The Managing Director on Regulations, who supervises the Compliance Department, organizationally reports directly to the CEO of PZU. Appointment and dismissal of a person to head the Compliance Department requires the opinion of the Audit Committee of the PZU Supervisory Board. Managing Director on Audit, Managing Director on Regulations and Director of the Compliance Department attend all meetings of the Audit Committee of the PZU Supervisory Board and the PZU Management Board, and have the opportunity to report and communicate directly with Members of the Management Board and the Supervisory Board of PZU. PZU has an adequate and effective risk management system. The Management Board is responsible for organizing and ensuring the operation of this system. The risk management process also involves committees operating at PZU, which make decisions on limiting the level of individual risks to the framework set by the risk appetite. The Audit Committee of the PZU Supervisory Board supervises and monitors the effectiveness of the internal control, internal audit and risk management systems at PZU within the framework of the decisions set forth in the PZU's Articles of Association and the Rules and Regulations of the PZU Supervisory Board.

Chapter	Material aspects concerning the application of Corporate Governance Rules for Regulated Institutions
Chapter 9. Exercise of rights from assets acquired at the client's risk	<ul style="list-style-type: none"> PZU does not offer products that involve asset management at the client's risk.

The rules that PZU meets in part

Rule	Justification for partial application
Chapter 2. The rule laid down in § 8 section 4 of the Corporate Governance Rules reading as follows: "The supervised institution, when justified by the number of shareholders, should strive to facilitate the participation of all shareholders in the meeting of the constituent body of the supervised institution, including by providing opportunities for electronic active participation in meetings of the constituent body."	PZU shareholders can watch (in real time online) the broadcast of the General Meeting. PZU, however, has not decided to introduce a so-called e-Shareholder Meeting. PZU believes that there are many technical and legal factors that may affect the proper course of the Shareholder Meeting. The legal doubts pertain to the ability to identify shareholders and check the legitimacy of participants in the shareholder meeting. The risk of the occurrence of technical difficulties, e.g. with the internet connection or possible external interference in the IT systems may disrupt the work of the Shareholder Meeting and evince doubts concerning the effectiveness of the resolutions adopted during its course. The appearance of these risks may affect the proper application of this rule to a full extent.
Chapter 4. The rule laid down in § 21 section 2 of the Corporate Governance Rules reading as follows: "In the composition of the supervising body, there should be a separate function of a chairperson who directs the work of the supervising body. The election of the chairperson of the supervising body should be based on experience and leadership skills, taking into account the criterion of independence."	In accordance with the Commercial Companies Code and the Articles of Association of PZU, the function of Chairperson was separated in the composition of the PZU Supervisory Board. The composition of the PZU Supervisory Board, including the function of Chairperson, is shaped in accordance with the independence criteria indicated in the Act of 11 May 2017 on auditors, audit firms and public supervision. The election of the Chairperson of the Supervisory Board is made on the basis of the criterion of their knowledge, experience and skills, which confirm the competence necessary for the proper performance of supervisory duties. The application of the independence criterion in the case of the chairperson, according to the KNF Office's explanation of the rule in question, may raise questions about potential conflicts with the law on shareholder rights.

Rule	Justification for partial application
<p>Chapter 8.</p> <p>The rule laid down in § 49 section 3 of the Corporate Governance Rules reading as follows: “In a regulated institution, the appointment and removal of the head of the internal audit function and the head of the compliance function shall be made with the approval of the supervising body or the Audit Committee.”</p>	<p>PZU applies the rules set forth in § 14 of the Corporate Governance Rules in full, which means that PZU’s Management Board is the only body authorized and responsible for managing the company’s operations. In addition, according to labor law, labor law activities are performed by the managing body. In view of the above, a solution has been adopted in PZU, which stipulates that the appointment and dismissal of the Head of the Internal Audit Department requires the opinion of the Audit Committee of the Supervisory Board. The Head of the Compliance Department is appointed and dismissed in the same way. The PZU Management Board consults with the Audit Committee of the PZU Supervisory Board on these decisions.</p>

Rules waived by PZU AGM

Rule	Justification for waiving the rule
<p>Chapter 2.</p> <p>The rule laid down in § 10 section 2 of the Corporate Governance Rules reading as follows: “The implementation of personal rights or other special rights for shareholders of the regulated institution should be justified and serve the accomplishment of the regulated institution’s material operating goals. The possession of such rights by shareholders should be reflected in the wording of the primary governing document of the regulated institution.”</p>	<p>According to the substantiation presented by the shareholder (State Treasury) along with the draft resolution of the OSM, the waiving of this rule is due to the unfinished process of the company’s privatization by the State Treasury. In practice, in accordance with the generally applicable law, including the Commercial Companies Code, all shareholder rights are reflected in the Articles of Association and are always justified – an example is § 20 section 7 of the Articles of Association, which grants the State Treasury the right to appoint and remove one member of the Supervisory Board. Leaving such a power to the State Treasury was justified during the period of the company’s privatization, with the Articles of Association stating that this power will expire when the Treasury ceases to be a shareholder of the company.</p>
<p>Chapter 2.</p> <p>The rule laid down in § 12 section 1 of the Corporate Governance Rules reading as follows: “Shareholders are responsible for recapitalizing without delay a regulated institution in a situation in which it is necessary to maintain the regulated institution’s equity at the level required by the legal regulations or oversight regulations as well as when the security of the regulated institution so requires.”</p>	<p>According to the substantiation presented by the shareholder along with the draft resolution of the OSM, the waiving of this rule is due to the unfinished process of the company’s privatization by the State Treasury; The decision to apply this rule should be made by the company’s shareholders, taking into account the provisions of generally applicable law, in particular Article 301 §§ 4 and 5 of the Commercial Companies Code, according to which shareholders are only obliged to provide the services specified in the Articles of Association and are not liable for the company’s obligations.</p>

Rule	Justification for waiving the rule
<p>Chapter 5.</p> <p>The rule laid down in § 28 section 4 of the Corporate Governance Rules reading as follows: “The decision-making body assesses whether the implemented compensation policy fosters the regulated institution’s development and operating security.”</p>	<p>According to the justification provided by a shareholder with the draft resolution, the waiver of the rule is dictated by the overly broad subjective scope of the remuneration policy subject to review by the constituent body. The remuneration policy for persons in key positions who are not members of the supervising and management bodies is subject to the evaluation of their employer or principal, which is the company represented by the Management Board and controlled by the Supervisory Board. Notwithstanding the above, in accordance with Article 90g of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies, the Supervisory Board is required to prepare an annual report on the remuneration of members of the Management Board and the Supervisory Board, and the General Meeting shall adopt a resolution to give its opinion on the report. The Compensation Policy for members of the PZU Management and Supervisory Boards, adopted by the General Meeting Resolution No. 36/2020 of 26 May 2020, is reviewed by the Management Board once a year, and a report determining the status of the Policy’s implementation and recommendations for changes to the Policy, if necessary, is presented to the Supervisory Board. In addition, a commitment to adopt a General Meeting resolution on the Policy at least every four years was introduced.</p>

Rules whose fulfillment does not apply to PZU

Rule	Justification
<p>Chapter 2.</p> <p>The rule laid down in § 11 section 3 of the Corporate Governance Rules reading as follows: “In the event that the decision-making body makes a decision concerning a transaction with a related party, all shareholders should have access to all information required to assess the conditions on which it is implemented and its impact on a regulated institution’s standing.”</p>	<p>At PZU, the Shareholder Meeting does not make decisions on transactions with related parties;</p>
<p>Chapter 8.</p> <p>The rule laid down in § 49 section 4 of the Corporate Governance Rules reading as follows: “In a regulated institution in which there is no audit or compliance cell, the rights ensuing from sections 1-3 are vested in the persons responsible for performing these functions.”</p>	<p>There are departments in PZU that are competent for: internal audit, compliance.</p>
<p>Chapter 8.</p> <p>The rule laid down in § 52 section 2 of the Corporate Governance Rules reading as follows: “In a regulated institution in which there is no audit or compliance cell or no cell responsible for this area has been designated, the information referred to in section 1 shall be conveyed by the persons responsible for performing these functions.”</p>	<p>There are departments in PZU that are competent for: internal audit, compliance.</p>
<p>Chapter 9.</p> <p>Exercise of rights from assets acquired at the client’s risk</p>	<p>PZU does not offer products that involve asset management at the client’s risk.</p>

7.3.3. Best Practices of the PZU Group

[GRI 2-23]

Ethical values

The PZU Group’s fundamental ethical standards are set out in the **“Best Practices of the PZU Group”**. Their aim is to develop the company’s consistent organizational culture in all key aspects of its operation. They define behaviors and conduct towards all stakeholders based on respect and trust. At the same time, this document serves as the common denominator of corporate culture in all of the Group’s entities. Thanks to the consistent compliance of our fundamental principles, all our activities and processes are carried out based on coherent assumptions, thus ensuring a high operating standard throughout the Group. The “Best Practices of the PZU Group” have been adopted as a uniform model of the standards observed by all PZU Group entities, except for the Alior Group and the Pekao Group, which have adopted the “Code of Conduct in Alior Bank” and the “Code of Conduct in the Pekao Group”, respectively.

The Best Practices of the PZU Group sets out norms and standards of conduct in relations with employees, clients, contractors and local communities. They are based on the following principles:

- contacts with clients are based on trust,
- we inform clients about the PZU Group offering honestly and reliably,

- we protect everyone’s personal data, in particular the data of our clients, employees, business partners and users of our websites,
- we care about security and protect electronic devices provided to us by the PZU Group,
- we protect all resources, including information, that are the intellectual property of the PZU Group,
- we base decisions to cooperate with suppliers only on objective criteria of price, quality, technical parameters and suitability,
- we comply with the law when entering into contracts, in particular with the principles of fair competition and consumer protection,
- we act in such a way that our brand is not accused of trademark infringement,
- it is the duty of each of us to act responsibly and avoid situations that would result in a conflict of interest understood as a conflict of self-interest with the interest of the PZU Group,
- we do not tolerate corruption. We act ethically and in accordance with the law when performing our business tasks and cooperating with our business partners. We do not give or accept impermissible presents or benefits in relations with business partners, their employees and agents or other third parties,
- prevention and sponsorship activities may only be carried out in accordance with applicable laws and the rules set forth in the PZU Group’s internal regulations,
- employees may not use the name of the PZU Group in any projects or initiatives of a political nature. It is

forbidden to support candidates and political parties with funds that are owned by the PZU Group.

Ethical culture

PZU Group’s ethical culture is developed in observance of the highest standards and in line with the needs of the Group’s entities, consequently taking account of the scale, character and type of their operation and local laws. The PZU Group furthers its ethical culture by creating systemic solutions at the level of PZU. As the parent company, PZU sets and develops standards of conduct, and then recommends their proliferation to other Group companies (save for the banks that have their own codes of conduct in place). These solutions are implemented in the various companies in keeping with the principle of relevance and suitability. Companies report compliance risk to PZU, taking into account respect to legally protected secrets.

PZU Group companies follow principles of ethics applicable to members of corporate bodies, i.e. “Principles of Ethics for Members of Management Boards of PZU Group Companies”, “Principles of Ethics for Members of the Supervisory Board of PZU SA”, “Principles of ethics of supervisory board members in PZU Group companies who are not employees of a PZU Group company and who are not bound to a PZU Group company by some other contract of a similar nature”, and “Principles of ethics of supervisory board members in PZU Group companies who are employees of a PZU Group company or who are bound to a PZU Group company by some other contract of a similar nature”. These principles serve to:

- ensure that the members of the corporate bodies discharge their functions properly in compliance with the highest standards of conduct;
- prevent the occurrence of a conflict of interest, in particular by counteracting the use of the position held to reap private gains;
- specify the ethical standards, values and attitudes by which members should be guided.

Ethical culture is of the utmost importance also in terms of investment practices. TFI PZU abides by the Code of Best Practices of Institutional Investors prepared and approved by the Chamber of Fund and Asset Management. For TFI PZU, the Code provides a great deal of support in defining the rules, moral and ethical standards and due diligence levels in the company’s relationships with other institutional investors, clients and issuers of financial instruments. The adoption of this code also confirms the application of best investment practices in TFI PZU.

In 2014, the Management Boards of TFI PZU and PTE PZU adopted a resolution to apply the “Corporate Governance Rules for Regulated Institutions” issued by the Polish Financial Supervision Authority (KNF), whereby the Boards declared its readiness and wish to follow these rules to the objectively broadest possible extent, taking into account the principle of proportionality resulting from the scale, nature of business and specific characteristics of TFI PZU and PTE PZU, respectively. TFI PZU and PTE PZU make available on their websites information on the application or waiver of certain rules.

Alior Bank follows the “Compliance Policy”, which sets out fundamental principles for ensuring compliance of operations of Alior Bank and all bank employees and entities cooperating with the bank, internal regulations



and market standards, and whenever it stems from the law and relevant regulations of other bodies, by way of managing compliance risk and the control function. The actions of Alior Bank as a public trust institution are based on the principles described in the “Code of Conduct in Alior Bank”.

In Bank Pekao, there is the “Code of Conduct in the Pekao Group” that contains the most significant rules of conduct applicable to all individuals bound with Bank Pekao or any other member of the Bank Pekao Group by an employment relationship or another legal relationship of a similar nature, including members of the statutory bodies of the Bank or other Pekao Group companies. The rules apply to contacts with stakeholders: clients, business partners, representatives of local communities, the business environment and colleagues.

Ethics in the compliance risk management system

Ethics are also a part of compliance risk management on the following bases:

- **on a systemic basis** – practiced by the Management Board which is responsible, among other things, for setting the strategy and adopting policies related to compliance risk management and promulgating the adherence to standards of conduct in PZU, and by the Compliance Department which coordinates the compliance risk management process;
- **on an ongoing basis** – by the managers of various cells and organizational units in PZU in the area subject to their oversight.

The compliance risk management system in the PZU Group is based on the best market standards and proprietary solutions, while using a number of agreements between PZU entities and group policies. It is an integrated set of values, standards, tools, including procedures and regulations, supported by adequate communication with, and education of, employees. Individual companies in the PZU Group have a range of separate policies, procedures and practices in this area.

The following elements constitute the overall system:

- values and rules of conduct, including the “Best Practices of the PZU Group”, “Code of Conduct in Alior Bank” and the “Code of Conduct in the Pekao Group”;
- procedures, policies and organizational arrangements;
- a system of reporting irregularities and potential malpractice (whistleblowing system);
- educational and communication activities addressed to employees and suppliers.



7.4. Information policy and communications with investors

7.4.1. Shareholders and the issuer's securities

PZU's shares

PZU's share capital is divided into 863,523,000 ordinary shares with a nominal value of PLN 0.10 each giving the right to 863,523,000 votes at the Shareholder Meeting¹.

Significant equity stakes in PZU

As at 31 December 2023, PZU shareholders holding significant equity stakes (at least 5%) were the following:

- the State Treasury of the Republic of Poland that holds 295,217,300 shares constituting 34.19% of PZU's share

1) On 30 June 2015, PZU's Ordinary Shareholder Meeting adopted a resolution to split all PZU shares by decreasing the nominal value of each PZU share from PLN 1 to PLN 0.10 and increasing the number of PZU shares making up the share capital from 86,352,300 to 863,523,000 shares. The split was effected by exchanging all the shares at a ratio of 1:10 and did not affect the amount of PZU's share capital. On 3 November 2015, the District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register registered the pertinent amendment to PZU's Articles of Association. On 24 November 2015, the Management Board of the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych, "KDPW") adopted Resolution No. 789/15 on setting 30 November 2015 as the date for splitting 86,348,289 PZU shares with a nominal value of PLN 1 each into 863,482,890 PZU shares with a nominal value of PLN 0.10 each.

capital and giving it the right to 295,217,300 votes at the Shareholder Meeting;

- BlackRock, Inc. that held 43,228,203 shares constituting 5.00% of PZU's share capital and giving it the right to 43,228,203 votes at the Shareholder Meeting;

As at 1 January 2023, PZU shareholders holding significant equity stakes (at least 5%) were the following:

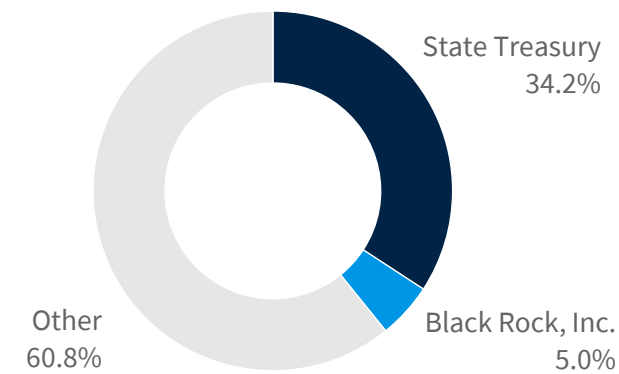
- the State Treasury of the Republic of Poland that holds 295,217,300 shares constituting 34.19% of PZU's share capital and giving it the right to 295,217,300 votes at the Shareholder Meeting;
- Nationale-Nederlanden Otwarty Fundusz Emerytalny (Open-Ended Pension Fund) that held 49,223,000 shares at PZU's Extraordinary Shareholder Meeting held on 1 September 2022, constituting 5.70% of PZU's share capital and giving it 49,223,000 votes at the Shareholder Meeting.

2023 changes in the structure of shareholders holding significant equity stakes in PZU (at least 5%):

- 5 January 2023, PZU received a notification from Powszechnie Towarzystwo Emerytalne Allianz Polska S.A. regarding an increase in the holding of PZU's share

	Number of shares and votes at the Shareholder Meeting		Shares in the share capital and in the total number of votes at the Shareholder Meeting	
	1 January 2023	31 December 2023	1 January 2023	31 December 2023
Shareholders holding significant equity stakes				
State Treasury	295,217,300	295,217,300	34.19%	34.19%
BlackRock, Inc.		43,228,203		5.00%
Nationale-Nederlanden OFE	49,223,000		5.70%	
Others	519,082,700	525,077,497	60.11%	60.81%
Total	863,523,000	863,523,000	100.00%	100.00%

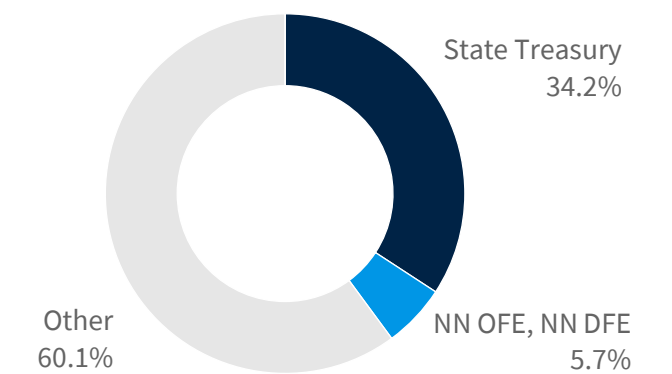
PZU shareholding structure as at December 31, 2023



Source: Current report 27/2023

capital and total number of votes above 5% by funds managed by PTE Allianz Polska S.A., i.e. Allianz Polska Otwarty Fundusz Emerytalny (Open-Ended Pension Fund; Allianz OFE), Allianz Polska Dobrowolny Fundusz Emerytalny (Voluntary Pension Fund) and Drugi Allianz Polska Otwarty Fundusz Emerytalny (Second Allianz

PZU shareholding structure as at December 31, 2022



Source: Current report 25/2022

OFE). According to the notification, Allianz OFE, Allianz DFE and Second Allianz OFE, managed by PTE Allianz Polska S.A., held a total of 48,183,212 PZU's shares, representing 5.58% of the Company's share capital, which gave the right to exercise 48,183,212 votes



attached to PZU's shares representing 5.58% of the total number of votes at PZU's Shareholder Meeting;

- On 16 May 2023, PZU received a notification from Powszechne Towarzystwo Emerytalne Allianz Polska S.A., informing that on 12 May 2023, as a result of the liquidation of the Second Allianz OFE and of transfer of its assets to Allianz OFE, the share in the total number of PZU votes in Allianz OFE's accounts was above 5%. According to this notification, prior to the liquidation of the Second Allianz OFE, the total balance in the accounts of Allianz OFE and Second Allianz OFE amounted to 45,736,958 PZU shares, which together accounted for 5.30% of the share capital of PZU and gave the right to exercise 45,736,958 votes representing 5.30% of the total number of votes at the Shareholder Meeting. After the Second Allianz OFE had been liquidated, the account of Allianz OFE held 45,736,958 shares, which accounted for 5.30% of the share capital of PZU and gave the right to exercise 45,736,958 votes from shares representing 5.30% of the total number of votes at the Shareholder Meeting;
- On 22 November 2023, PZU received a notification from Powszechne Towarzystwo Emerytalne Allianz Polska S.A. regarding the reduction of its holding in the PZU's share capital and its total number of PZU votes to the level below 5% by a fund managed by PTE Allianz Polska S.A., i.e. Allianz OFE. According to the notification, Allianz OFE holds 42,530,871 PZU's shares, representing 4.93% of the Company's share capital, which gives the right to exercise 42,530,871 votes attached to PZU's shares representing 4.93% of the total number of votes at PZU's Shareholder Meeting;
- On 27 November 2023, PZU received a notification from Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. regarding the reduction of its holding in the share capital and its total number of

PZU votes to the level below 5% by a fund managed by PTE Nationale-Nederlanden, i.e. Nationale-Nederlanden Otwarty Fundusz Emerytalny. According to the notification, Nationale-Nederlanden OFE held 43,064,118 PZU's shares, representing 4.99% of the Company's share capital, which gave the right to exercise 43,064,118 votes attached to PZU's shares representing 4.99% of the total number of votes at PZU's Shareholder Meeting;

- On 1 December 2023, PZU received a notification from Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. regarding the reduction of its holding in the share capital and its total number of PZU votes to the level below 5% by the funds managed by PTE Nationale-Nederlanden, i.e. Nationale-Nederlanden Otwarty Fundusz Emerytalny, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2025, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2030, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2035, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2040, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2045, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2050, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2055, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2060, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2065. According to the notification, the above funds hold 43,120,753 PZU's shares, representing 4.99% of the Company's share capital, which gives the right to exercise 43,120,753 votes attached to PZU's shares representing 4.99% of the total number of votes at PZU's Shareholder Meeting;

- On 13 December 2023, PZU received a notification from BlackRock, Inc. regarding the achievement of a 5% holding in the PZU's share capital and total voting rights. According to the notification, BlackRock, Inc. holds 43,228,203 PZU's shares, representing 5.00% of the Company's share capital, which gives the right to exercise 43,228,203 votes attached to PZU's shares representing 5.00% of the total number of votes at PZU's Shareholder Meeting.

The changes that occurred in 2023 in the structure of shareholders holding significant equity stakes were related to the growing interest in the Polish stock market by foreign investors and the statutory concentration limits on capital groups², which must be observed by open-ended pension fund management companies, due to the very good behavior of PZU's share price at the end of 2023.

Entitlements and restrictions on PZU shares

All PZU shares are ordinary shares with no preferential rights attached to them, in particular no special control rights. Each share carries the right to one vote at the Shareholder Meeting and the same right to dividends.

However, PZU's Articles of Association limit voting rights on PZU shares in certain cases. The shareholders' voting rights is limited in such a manner that no shareholder may exercise more than 10% of the total number of votes in existence in PZU at its Shareholder Meeting on the date of holding a Shareholder Meeting subject to the reservation that for the purposes of determining

2) The total value of investments of the fund's (OFE's) assets in all securities of a single issuer or two or more issuers that are related parties may not exceed 10% of the value of these assets.

the obligations of the buyers of significant equity stakes contemplated by the Act on Public Offerings and the Insurance and Reinsurance Activity Act, such limitation of voting rights shall be deemed not to exist. The restriction on voting rights does not apply to the following:

- shareholders who on the date of adopting the Shareholder Meeting resolution implementing this limitation were entitled to shares representing more than 10% of the total number of votes (i.e. the State Treasury);
- shareholders acting with the shareholders specified in the item above pursuant to executed agreements pertaining to jointly exercising the voting rights attached to shares.

For the purpose of limiting voting rights, the votes of shareholders among whom there is a parent or subsidiary relationship are totaled in accordance with the rules described in the Articles of Association. The aforementioned restrictions on shareholders' voting rights will expire as soon as the State Treasury's stake in PZU's share capital falls below 5%.

The PZU Management Board does not have information about executed agreements as a result of which changes may transpire in the future in the equity stakes held by its shareholders and bondholders to date.

PZU did not issue, redeem or repay any debt or equity securities and did not issue any securities that would provide its shareholders with special control rights.

In 2013–2023, PZU did not have any employee stock programs in place.

Limitations on transferring the title to the issuer's securities

The PZU Articles of Association contain no provisions restricting the transfer of the title to the issuer's securities (either shares or bonds). Nor are there any other known limitations arising from documents other than the Articles of Association that would be applicable in this context, except for limitations resulting from generally applicable laws in precisely defined situations, in particular:

- limitations resulting from the provisions of the Act of 29 July 2005 on Public Offerings and the Conditions for Offering Financial Instruments in an Organized Trading System and on Public Companies (Journal of Laws of 2022, item 2554, as amended), namely:
 - a) from Article 75(4) – shares encumbered with a pledge, until the date of its expiration, may not be traded, except in a situation where the acquisition of such shares takes place in the performance of an agreement on the establishment of financial security within the meaning of the Act of 2 April 2004 on Certain Forms of Financial Security,
 - b) from Article 88a – temporary limitations on the direct or indirect acquisition of or subscription for shares in a public company by an entity required to perform the obligations specified in Article 73(1) of the Act or Article 74(2) and (5) of the Act, which in the company in question exceeded the threshold of the total number of votes specified in these regulations – until the date of fulfillment of such obligations;
- limitations arising from Article 362 of the Commercial Company Code, regarding the prohibition of the

acquisition of treasury shares by the issuer, except for the cases specified therein and limitations on the acquisition of the parent company's treasury shares by a subsidiary company or a subsidiary cooperative and persons acting on their behalf;

- limitations pertaining to the closed period referred to in Article 19 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (MAR) and insider dealing within the meaning of the provisions of MAR;
- possible objection by the regulatory authority, in the form of a decision, to the acquisition of or subscription for shares or rights attaching to shares in a domestic insurance undertaking in a quantity ensuring the achievement or exceeding of, as the case may be, one-tenth, one-fifth, one-third, one-second of the total number of votes at the Shareholder Meeting or of a stake in share capital – in accordance with Article 90(1) of the Act of 11 September 2015 on Insurance and Reinsurance Activity (Journal of Laws of 2023, items 656, 614, 825, 1723, 1843, 1941), if:
 - a) the entity submitting the notification referred to in Article 82(1) failed to remove the deficiencies in its notification or in the documents or information attached to the notification within the prescribed time limit,
 - b) the entity submitting the notification referred to in Article 82(1) failed to provide additional information or documents required by the regulatory authority within the prescribed time limit,
 - c) it is justified by the need of prudent and stable management of the domestic insurance

undertaking due to a possible impact of the entity submitting the notification referred to in Article 82(1) on the domestic insurance undertaking or due to the assessment of the financial standing of the entity submitting the notification;

- possible setting of a time limit for the acquisition of or subscription for shares or rights attaching to shares, by the regulatory authority, in accordance with Article 90(4) and (5) of the Act referred to in item 4, in a decision declaring the absence of grounds for filing an objection;
- possible issuance by the regulatory authority, in accordance with Article 98(5) of the Act referred to in item 4, of a decision requiring the disposal of shares within the prescribed time limit in the event that the authority issues a decision prohibiting the exercise of voting rights attaching to shares in a domestic insurance company for the reasons specified in Article 98(1) of this Act;
- prohibition to sell shares or rights attaching to shares held by the State Treasury under Article 13(1)(27) of the Act of 16 December 2016 on Rules for Managing State Property (Journal of Laws of 2023, item 973, 1859); with the exclusion referred to in Article 13(2)(1) of this Act.

Shares or rights to shares held by members of management or supervisory bodies and PZU Group Directors

As at the date of submission of this Management Board's report on the Company's activity for 2023, PZU shares were held by Tomasz Kulik and Adam Uszpolewicz. Since the date of conveying the 2022 report (i.e. 30 March 2023), there have been changes with respect to Members of the Management Board and Supervisory Board or PZU Group Directors holding PZU shares or rights to

shares. The table below provides the summary of PZU shares held by persons managing or supervising PZU (together with an indication of changes in such holding) as at the date of submission of the consolidated financial statements for 2022 and as at the date of submission of this report for 2023 (i.e. 21 March 2024).

	30 March 2023	21 March 2024
Tomasz Kulik - Management Board Member	2,847	2,847
Adam Uszpolewicz - Supervisory Board Member	n/a	5,150

PZU's bonds

As at 31 December 2023, PZU held subordinated bonds (ISIN PLPZU0000037) worth PLN 2.25 billion, bearing interest at WIBOR6M + 180 bps., issued on 30 June 2017. The maturity date for these bonds is 29 July 2027, or 10 years after issue with an early redemption option 5 years after the issue date. The bonds are listed on the Catalyst ASO WSE/Bondspot.

In 1H 2022, the PZU Management Board analyzed options of new issued of subordinated bonds of up to PLN 3 billion and early redemption of this bond series of PLN 2.25 billion. Due to unfavorable market conditions, on 31 May 2022, the PZU Management Board announced its decision to quit any such further works (current report no. 11/2022). Thus, the bonds will remain to be redeemed on 29 July 2027.

7.4.2. Investor Relations

Striving to achieve the greatest possible transparency of the PZU Group’s business, the Management Board of PZU has regularly undertaken various investor relations activities aimed at ensuring equal access to information in accordance with the internally-adopted ”Principles for

PZU to Conduct its Information Policy for Capital Market Participants”.

Composition of PZU’s shareholders by geography

According to a survey carried out in 2023, PZU’s shareholder structure was stable in terms of the breakdown of stakes and geographies. The largest stakes,

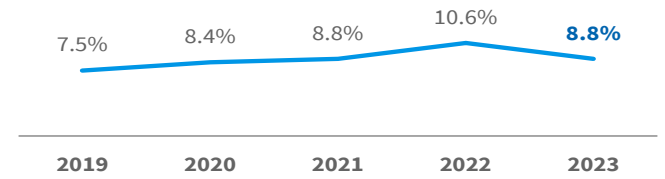
as in previous years, were held by investors from Europe, with Polish investors dominating.

PZU institutional investors

The stake of open-end pension funds (OFE) and mutual fund management companies (TFI) in PZU’s shareholder structure was 15.9% (down 0.9 p.p. y/y) and 3.5% (down 0.1 p.p. y/y), respectively.

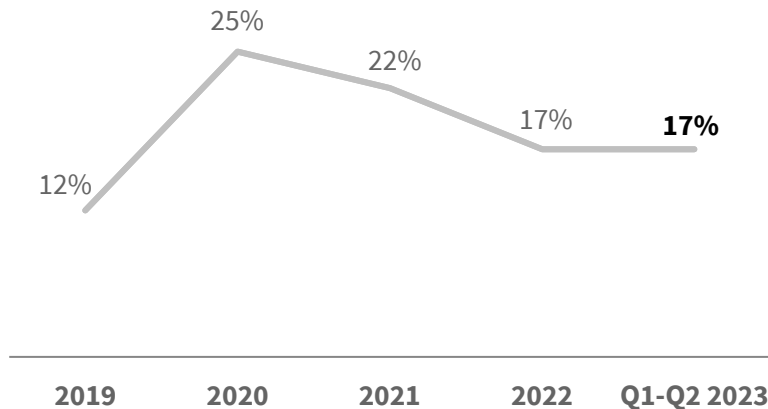
means a Total Shareholder Return (TSR) of more than 40% (year over year).

Participation of individual investors in the PZU shareholding structure



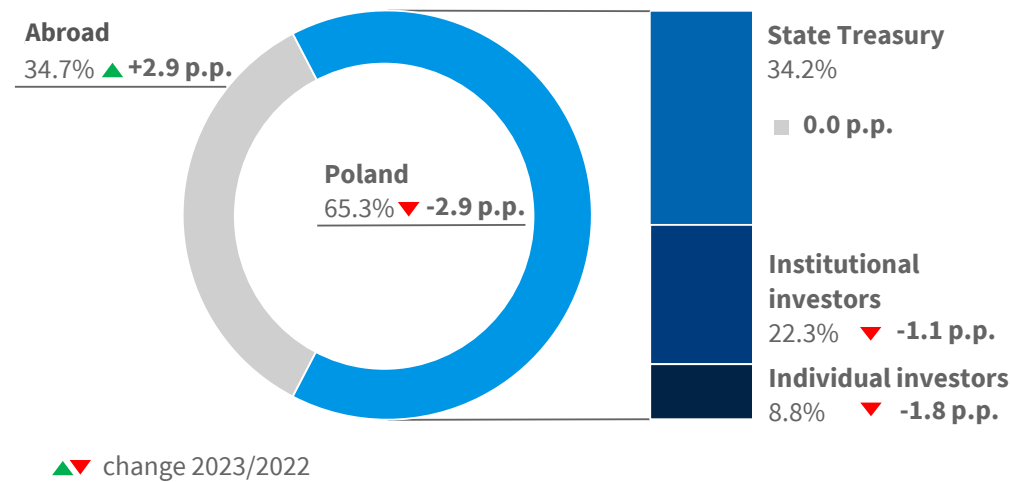
Source: PZU

Participation of individual investors in trading on the main market of the Warsaw Stock Exchange



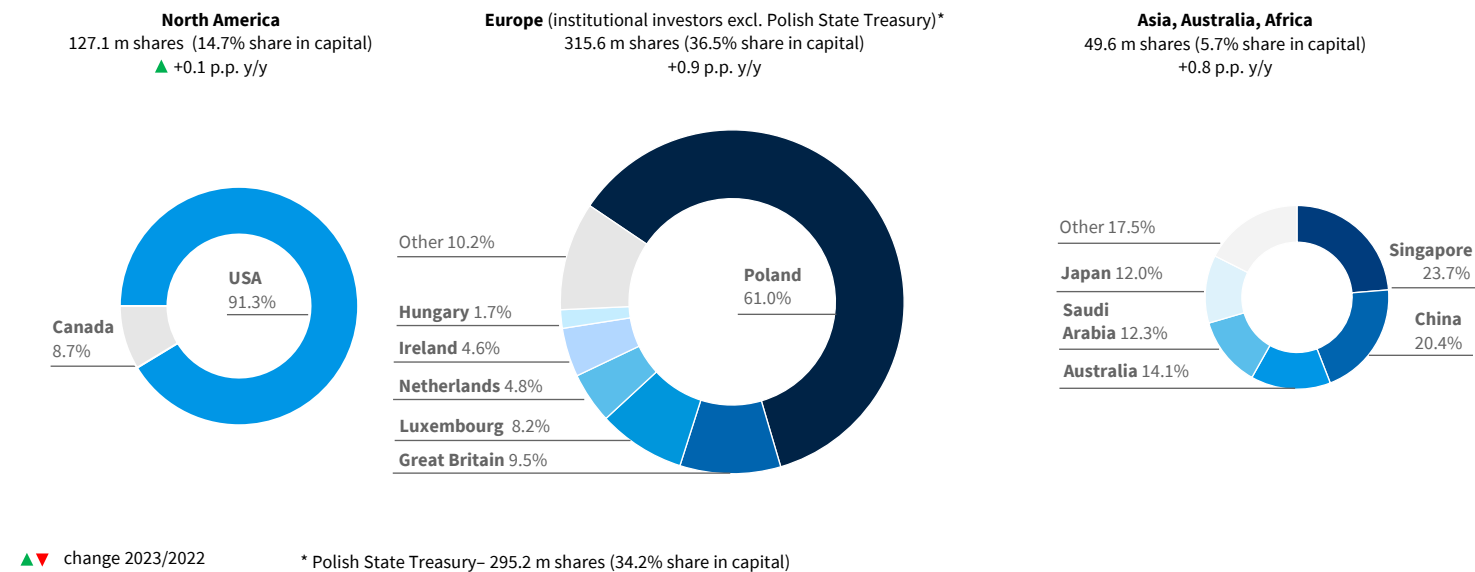
Source: PZU

PZU shareholding structure – main investor groups

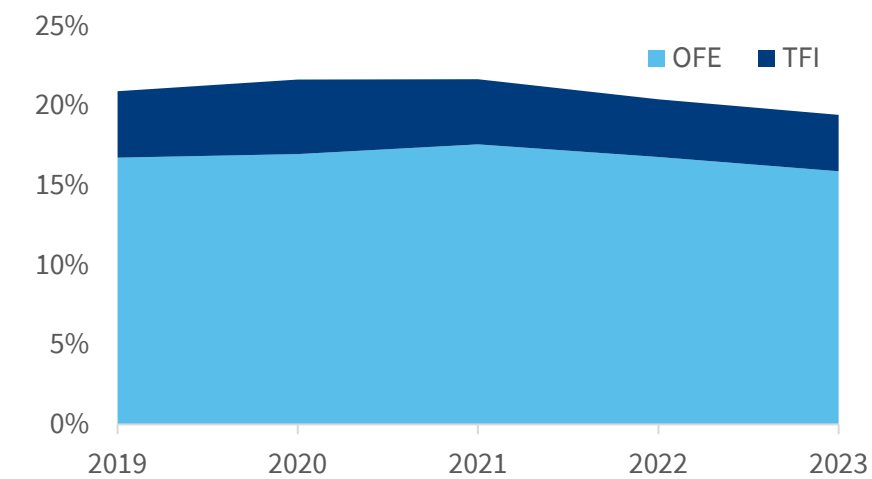


Source: PZU

PZU institutional investors



The share of OFE and TFI in the shareholding structure



Source: PZU

PZU retail investors

The percentage of retail investors in PZU’s shareholder structure was 8.8% (down by 1.8 p.p. y/y) at the end of 2023. Considering the overall shareholder structure, the decline in the percentage of retail investors was mainly due to the greater activity of foreign institutional investors, whose stake increased by 2.9 p.p. y/y to 34.7%. This change in structure occurred with capitalization growing strongly. In 2023, PZU’s share price rose 33.5%, which, when dividends paid are taken into account,

Financial performance and recalibration of strategy metrics

In 2023, all corporate events held with capital market participants in mind were implemented and transmitted live in the form of a webcast (with simultaneous translation into English). Quarterly financial performance was presented and discussed by the PZU Group’s Management Board representatives at online conferences, during which their participants had the opportunity to ask questions. Recordings of these meetings are available on PZU’s website in the “Investor relations” section: <https://www.pzu.pl/relacje-inwestorskie/do-pobrania>

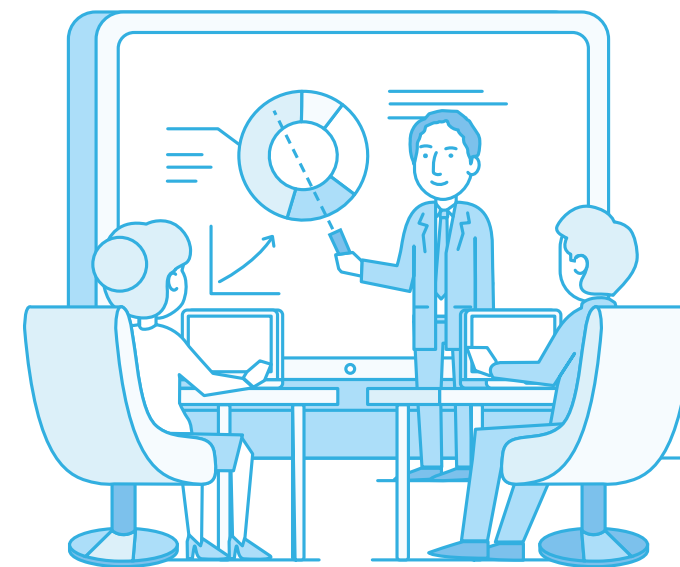
<p>30 March 2023 Presentation of the 2022 performance</p> <p>http://n-22-5.dcs.redcdn.pl/file/o2/GPWMedia/video/mp4/20230330_pzu_en.mp4</p>	
<p>27 April 2023 Presentation “The impact of the implementation of IFRS 17 and changes in the macroeconomic environment on the indicators of the PZU Group for 2021–2024”</p> <p>http://n-22-18.dcs.redcdn.pl/file/o2/GPWMedia/video/mp4/20230428_pzu_en.mp4</p>	
<p>25 May 2023 Presentation of results for Q1 2023</p> <p>https://n-22-18.dcs.redcdn.pl/file/o2/GPWMedia/video/mp4/20230525_pzu_en.mp4</p>	

<p>7 June 2023 Ordinary Shareholder Meeting</p> <p>http://n-22-7.dcs.redcdn.pl/file/o2/GPWMedia/video/mp4/20230607_pzu_wza_en.mp4</p>	
<p>31 August 2023 Presentation of results for Q2 2023</p> <p>https://n-22-17.dcs.redcdn.pl/file/o2/GPWMedia/video/mp4/20230831_pzu_a_en.mp4</p>	
<p>13 September 2023 Extraordinary General Meeting (EGM)</p> <p>http://n-16-10.dcs.redcdn.pl/file/o2/GPWMedia/video/mp4/20230913_pzu_en.mp4</p>	
<p>23 November 2023 Presentation of results for Q3 2023</p> <p>http://n-16-13.dcs.redcdn.pl/file/o2/GPWMedia/video/mp4/20231123_pzu_en.mp4</p>	

Implementation of IFRS17 standard

In 2023, insurance companies began reporting under the IFRS17 standard, the implementation of IFRS 17 in insurance accounting has very significantly changed both the way of the contract valuation measurement and the

approach to presenting data. Among other things, written premium, which for most analysts was the primary determinant of sales and market share, disappeared from the reports. In its place came insurance revenues, however, due to large differences in calculation methodology, these values are not comparable. Therefore, in a fairly short period of time, investors and shareholders found themselves in a new reporting reality, requiring a new approach to the analysis of PZU’s financial position. Accordingly, PZU organized an online workshop, the transcript of which (in Polish and English) is available at [investor relations](#). In addition, PZU’s Member of the Management Board responsible for the Finance Division took part in the webinar “IFRS 17 – a new dimension of reporting in the insurance market” organized by the SGH Warsaw School of Economics, the recording of which is available on the official channel [YouTube SGH](#).



Integrated online report

The most important events, achievements and plans were presented once again in the form of an integrated online Annual Report <https://raportroczny2022.pzu.pl/en/>. Users have been provided with a comprehensive tool enabling a multi-directional analysis of corporate and macroeconomic events as well as financial results. The report included interactive infographics, animations and video clips, which offered a succinct presentation of the PZU Group’s activity.

Selected activities targeting institutional investors

In 2023, PZU’s representatives participated in 10 conferences (18 in 2022) held by global investment banks and brokerage houses in Poland. In total, more than 61 individual and group meetings were held (64 in 2022), which gathered a total of 138 managers and analysts (169 in 2022) representing mutual funds, pension funds and other asset management firms. The decrease in the number of conferences was due to the selective approach of foreign investment banks to the Polish market in 2023. Investor interest remained strong, however, with a noticeable increase in direct investor contact with PZU and a return to physical meetings. The largest interest in PZU’s activity was shown by investors from financial centers in Warsaw, London and Stockholm.

Registered offices of participating institutional investors in meetings with PZU representatives (marked as „investor interest” on the map)



Source: PZU



Source: PZU

Program Moje Akcje PZU

Sprawdź, jak wiele możliwości da Ci uczestnictwo w programie Moje Akcje PZU. W naszym programie lojalnościowym czekają na Ciebie specjalne benefity. Zarejestruj się, aby z nich skorzystać.

Partnerzy programu:



Selected activities addressed to retail investors

In 2023, communication with retail investors was carried out through online reports, newsletters, factsheets and other materials sent out by e-mail. Those interested in PZU also had the opportunity to contact PZU representatives directly during WallStreet conferences and chats:

- 27th WallStreet conference (the 13th in which PZU participated) organized by the Polish Association of Individual Investors as an online event. The participants of the event had the opportunity to talk with the PZU Management Board Member in charge of the Finance Division and the Director for Investor Relations in the Planning and Controlling Department;
- chats dedicated to retail investors, organized after each publication of quarterly financial results and after the recalibration of the existing strategy measures, attended by the PZU Management Board Member in charge of the Finance Division.

Shareholder loyalty program

PZU has a loyalty program for retail investors – mojeakcje.pzu.pl, thanks to which they may obtain:

- 10%, and after one year of participation – 20% discount for the insurance of: a vehicle (TPL, MOD, ADD Max), home, travel, crop, accident;
- a one-time 100% discount for annual basic membership or 50% discount for annual extended membership in the Polish Association of Individual Investors;

- access to specially prepared materials about PZU’s fundamental analysis.

In April 2023, PZU began working with the brokerage house **Dom Maklerski BOŚ**. This is the third broker participating in the program after BM Pekao and BM Alior Bank, with the first from outside the PZU Group. As of November 2023, a mechanism has been implemented to automatically count seniority in the program for participants who wish to change participating brokerage offices.

Investor relations targets for 2024

Further actions:

- strengthen good relations between the PZU Management Board and the community of investors, both in the local market and in the global market;
- secure a deep and broad market for PZU’s shares by continuing to build a diversified base (in terms of geography, numbers and profile) of an appropriate number of well-informed investors familiar with the company;
- ensure sell-side research coverage;
- develop digital tools to address investor needs better, including by implementing new solutions in the online annual report and enhancing the functionality of the investor relations portal;
- extend the scope of non-financial reporting with additional elements related to climate change;
- improve the usability of online reporting;
- develop a loyalty program for retail investors to reach the widest possible range of participants;

- increase the understanding of the IFRS17 standard;
- maintain a high position in the narrow group of the best reporting companies in the prestigious competition The Best Annual Report organized by the Institute of Accounting and Taxes.

New initiatives:

- implementation of a CSRD-compliant reporting process;
- increasing the degree of integration in annual reporting;
- expanding the disclosures associated in the Taxonomy area, in accordance with the new guidelines.

RI PZU CONTACT



Magdalena Komaracka, CFA
Director for Investor Relations

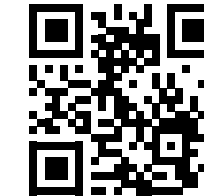


IR website:

<https://www.pzu.pl/relacje-inwestorskie/raporty>

Contact:

<https://www.pzu.pl/relacje-inwestorskie/kontakt-dla-inwestorow>



irpzu@pzu.pl

Calendar of PZU's reports published in 2024

Report	PZU	Bank Pekao	Alior Bank
annual for 2023	21 March	22 February	28 February
quarterly for Q1 2024	23 May	30 April	25 April
half-yearly for H1 2024	29 August	8 August	2 August
quarterly for Q3 2024	21 November	7 November	24 October

IR website:

<https://www.aliorbank.pl/dodatkowe-informacje/relacje-inwestorskie/relacje-inwestorskie.html>

Contact:

<https://www.aliorbank.pl/dodatkowe-informacje/relacje-inwestorskie/kontakt-dla-inwestorow.html>



IR website:

<https://www.pekao.com.pl/relacje-inwestorskie/>

Contact:

<https://www.pekao.com.pl/relacje-inwestorskie/kontakt/kontakt.html>



7.5. Management Board and Supervisory Board

[ESRS GOV-1]

7.5.1. Management Board

[GRI 2-9] [GRI 2-10] [GRI 2-11] [GRI 2-12] [GRI 2-13]

Rules for the appointment and dismissal of the Members

The Management Board functions on the basis of the provisions of the Commercial Companies Code and the Regulations of the PZU Management Board (which are approved by the Supervisory Board) and the PZU Articles of Association. The PZU Management Board is composed of three to eight Members appointed for a joint term of office spanning three consecutive full financial years.

Management Board Members, including its President, are appointed and dismissed by the Supervisory Board after the recruitment procedure has been completed to verify and assess qualifications of the candidates and choose the best candidate. The assessment of the candidates primarily relies on verifying whether they meet the criteria provided for in the PZU Articles of Association and the prevailing provisions of law. Consideration is also given to the diversity policy adopted by the Shareholder Meeting for Members of PZU bodies.

The consent to appointment of two Management Board Members, President and Member responsible for risk management is issued on PZU's motion by the Polish Financial Supervision Authority, unless the appointment

applies to a person who obtained such consent in the previous term of office. If the motion pertains to a Management Board Member discharging a mandate, he/she may discharge the mandate in its existing scope until the regulatory authority issues its decision.

The mandate of the Management Board Member will expire no later than on the date of the Shareholder Meeting approving the financial statements for the most recent full financial year of the discharge of the function of Management Board Member. The mandate of the Management Board Member will also expire as a result of death, resignation or removal from the Management Board. In the case of a Management Board Member appointed before the expiration of a given term of

office, his/her mandate expires simultaneously with the expiration of the mandates of the other Management Board Members.

[GRI 2-10]

Suitability assessment

All Management Board Members are subject to individual suitability assessment (primary and secondary). The Management Board as a whole is also subject to suitability assessment (collective suitability assessment). The rules for assessing the suitability of the PZU Management Board were adopted by Resolution No. URN/129/2020 of the PZU Supervisory Board on 18 November 2020 (as amended). The rules are modeled on the Methodology of assessment of suitability of Members of corporate bodies of regulated entities issued by the Polish Financial Supervision Authority.

Individual suitability assessments are carried out at least once a year and, among other things, when a candidate for a Member of the Management Board is put forward (primary individual suitability assessment – before the appointment of a person to serve) and before any changes are made to the composition of the Management Board (collective suitability assessment).

The verification process is based on the following criteria:

- competence;
- guarantee, including reputation and reliability;
- independent judgment, including no conflict of interest, and sufficient time dedication to the position of the Management Board Member.

A candidate for a Member of the Management Board should have a university degree, particularly in insurance,

banking or finance, economics, law, accounting, auditing, management, mathematics, physics, computer science, administration, financial regulation, information technology and quantitative methods. It is important that the person being assessed has specific professional credentials, in particular the credentials of an actuary, auditor, investment advisor, legal counsel or attorney. The assessment of suitability also takes into account the diversity policy adopted by the Shareholder Meeting for Members of PZU bodies.

Assessment of the suitability is carried out on the basis of documents provided by the person being assessed, statements and information submitted, as well as completed forms and attachments. Based on the collected documentation, the Nomination and Compensation Committee of the Supervisory Board proposes an individual suitability assessment of the person assessed or a collective suitability assessment of the Management Board and submits these proposals to the Supervisory Board, which, by way of resolution, makes a final decision on the individual or collective suitability assessment.

Furthermore, a Management Board Member must fulfill all of the following conditions:

- holds a graduate degree received in Poland or a graduate degree received abroad and recognized in the Republic of Poland pursuant to separate regulations;
- has at least 5-year employment period based on an employment agreement, appointment, selection, nomination, cooperative employment agreement or provision of services on the basis of another contract or conducting business activity on one's own account;
- has at least 3 years of experience on managerial or independent positions or arising from conducting business activity on one's own account,

- in addition to the abovementioned requirements, meets other requirements arising from separate regulations, in particular is not in breach of any restrictions or prohibitions for holding an executive position in commercial companies.

A Management Board Member may not be a person who fulfills at least one of the following conditions:

- acts as a social associate or is an employee of an MP's office, senator's office, MP-senator's office or office of a member of European Parliament pursuant to an employment agreement or provides work on the basis of a mandate agreement or other similar agreement;
- is a member of a political party's governing body externally representing a political party and authorized to take down obligations;
- is employed by a political party pursuant to an employment agreement or provides work on the basis of a mandate agreement or other similar agreement,
- is an elected official of a company trade union or a company trade union in a group company,
- his/her public or business activity raises conflict of interest with the PZU's business.

Composition

Composition of the Management Board as of 31.12.2023

On 1 January 2023, the term of office of the PZU Management Board started, encompassing three full financial years 2023-2025. During the period 1 January 2023 – 31 December 2023, PZU's Management Board consisted of 8 people, and its composition remained

unchanged and as of 1 January 2023 and 31 December 2023 was as follows:

1. Beata Kozłowska-Chyła – President of the Management Board
2. Ernest Bejda – Management Board Member
3. Małgorzata Kot – Management Board Member
4. Krzysztof Kozłowski – Management Board Member
5. Tomasz Kulik – Management Board Member
6. Piotr Nowak – Management Board Member
7. Maciej Rapkiewicz – Management Board Member
8. Małgorzata Sadurska – Management Board Member

The individual suitability assessments of PZU's Management Board Members conducted in 2023 confirmed that all members of the Management Board have adequate knowledge and skills and meet all the suitability criteria necessary to hold their positions.

Changes in the composition of the PZU Management Board in the period 1 January 2024 – 20 March 2024

- On 1 January 2023, the composition of the Management Board was as follows: Beata Kozłowska-Chyła, Ernest Bejda, Małgorzata Kot, Krzysztof Kozłowski, Tomasz Kulik, Piotr Nowak, Maciej Rapkiewicz, Małgorzata Sadurska;
- On 23 February 2024, the Supervisory Board removed the following individuals from the Management Board: Beata Kozłowska-Chyła, Ernest Bejda, Małgorzata Kot, Krzysztof Kozłowski, Piotr Nowak, Małgorzata Sadurska. At the same time, the Supervisory Board delegated (for a period of up to 3 months) two of its members, Anita Elżanowska and Michał Bernaczyk, to temporarily perform the functions of the President and the Member of the Management Board, respectively.

Composition of PZU Management Board as of 20.03.2024

From 24 February 2024 to the date of signing the activity report, i.e. 20.03.2024, the Management Board consisted of 4 people, and its composition was as follows::

1. Anita Elżanowska – Member of the Supervisory Board delegated to temporarily perform the function of the President of the Management Board
2. Michał Bernaczyk – Member of the Supervisory Board delegated to temporarily perform the function of the Member of the Management Board
3. Tomasz Kulik – Management Board Member
4. Maciej Rapkiewicz – Management Board Member

PZU Group Directors

PZU and PZU Życie have a common management model, under which there are, among others, positions of PZU Group Directors. The rules for the creation and liquidation of these positions as well as appointment and dismissal from these positions are set forth in the organizational regulations of PZU and PZU Życie.

Until 2022, the positions of PZU Group Directors at PZU were entrusted to individuals who were simultaneously serving as Board Members at PZU Życie. In 2023, a second type of PZU Group Director position was introduced, i.e., a position given to persons who are also of the PZU Group Directors at PZU Życie. PZU Group Directors at PZU generally oversee areas similar to those they oversee at PZU Życie as either Board Members or PZU Group Directors.

PZU Group Directors at PZU and PZU Życie, as well as senior management at PZU and PZU Życie reporting directly to PZU Management Board Members and PZU Życie Management Board Members, in accordance with their respective areas of expertise, actively support the PZU and PZU Życie Management Boards in the preparation of strategy, strategic objectives, including ESG objectives, and any internal regulations of the Company.

In 2023 and as of 20 March 2024, the following persons served as PZU Group Directors in PZU:

- Aleksandra Agatowska
- Andrzej Jaworski
- Bartłomiej Litwińczuk
- Dorota Macieja
- Sylwia Matusiak (as of 1 January 2023)
- Małgorzata Skibińska (as of 1 February 2023)
- Dominik Witek (as of 6 June 2023)

The following persons served as PZU Group Directors in PZU Życie in 2023:

- Ernest Bejda (until 6 June 2023)
- Krzysztof Kozłowski
- Piotr Nowak
- Małgorzata Sadurska
- Małgorzata Skibińska (as of 1 February 2023)

Due to changes in the composition of the PZU Management Board on 23 February 2024, the functions of PZU Group Director at PZU Życie as of 20 March 2024 were only performed by:

- Małgorzata Skibińska
- INSURANCE | HEALTH | INVESTMENTS | BANKING

CVs of PZU Management Board Members and PZU Group Directors at PZU



Anita Elżanowska

PZU Supervisory Board member delegated on 23 February 2024 to temporarily perform the duties of the President of the PZU

Management Board.

She is a lawyer, and has completed a program in law at the Faculty of Law and Administration, Maria Curie-Skłodowska University in Lublin.

She has 23 years of professional experience in legal advisory services and public administration.

Within her own law firm, she provides legal advisory services relating to purchase procedures, corporate affairs and contracts. She has provided services for entrepreneurs, including the largest companies with State Treasury shareholding, international corporations, as well as SMEs, higher education institutions, local government and administrative authorities.

She supports business in preparing and verifying as well as implementing transparent and competitive procedures. She combines legal aspects of procedural application with the pursuit of business objectives involved in the purchase process.

She prepares and verifies draft contracts, as well as advises business at the stage of contract implementation.

She manages court and out-of-court disputes. She manages projects co-funded by the European Union, and provides services during their audits.

She has managed projects as expert of the European Bank for Reconstruction and Development.

She has served as the Vice-President of the Public Procurement Office and in that role was responsible for review and international cooperation.

She is former Director of Public Procurement Office at Operator Logistyczny Paliw Płynnych sp. z o.o., where she has prepared and implemented internal purchase procedures and was responsible for purchase and investment processes.

In years 2000–2007, she worked at the Public Procurement Office, first in the Legal Department and then,

in years 2004–2007, as Director of the Audit Department, including as a civil servant since 2003.

She used to be an academic scholar at the SGH Warsaw School of Economics (postgraduate program in EU fund management) and at the Faculty of Law of the SWPS University.

She spoke at many conferences, including international events.

She has written numerous publications concerning public procurement.



Michał Bernaczyk

Member of the PZU Supervisory Board delegated on 23 February 2024 to temporarily perform the function of the Member of the PZU

Management Board.

He is an attorney-at-law and professor at the Department of Constitutional Law, Faculty of Law, Administration and Economics at the University of Wrocław.

He completed a master's program in law; in 2007, obtained the degree of Doctor of Philosophy in Law, while in 2015, the degree of Doctor of Sciences. His research interests include the issues of comparative constitutional law, and especially the impact of technological progress on the institution of constitutional law (so-called digital constitutionalism), protection of information in public and private law, freedom of obtaining and publishing information, the influence of the state on the social and economic system as well as public law forms of business.

He completed his apprenticeship to become attorney-at-law at the Regional Chamber of Attorneys-at-Law in Wrocław (2007-2011, entry no. WR-2139), and practices at Kancelaria Szostek, Bar i Partnerzy based in Wrocław; he provides legal services for public administration authorities and entrepreneurs. He specializes in issues concerning access to and re-use of data, provision of digital services, and personal data protection. He represents plaintiffs and applicants in court and administrative court proceedings, before the Constitutional Court and the European Court of Human Rights.

He is an external expert of the Bureau of Research at Chancellery of the Sejm of the Republic of Poland. From 2013 to 2015, he served as a permanent advisor to the Constitutional Responsibility Committee.

He has received numerous individual and group awards from the Rector of the University of Wrocław for academic scholars' original and creative scientific achievements.

He is a contractor in domestic and international research projects and has written numerous monographs, commentaries and scientific articles published in Poland and abroad.



Tomasz Kulik

Member of the PZU Management Board since 14 October 2016 / Member of the PZU Życie Management Board since 19 October 2016

Until his appointment to the PZU SA Management Board, he was Director of the Planning and Controlling Department. He prepared the PZU Group strategy for the years 2016–2020 and the capital and dividend policy.

He was a member of the Management Board of TFI PZU (in the past also PZU Asset Management) overseeing the areas of finance, risk, operations and IT. Leading the work of the Management Board of TFI PZU, he was also responsible for the corporate area.

He has many years of experience working in insurance and financial institutions. SGH Warsaw School of Economics graduate. He also received an MBA from the University of Illinois and completed the Warsaw-Illinois Executive MBA program. He is a member of the Association of Chartered Certified Accountants (ACCA).

For most of his career, he was associated with Aviva Group (former Commercial Union). Tomasz Kulik is also the Financial Director at PZU Group.



Maciej Rapkiewicz

Member of the PZU Management Board since 22 March 2016 / Member of the PZU Życie Management Board since 25 May 2016

Graduate of the Faculty of Law and Administration at the University of Łódź and post-graduate studies in business insurance, an MBA in Finance and Insurance and risk management. Associated with the PZU Group intermittently since 1998. From 2006 to 2009 Management Board Member and then Vice-President of the TFI PZU SA Management Board. Since 2015 he has worked for TFI BGK S.A., serving as a Management Board Member. He was also the President of the ŁSSE S.A. Management Board. He sat on the supervisory boards of domestic and foreign companies in the PZU Group. Currently, he serves as the President of the Supervisory Board of PTE PZU S.A.



Aleksandra Agatowska

President of the PZU Życie Management Board from 15 February 2021 (from 19 February 2020 to 14 February 2021 – acting President of the PZU Życie Management Board) / Member of the PZU Życie Management Board from 25 March 2016 / Member of the PZU Management Board from 24 October 2019 until 19 February 2020 and PZU Group Director (from 25 March 2016 to 23 October 2019, and again since 20 February 2020).

Graduate of the Jagiellonian University majoring in Economic Sociology and Market Research and Executive MBA at the Kozminski University in Warsaw. She has completed a number of management programs in strategy, management and finance at renowned universities such as Columbia University in New York, Northwestern Kellogg School of Management, London School of Economics and Political Science and Harvard Business School Online. She gained her professional experience working for ING Życie, ING Powszechne Towarzystwo Emerytalne and ING Spółka Dystrybucyjna. She also collaborated with the team of the Public Policy Evaluation and Analysis Center. For HDI (currently Warta S.A.), she managed the product marketing team, developing and executing sales support campaigns. Then she headed the Marketing Intelligence team at Sony Europe. At Philips S.A. she managed the Marketing and Business Intelligence team in 17 countries of the region. As an external consultant, she advised among others Aviva SA on the implementation of distribution channel projects. She served as Chair of the Supervisory Board of Alior Bank S.A. and PZU Zdrowie SA, and was a member

of the Supervisory Board of PZU Centrum Operacji SA, TUW PZUW SA and Enea SA.



Andrzej Jaworski

Member of the PZU Życie Management Board / PZU Group Director at PZU since 15 April 2022

A graduate of doctoral studies in political science at Cardinal Stefan Wyszyński University in Warsaw. He completed a postgraduate program in economic policy, finance and banking at the College of Social and Media Culture in Toruń, in innovation and project management at the University of Commerce and Services (WSHiU) in Poznań, and postgraduate Executive MBA program at the University of Applied Sciences in Dresden and WSHiU in Poznań. He graduated in from the Adam Mickiewicz University in Poznań in Ethnology and Cultural Anthropology. He joined the PZU Group in 2016 as a Member of the PZU Management Board, and he has been a Member of the PZU Życie Management Board and a Member of the Supervisory Board of PTE PZU and member of the Supervisory Board of PZU Ukraina. He has held the position of the CEO of the Chamber of Commerce and Industry since 2019. Member of the Council of the “Identity Foundation” since 2019 and Secretary of the Council of the Museum of Memory and Identity since 2020. Member of the Legal and Economic Council of the Pomeranian University in Słupsk, Institute of Law and Administration since 2023. Previously, he had been President of the Management Board of Gdańsk

Shipyards S.A. (2006–2008), Chairman of the Public Finance Committee (2015–2016), Deputy Chairman of the State Treasury Committee (2015–2016), Member of the Management Board of Krajowa Spółka Cukrowa S.A. [National Sugar Company] (2017–2018), Member of the Supervisory Board of Pekao Investment Banking S.A. (2022-2023). In 2020-2021, he served as a CEO



Bartłomiej Litwińczuk

Member of the PZU Życie Management Board / PZU Group Director at PZU since 19 August 2016

Graduated from the Faculty of Law and Administration at the University of Warsaw. In 2009 he completed his advocate trainee program and passed the professional examination. Advocate in the Warsaw Bar Association. He specializes in civil law. He combines his business knowledge with extensive experience resulting from his provision of legal assistance services, in particular in cases related to commercial company law, copyright law, administrative law and criminal business law. In the past, he also served as an advisor to the Extraordinary Committee of the Sejm for changes in legal codes. He has experience in corporate governance. Moreover, he is a member of the regulatory authorities of commercial law companies.



Dorota Maciejka

Member of the PZU Życie Management Board / PZU Group Director at PZU since 15 March 2017

Associated with the PZU Group since 2016. She initially served as a director supervising prevention and sponsorship at PZU and PZU Życie. She was appointed as a Member of the PZU Życie Management Board in 2017. One of her projects was the establishment of the Plain Language Department, which introduced significant changes in the way PZU communicates with its clients. In 2021, she initiated the foundation of the Sustainable Development Department, which prepared the ESG Strategy for 2021-2024. This strategy became part of the Group's strategy. It is based on the commitment that the PZU Group not only will achieve very good financial results but also will do so in a sustainable manner and with respect for environmental, social and governance issues. In 2022, as person in charge of the Real Estate Department, she supervised the relocation of the PZU and PZU Życie to the greenest building in the capital city. Previously, in 2010–2016, Dorota Maciejka had coordinated and managed publishing and film production projects. For many years, she was a journalist for the most opinion-forming weeklies and radio stations, including Tygodnik Solidarność [“Solidarity Weekly”], Wprost [“Directly”] and Radio Wolna Europa [“Radio Free Europe/Radio Liberty”]. She published a book entitled Tygodnie Słonimskiego [“Słonimski's Weeks”] in 2000. During martial law in Poland, she was associated with the underground publishing house “Wola”.



Sylwia Matusiak

Member of the PZU Życie Management Board / PZU Group Director at PZU since 1 January 2023

She graduated from the University of Warsaw with a degree in political science. She also completed her MBA at the Warsaw School of Management. Until her appointment to PZU Życie's Management Board, she held the position of managing director for marketing, sponsorship and prevention. Prior to joining the PZU Group, she served as a member of the Management Board of the Central Port of Communications. She previously worked at the National Bank of Poland, the Warsaw Stock Exchange and the Government Information Center, among others.



Małgorzata Skibińska

PZU Group Director at PZU and PZU Życie since 1 February 2023.

Graduate of the Faculty of Management and Marketing at the Warsaw School of Management, majoring in State Administration, and postgraduate studies for managers in the financial services sector at the SGH Warsaw School of Economics. Associated with the PZU Group since 2019. Until her appointment as the PZU Group Director, she held the position of Managing Director of Product Development and Maintenance responsible for product offerings

for PZU SA and PZU Życie in the mass customer and SME segments. She has been involved in the insurance market for 26 years. She has many years of managerial experience, which she has built up working for various insurance companies, where she successfully managed many teams and carried out numerous projects related to the creation and management of product offerings along with technological implementations, risk assessment and valuation, and process optimization. She also has extensive experience working with banks and external partners. Prior to joining the PZU Group, she served for several years as Director of Property Product Development and Individual Underwriting at the Aviva Group.



Dominik Witek

Member of the PZU Życie Management Board / PZU Group Director at PZU since 6 June 2023

Graduated from the Faculty of Law and Administration at the University of Rzeszów. He holds professional titles as an attorney and legal counselor. He also completed studies in the area of management and business (MBA) at the School of Business – National Louis University in Nowy Sącz, earning the Master of Business Administration degree.

Since 2017, he has run his own law firm of attorneys and then legal counsel. In the years 2019–2020, he was employed as a legal advisor at ORLEN Południe SA, where, among other things, he participated in

comprehensive legal services for the Company and the ORLEN Południe Capital Group Companies. In addition, he served as Chair of the Supervisory Board at Sanockie Przedsiębiorstwo Gospodarki Mieszkaniowej sp. z o.o., as well as Chair of the Management Board, Managing Director of Sanockie Przedsiębiorstwo Gospodarki Komunalnej sp. z o.o. From January 2021 to 5 June 2023, he served as a Member of the Management Board of PZU Zdrowie SA. Member of the Supervisory Board of Alior Bank SA since June 2021.

Competences

Members of the Management Board are jointly responsible for all of PZU's activities. The Management Board exercises any and all rights related to managing PZU which are not otherwise reserved by law or the provisions of the Articles of Association to the Shareholder Meeting or the Supervisory Board. The Management Board manages and represents PZU. Two Management Board members acting jointly or one Management Board member acting with a commercial proxy, are authorized to make declarations of will and sign documents on behalf of PZU.

The board works collegially. The Members of the PZU Management Board exercise oversight with respect to processes within their areas, the scope of which is set out by the CEO in an order on organizational oversight performed in the Company by PZU Management Board Members and entrusting the functions of the Heads of Divisions. The document in detail regulates the responsibility of the respective Management Board Members for oversight with respect to individual PZU organizational structures.

The Management Board adopts its rules and regulations, which are approved by the Supervisory Board.

The Management Board informs the Supervisory Board about any significant matters regarding PZU's operations.

Management Board resolutions are especially required for:

- adopting a long-term plan for the PZU's development and operations;
- adopting an action and development plan for the PZU Group;
- adoption of an annual financial plan and a report on its implementation;
- accepting the Management Board's report on the PZU's activity and the Management Board's report on the activity of the PZU Group and the PZU's financial statements and consolidated financial statements of the PZU Group for the previous financial year;
- accepting the solvency and financial condition report of the PZU and the solvency and financial condition report of the PZU Group;
- accepting the PZU's own risk and solvency assessment report and the PZU Group's own risk and solvency assessment report;
- adoption of a report on representation expenditures and expenditures for legal, marketing, public relations and public communication services and management consulting services;
- adoption of a report on the application of best practices, as defined by the Prime Minister pursuant to the Act on Rules for Managing State Property of 16 December 2016, addressed to companies in which the State Treasury holds an equity stake;
- approval of a motion to distribute profit or cover loss;

- determining premiums in compulsory and voluntary insurance and the general terms and conditions of voluntary insurance;
- determination of the scope and size of outward reinsurance and the tasks for inward reinsurance;
- adopting or amending the Organizational Regulations of PZU;
- adoption of an annual audit and control plan and a report on its implementation with conclusions;
- determining the terms and conditions of investment, prevention and sponsoring activities;
- PZU granting sureties and guarantees, excluding guarantees and sureties which constitute insurance operations;
- PZU contracting credit facilities, PZU contracting or providing loans – excluding loans granted from the Company Social Benefits Fund and taking into account deviations specified in investment activity.

Responsibilities of PZU and PZU Życie Management Board Members and PZU Group Directors in PZU and PZU Życie (as of 31 December 2023 and until 23 February 2024)

First name and surname	Function performed at PZU and PZU Życie	Scope of responsibility
Beata Kozłowska-Chyła	President of the PZU from 2 October 2020 23 February 2023 / Acting President of the PZU Management Board from 12 March to 1 October 2020	PZU: internal audit, compliance, PZU Group strategy, strategic analysis, corporate communication, reinsurance*
Aleksandra Agatowska	Member of the Management Board from 24 October 2019 to 19 February 2020 / PZU Group Director at of the PZU from 25 March 2016 to 23 October 2019, reappointed as PZU Group Director at PZU since 20 February 2020 President of the PZU Życie Management Board since 15 February 2021 / Acting President of the PZU Życie Management Board from 19 February 2020 to 14 February 2021 / Member of the PZU Życie Management Board since 25 March 2016	PZU Życie: internal audit, compliance, PZU Group strategy, strategic analysis, corporate communication, reinsurance**
Ernest Bejda	Member of the PZU Management Board from 4 May 2020 to 23 February 2024 Member of the PZU Życie Management Board since 25 August 2021 to 5 June 2023 / PZU Group Director at PZU Życie from 4 May 2020 to 24 August 2021, reappointed since 6 June 2023	PZU and PZU Życie: security, purchasing, analysis and efficiency of processes, insurance operations, claims and benefits handling, assistance, remote customer service, digitization of processes, development of digital services and platforms, after-sales customer service PZU: AML in the PZU Group
Małgorzata Kot	Member of the PZU Management Board from 10 September 2020 to 23 February 2024 / Director of the PZU Group at PZU from 16 April to 9 September 2020 Member of the PZU Życie Management Board from 16 April 2020 to 23 February 2024	PZU and PZU Życie: PZU branch network management, retail sales (channels: exclusive, multi-agency, brokerage), remote sales, retail distribution strategy, retail sales support, sales analysis PZU: retail sales (dealer channel) PZU Życie: agency sales, corporate sales



First name and surname	Function performed at PZU and PZU Życie	Scope of responsibility
Krzysztof Kozłowski	Member of the PZU Management Board from 4 August 2021 to 23 February 2024 PZU Group Director at PZU Życie from 4 February 2021 to 23 February 2024	PZU and PZU Życie: corporate management, corporate governance in the PZU Group, administration, project management PZU: business development of the PZU Group
Tomasz Kulik	Member of the PZU Management Board since 14 October 2016 Member of the PZU Życie Management Board since 19 October 2016	PZU and PZU Życie: actuarial science, finance, CRM***
Piotr Nowak	Member of the PZU Management Board from 28 April 2022 to 23 February 2024 PZU Group Director at PZU Życie from 28 April 2022 to 23 February 2024	PZU and PZU Życie: investment, IT, innovation
Maciej Rapkiewicz	Member of the PZU Management Board since 22 March 2016 Member of the PZU Życie Management Board since 25 May 2016	PZU and PZU Życie: risk
Małgorzata Sadurska	Member of the PZU Management Board from 13 June 2017 to 23 February 2024 PZU Group Director at PZU Życie from 15 April 2022 to 23 February 2024 / Member of the PZU Życie Management Board from 19 June 2017 to 14 April 2022	PZU and PZU Życie: assurbanking, bancassurance and strategic partnership programs, corporate business development PZU: corporate sales, corporate product management, analysis, underwriting and risk assessment of corporate insurance, financial risk insurance, corporate business services PZU Życie: protection banking products, investment products, investment product sales

First name and surname	Function performed at PZU and PZU Życie	Scope of responsibility
Dominik Witek	Member of the PZU Życie Management Board since 6 June 2023 PZU Group Director at PZU since 6 June 2023	PZU and PZU Życie: client experience management PZU Życie: AML, support for service processes
Andrzej Jaworski	Member of the PZU Życie Management Board since 15 April 2022 PZU Group Director at PZU since 15 April 2022	PZU and PZU Życie: health insurance
Bartłomiej Litwińczuk	Member of the PZU Życie Management Board since 19 August 2016 PZU Group Director at PZU since 19 August 2016	PZU and PZU Życie: HR, consulting and legal services
Dorota Macieja	Member of the PZU Życie Management Board since 15 March 2017 PZU Group Director at PZU since 15 March 2017	PZU and PZU Życie: sustainability, customer communication, real estate
Sylwia Matusiak	Member of the PZU Życie Management Board since 1 January 2023 PZU Group Director at PZU since 1 January 2023	PZU i PZU Życie: marketing, sponsorship, prevention
Małgorzata Skibińska	PZU Group Director at PZU since 1 February 2023 PZU Group Director at PZU Życie since 1 February 2023	PZU and PZU Życie: health product management, strategic management of product offering, underwriting, actuarial tariff PZU: management of mass products and insurance programs PZU Życie: management of group and individual products

* additionally, supervises PZU Group Directors at PZU: Aleksandra Agatowska, Dorota Macieja, Sylwia Matusiak, Andrzej Jaworski, Bartłomiej Litwinczuk, Dominik Witek

** additionally, supervises PZU Group Directors in PZU Życie: Małgorzata Sadurska, Ernest Bejda, Krzysztof Kozłowski, Piotr Nowak

*** additionally, supervises Małgorzata Skibińska, PZU Group Director in PZU and PZU Życie

Responsibilities of PZU and PZU Życie Management Board Members and PZU Group Directors in PZU and PZU Życie (as of 23 February 2024 until the date of signing the management report, i.e. 20 March 2024)

First name and surname	Function performed at PZU and PZU Życie	Scope of responsibility
Anita Elżanowska	Member of the Supervisory Board delegated to temporarily perform the function of the President of the Management Board	corporate management, corporate governance in PZU Group, internal audit, compliance, PZU Group strategy, strategic analysis, corporate communication, reinsurance*
Michał Bernaczyk	Member of the Supervisory Board delegated to temporarily perform the function of the Member of the Management Board	**
Aleksandra Agatowska	Member of the Management Board from 24 October 2019 to 19 February 2020 / PZU Group Director at of the PZU from 25 March 2016 to 23 October 2019, reappointed as PZU Group Director at PZU since 20 February 2020 President of the PZU Życie Management Board since 15 February 2021 / Acting President of the PZU Życie Management Board from 19 February 2020 to 14 February 2021 / Member of the PZU Życie Management Board since 25 March 2016	PZU Życie: corporate management, corporate governance in PZU Group, internal audit, compliance, PZU Group strategy, strategic analysis, corporate communication, reinsurance***
Tomasz Kulik	Member of the PZU Management Board since 14 October 2016 Member of the PZU Życie Management Board since 19 October 2016	PZU and PZU Życie: actuarial science, finance, investment, CRM, project management **** PZU: business development of the PZU Group
Maciej Rapkiewicz	Member of the PZU Management Board since 22 March 2016 Member of the PZU Życie Management Board since 25 May 2016	PZU and PZU Życie: risk, insurance operations, claims and benefits handling, assistance, remote customer service, purchasing, administration

First name and surname	Function performed at PZU and PZU Życie	Scope of responsibility
Dominik Witek	Member of the PZU Życie Management Board since 6 June 2023 PZU Group Director at PZU since 6 June 2023	PZU and PZU Życie: security, analysis and process efficiency, client experience management, IT, innovation, digitization of processes, development of digital services and platforms, after-sales customer service PZU: AML in the PZU Group PZU Życie: AML, support for service processes
Dorota Macieja	Member of the PZU Życie Management Board since 15 March 2017 PZU Group Director at PZU since 15 March 2017	PZU and PZU Życie: sustainability, customer communication, real estate
Sylwia Matusiak	Member of the PZU Życie Management Board since 1 January 2023 PZU Group Director at PZU since 1 January 2023	PZU and PZU Życie: marketing, sponsorship, prevention, PZU branch network management, retail sales (channels: exclusive, multigen, brokerage), remote sales, retail distribution strategy, retail sales support, sales analysis, assurbanking, bancassurance and strategic partnership programs, corporate business development PZU: retail sales (dealer channel), corporate sales, corporate product management, analysis, underwriting and risk assessment of corporate insurance, financial risk insurance, corporate business services PZU Życie: agency sales, corporate sales, protection banking products, investment products, investment product sales

First name and surname	Function performed at PZU and PZU Życie	Scope of responsibility
Małgorzata Skibińska	PZU Group Director at PZU since 1 February 2023 PZU Group Director at PZU Życie since 1 February 2023	PZU Życie: health product management, strategic management of product offering, underwriting, actuarial tariff PZU: management of mass products and insurance programs PZU Życie: management of group and individual products

* additionally supervises PZU Group Directors at PZU: Aleksandra Agatowska, Dorota Macieja, Andrzej Jaworski, Bartłomiej Litwinczuk
 ** supervises PZU Group Directors at PZU: Sylwia Matusiak, Dominik Witek
 *** additionally, supervises PZU Group Directors in PZU Życie
 **** additionally, supervises Małgorzata Skibińska, PZU Group Director at PZU and PZU Życie

19 [\[GRI 3-3\]](#) [\[GRI 2-9\]](#) [\[GRI 2-14\]](#)[\[ESRS GOV-2\]](#)
[\[ESRS GOV-3\]](#)

Responsibility related to ESG

ESG goals have been included in the list of goals to be achieved by the Management Board, and the key ESG Strategy indicators became an integral part of the PZU Group’s business strategy. The Shareholder Meeting authorized the Supervisory Board to detail the management objectives assigned annually to the members of the Management Board, and to determine the weights for these goals, and objective and measurable indicators for their implementation and accountability (KPIs), which are the basis for determining the amount of variable compensation. In connection with the adoption of the ESG Strategy, the general management objectives related to improving economic and financial indicators were expanded to include activities that take into account social interests, including those which allow the Company to contribute to environmental protection. Variable compensation

of the Management Board Members depends on the attainment of management objectives determined by the Supervisory Board and may not exceed 100% of the annual fixed compensation of the Management Board Members from the previous financial year when the calculations of the due variable compensation are made.

[\[GRI 2-12\]](#) [\[GRI 2-13\]](#) [\[GRI 2-14\]](#) [\[GRI 2-17\]](#)

To achieve efficient ESG management, the Sustainable Development Department was set up at PZU and PZU Życie at the end of 2020, with the function of coordinating actions in the area of the ESG Strategy implementation. Director of the Sustainable Development Department reports directly to the PZU Życie Management Board Member and the PZU Group Director in PZU.

In 2021, the PZU Management Board established the PZU Group ESG Committee, whose tasks include:

- supervision over the consistency of ESG activities with the PZU Group’s business objectives;

- setting out general ESG guidelines in the PZU Group;
- making recommendations as for applying ESG principles in the PZU Group business practice and integrating business processes with the ESG goals;
- participation in the development and updating of the ESG Strategy;
- giving opinions on actions, plans and projects connected with the ESG Strategy and implemented in the PZU Group, and presenting these opinions to the relevant bodies of the members of the PZU Group;
- giving opinions on the methods and directions of adapting the business activity principles followed by members of the PZU Group represented in the Committee to ESG regulatory and reporting requirements.

During the meetings of the PZU Group ESG Committee, Committee members are informed about sustainable development. It particularly pertains to new laws, level of implementation of ESG indicators, and identification of gaps and recommended corrective measures.

In 2023, the ESG Committee held 5 meetings. Topics covered during the meetings included CO2 offsetting, defining ESG strategic goals, preparing the PZU Group to meet the requirements of the EU Taxonomy, modeling climate risks, human rights due diligence process and changes in environmental and human rights policies, and preparing the PZU Group to implement the CSRD Directive.

Another means of communicating relevant ESG-related issues are internal regulations of the Sustainable Development Department Director. Key internal regulations issued in 2023 concerned prevention of human rights violations in the PZU Group, methodology for ESG assessment of PZU SA key corporate clients as

ESG goals have been embedded in the goals of the Management Board, and the key performance indicators of the ESG Strategy have become an integral **part of the PZU Group’s business strategy.**

well as guidelines and a list of disclosure obligations under the EU Taxonomy.

In addition, information activities aimed at ESG leaders within the PZU Group are being conducted. A series of quarterly meetings was initiated in 2023. During the meetings, key issues regarding the ESG strategy, EU Taxonomy, minimum human rights safeguards, and ESG assessment methodology for key clients were discussed. The most important aspects of the new regulations were also elaborated on. An external expert in the Climate Leadership program participated in one of those meetings and discussed the question of integrating ESG risks into the business practice of insurance institutions. In 2023, four meetings were held.

The ESG Committee in the PZU Group is composed of representatives of PZU SA and PZU Życie SA, including the PZU Group Management Boards’ Members and Directors, as well as Presidents of Management Boards: Members of the PZU Management Board, Members of the PZU Życie Management Board, President of the Management Board of TUW PZUW, President of the Management Board of TFI PZU, President of the Management Board of PTE PZU, and in PZU and PZU Życie: Corporate Managing Director, PZU Group Corporate Managing Director, PZU Group Director supervising the Product Section, Managing Director on Regulations, Managing Director for Marketing, Sponsorship and Prevention, Director of the Corporate Communication Office, Director of Management



Consolidation and Investor Relations, Director of the Sustainable Development Department.

Detailed rules for the implementation of the ESG strategy and cooperation between PZU Group members are set out in the Policy on Sustainable Development in the PZU Group and cooperation agreements between companies.

Mode of operation

Meetings of the Management Board are held at least once a fortnight. The Articles of Association provide that meetings may be held using means of direct remote communication.

The President of the Management Board directs the work of the Management Board. The President of the Management Board makes decisions in the form of orders and official instructions. Other Members of the Management Board administer the operations of the Company within the scope specified by the President.

Management Board makes decisions in the form of resolutions. The Management Board adopts resolutions only in the presence of the President of the Management

Board or a person designated to head the work of the Management Board during the President’s absence.

Resolutions of the Management Board are adopted by an absolute majority of votes; in the event of a voting tie, the President has the casting vote. With the consent of the President of the Management Board, the Management Board may adopt resolutions by written procedure or using means of direct remote communication, if all the Management Board Members have received the draft resolution with justification and at least half of the Management Board Members took part in the adoption of the resolution.

Committees

Committees are collegial structures operating at PZU and PZU Życie. They are established and disbanded by the Management Boards of PZU and PZU Życie. Committees issue opinions and make decisions in matters within their area of operation defined in the rules and regulations of a given committee. In 2023, there were the following committees at PZU and PZU Życie, with the Management Board Members and PZU Group Directors participating in their work:

Name of the Committee	Purpose
PZU Pricing Committee (only at PZU)	To set out the pricing policy in line with the PZU strategy
Data Governance Committee	To coordinate data governance and data quality processes at PZU and PZU Życie
Innovations Committee	To coordinate and manage overall innovation at PZU and PZU Życie

Name of the Committee	Purpose
Investment Committee	<ul style="list-style-type: none"> To review and give opinions on investment decisions; To decide on concentration limits; To decide on risk acceptance for financial insurance; To decide on how to vote at a meeting of the investment fund participants or investors if the subject of such a meeting is the fund’s investment decision, issuance of new investment certificates, issuance of bonds, establishment of additional investment limits, liquidation of the fund, merger of funds, or acquisition of the investment fund management by another company; To give opinion on instructions for voting at meetings on other matters than those indicated above whose participants are shareholders, partners, bondholders, participants or investors in investment funds
Cost Committee	To coordinate efforts to reduce costs of PZU and PZU Życie, in particular fixed costs of insurance business, in line with the PZU Group strategy
Property Committee	To ensure proper course of the decision-making process regarding the intended use of properties held by PZU SA and PZU Życie SA, in particular their sale or investment by PZU Group members
Actuarial, Operational and Model Risk Committee	<p>To take action with regard to:</p> <ul style="list-style-type: none"> accepted level of actuarial, operational and model risk; actuarial, operational and model risk management principles and methodologies; management activities in the process of monitoring actuarial, operational and model risk; supporting the PZU and PZU Życie Management Boards in the process of regulatory risk management
PZU Group’s Risk Committee	To coordinate activities and supervise the management system and processes related to risks occurring in PZU, PZU Życie and the PZU Group, in particular at the level of the financial conglomerate of the PZU Group
Investment Risk Committee	<p>To take action in the area of market risk, credit risk and concentrations regarding:</p> <ul style="list-style-type: none"> acceptable sizes of risks, risk management principles and methodologies, taking management actions in the process of risk management at the level of individual exposures, investment portfolios and financial insurance where the credit risk is present.

Name of the Committee	Purpose
Sponsorship and Prevention Committee	To ensure that PZU and PZU Życie properly conduct sponsorship and prevention activities, as well as to monitor and ensure consistency of activities conducted in these areas
Procurement Committee	To facilitate the goods and services supplier selection procedure and monitor cooperation with suppliers following the strategy of PZU and PZU Życie
Asset and Liability Management Committee	<p>To issue opinions on decisions regarding the strategic structure of deposits in order to ensure that PZU and PZU Życie have an appropriate level of security, financial liquidity, profitability and investment portfolio quality, and to provide recommendations for Management Boards or organizational structures of PZU and PZU Życie on the size of technical interest rates and activities increasing the amount of own funds or liquidity buffers.</p> <p>To take decisions on:</p> <ul style="list-style-type: none"> rules for managing financial liquidity in PZU and PZU Życie; investment objectives and guidelines or investment limits and benchmarks for organizational units of PZU and PZU Życie and entities managing deposits within the PZU Group; matching assets to liabilities and the binding asset structure; regulations on sustainable development in terms of investment activities
Initiatives Management Committee	to supervise and determine directions of action in terms of managing initiatives within PZU and PZU Życie

In 2023, there was also a **Crisis Management Team** at PZU and PZU Życie, which is a collegial body having the rights of a committee. The Crisis Management Team supervised the operation of the business continuity management system, carried out the tasks specified in the business continuity plan and was responsible for managing crisis situations in PZU and PZU Życie.

Functions performed by PZU and PZU Życie Management Board Members as well as PZU Group Directors in committees as at the end of 2023 are presented below.

First name and surname	Participation in committee works (as of 31 December 2023)
Beata Kozłowska-Chyła President of the PZU Management Board	Head of the Crisis Management Team
Aleksandra Agatowska President of the PZU Życie Management Board / PZU Group Director in PZU	Deputy Head of the Crisis Management Team

First name and surname	Participation in committee works (as of 31 December 2023)
Ernest Bejda Member of the PZU Management Board / PZU Group Director in PZU Życie	<p>Member of the Crisis Management Team for Security</p> <p>Committee Chair: Procurement Committee</p> <p>Committee Deputy Chair: Actuarial, Operational and Model Risk Committee</p> <p>Committee Member: Data Governance Committee, Investment Committee, Property Committee, PZU Group's Risk Committee, Investment Risk Committee, Sponsorship and Prevention Committee, Asset and Liability Management Committee, Initiatives Management Committee</p>
Małgorzata Kot Member of the PZU Management Board / Member of the PZU Życie Management Board	<p>Committee Member: PZU Pricing Committee, Procurement Committee, Initiatives Management Committee</p>
Krzysztof Kozłowski Member of the PZU Management Board / PZU Group Director in PZU Życie	<p>Member of the Crisis Management Team for Corporate and Administration</p> <p>Committee Member: Innovations Committee, PZU Group's Risk Committee, Investment Risk Committee, Initiatives Management Committee</p>
Tomasz Kulik Member of the PZU Management Board / Member of the PZU Życie Management Board	<p>Member of the Crisis Management Team for Finance</p> <p>Committee Chair: Data Governance Committee, Cost Committee, Asset and Liability Management Committee</p> <p>Committee Deputy Chair: PZU Pricing Committee, Investment Committee, PZU Group's Risk Committee, Procurement Committee</p> <p>Committee Member: Actuarial, Operational and Model Risk Committee, Investment Risk Committee, Property Committee, Initiatives Management Committee</p>
Piotr Nowak Member of the PZU Management Board / PZU Group Director in PZU Życie	<p>Member of the Crisis Management Team for IT</p> <p>Committee Chair: Innovations Committee, Investment Committee, Initiatives Management Committee</p> <p>Committee Deputy Chair: Data Governance Committee, Investment Risk Committee, Asset and Liability Management Committee</p> <p>Committee Member: Actuarial, Operational and Model Risk Committee, PZU Group's Risk Committee, Property Committee, Procurement Committee</p>

First name and surname	Participation in committee works (as of 31 December 2023)
Maciej Rapkiewicz Member of the PZU Management Board / Member of the PZU Życie Management Board	Committee Chair: Actuarial, Operational and Model Risk Committee, PZU Group's Risk Committee, Investment Risk Committee Committee Member: Data Governance Committee, Investment Committee, Asset and Liability Management Committee
Małgorzata Sadurska Member of the PZU Management Board / PZU Group Director in PZU Życie	Member of the Crisis Management Team for Contacts with Strategic Partners Committee Member: PZU Pricing Committee, Data Governance Committee, Investment Committee, Actuarial, Operational and Model Risk Committee, PZU Group's Risk Committee, Investment Risk Committee, PZU Group's Risk Committee, Investment Risk Committee
Dominik Witek Member of the PZU Życie Management Board / PZU Group Director in PZU	Committee Member: Investment Committee, Actuarial, Operational and Model Risk Committee, PZU Group's Risk Committee, Investment Risk Committee, Procurement Committee, Asset and Liability Management Committee, Initiatives Management Committee
Andrzej Jaworski Member of the PZU Życie Management Board / PZU Group Director in PZU	-
Bartłomiej Litwińczuk Member of the PZU Życie Management Board / PZU Group Director in PZU	Member of the Crisis Management Team for Legal and HR Committee Member: Actuarial, Operational and Model Risk Committee, PZU Group's Risk Committee
Dorota Macieja Członek Zarządu PZU Życie / Dyrektor Grupy PZU w PZU	Crisis Management Team for Real Property Committee Chair: Property Committee
Sylwia Matusiak Członek Zarządu PZU Życie / Dyrektor Grupy PZU w PZU	Committee Member: Sponsorship and Prevention Committee
Małgorzata Skibińska PZU Group Director in PZU and PZU Życie	Committee Chair: PZU Pricing Committee Committee Member: Data Governance Committee, Innovations Committee, Actuarial, Operational and Model Risk Committee, Asset and Liability Management Committee, Initiatives Management Committee

Management Board's activity in 2023

In 2023, the Management Board held 61 meetings, at which it adopted 372 resolutions. These resolutions covered all areas of the PZU business.

The main areas of the Management Board's activity include:

Strategy

- The Management Board updated the indicators of the PZU Group Strategy for 2021–2024 in connection with the implementation of the IFRS 17 accounting standard at PZU and changes in the macroeconomic environment;
- The Management Board adopted a plan for operationalization of the Strategy for 2023 and continued strategic projects and initiatives which will ensure achievement of the goals set out in the Strategy. New initiatives were launched, e.g. in direct and dealer sales, TPL for corporate clients and agricultural insurance;
- The Management Board agreed to update the goals and budget for continued dynamic development of the #mojePZU strategic project.

Finance

- The Management Board adopted:
 - financial plan for PZU and PZU Group for the years 2023 and 2024,
 - report on the activities of PZU and PZU Group for 2022 and H1 2023, financial statements of PZU and PZU Group for 2022, H1 2023 and Q1 and Q3 2023, as

well as reports on solvency and financial condition of PZU and the PZU Group for 2022,

- the financial conglomerate's strategy with regard to capital adequacy;
- The Management Board determined:
 - operating segments for the purpose of preparing the PZU Group's consolidated financial statements in accordance with the International Financial Reporting Standards,
 - accounting principles (policy) for reporting in accordance with the International Financial Reporting Standards (IFRS) as applied in PZU,
 - disclosure process for the purposes of the EU Taxonomy;
- The Management Board agreed to amend PZU's reinsurance program for 2023 by adjusting the provisions regarding parameters of agreement on disproportionate excess of loss per event for catastrophic risks, and adopted the assumptions of the mandatory outward reinsurance program for 2024;
- The Management Board also agreed to enter into an agreement with PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. regarding the audit and review of financial statements as well as the audit of reports on solvency and financial condition of PZU and the PZU Group for five financial years 2024–2028;
- The Management Board adopted the 2024–2026 Investment Strategy for own risk portfolio of PZU and PZU Życie and decided to submit it to the Supervisory Board.



Operating activities

- On an ongoing basis, the Management Board approved amendments to general insurance terms and conditions (GTI) and general insurance terms and conditions for new products, as well as insurance tariffs, for example for:
 - environmental damage liability insurance,
 - iSpot Care and “Display” insurance,
 - PZU Cortland Care and “Display” insurance,
 - insurance against cyber risks,
 - PZU DOM insurance,
 - PZU Farm insurance,
 - PZU Crop insurance,
 - PZU Auto insurance,
 - PZU Advisor comprehensive insurance,
 - liability insurance of medical entities operating a hospital and general terms and conditions of liability insurance of medical entities other than those operating a hospital,
 - medical liability insurance,
 - group travel insurance for Pekao Visa Infinite credit card holders and users,
 - property insurance against fire and other elements, property insurance against all risks, comprehensive insurance for housing communities, cooperatives and public building societies (TBS), including, among other things, rules regarding the grace period for the risk of flooding in this insurance..

- The Management Board agreed to:
 - placing an order for IT services with regard to development work in the SLS system (loss adjustment system) related to the framework agreement with PZU Centrum Operacji;
 - conducting advertising campaigns, for example for vehicle insurance, “PZU Comprehensive Offer”.
 - providing PZU communication services in social media,
 - implementation of prevention programs, including “Good PZU Team” 2nd Edition – 2023, “Healthy Life”, PZU.iFLOTA, the prevention campaign for women in the perinatal period entitled “Fearless about the future”,
 - sponsorship activities, including sponsorship of the “80th Tour de Pologne UCI World Tour”,
 - purchase of development services for the pzu.pl portal related to the contract for the provision of maintenance, authorization and development services for the pzu.pl portal.

System of governance

- The Management Board approved changes to the governance system (risk management system, internal control system and business continuity management) in PZU and PZU Życie, and recommended adoption of the system to PZU’s direct and indirect subsidiaries subject to the Insurance and Reinsurance Business Act, as well as to TUW Polski Zakład Ubezpieczeń Wzajemnych;;
- The Management Board adopted:

- annual report on the activities of the Internal Audit Department in 2022, including an assessment of the internal control system and risk management system,
- own risk and solvency assessment (ORSA) report of PZU Group, PZU and PZU Życie,
- updated PZU Group’s Corrective Action Plan – a document covering the PZU Group’s significant entities, in particular banks operating within it, which is an additional tool utilized at the financial conglomerate level that enables efficient organization and effective operation of risk management systems in the PZU Group. The Plan is updated annually based on the annual ORSA process and includes stress scenarios. The Plan includes stress scenarios at the end of the last reporting year and a baseline scenario developed as part of the annual ORSA process;
- The Management Board amended:
 - PZU Group’s risk management strategy, in terms of adjusting the risk management principles of PZU Group’s subsidiaries, including in terms of determining risk appetite,
 - Risk concentration management policy at the level of the PZU Financial Conglomerate,
 - Actuarial, market, credit and operational risk management policies,
 - Policy on conducting own risk and solvency assessment of the PZU Group, PZU and PZU Życie,
 - Model Risk Management Policy at PZU and PZU Życie,
 - Organizational regulations of PZU and PZU Życie;

- The Management Board adopted other resolutions to update various policies at PZU and PZU Życie, for example:
 - Security Policy,
 - Sanctions Policy,
 - Compliance Policy,
 - Anti-Corruption Policy,
 - Data Governance Policy,
 - Solvency II data quality management policy,
 - Environmental Policy of the PZU Group,
 - Human Rights Policy of the PZU Group,
 - Procedure to counteract failure to provide information on tax schemes,
 - Regulatory risk management principles,
 - Procedure in the Area of Preventing Money Laundering and Terrorism Financing in the PZU Group,
 - Corporate governance in the PZU Group.

Other

- The Management Board adopted resolutions on work organization (e.g. updating the PZU Work Regulations and the Remote Work Regulations), human resources (concerning PZU Group Directors), remuneration of PZU Group Directors and Senior Management, and rewards and systemic pay rises for employees;
- The Management Board agreed to offset CO2 emissions generated at PZU in 2022 by purchasing certified emission reduction units (CERs) through the United Nations trading platform;

- The Management Board established the PZU Tax Group for fiscal years 2024–2026 and authorized the conclusion of the PZU Tax Group agreement;
- The Management Board adopted a report on representation expenditures and expenditures for legal, marketing, public relations and public communication services and management consulting services for 2022;
- The Management Board gave its approval to:
 - acquisition by PZU of shares in Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych,
 - acquisition of shares in the increased share capital of PZU CASH, which manages a portal for employee financial benefits in the area of financial wellness,
 - compulsory buyout of a minority shareholder and requested the Supervisory Board to adopt a resolution to approve purchase of ordinary shares of UAB “PZU Lietuva gyvybes draudimas” – a strategic entity,
 - increasing the share capital of PZU Ukraine with its seat in Kiev as well as PZU Ukraine Life Insurance by increasing the par value of existing shares and covering the increase with the companies’ funds in order to comply with new capital requirements and amend their Articles of Association, and requested the Supervisory Board to give relevant approvals;
- The Management Board granted approvals for the conclusion or termination of agreements on leases, purchases and sales of real estate used by PZU.

7.5.2. Supervisory Board

[GRI 2-9, 2-10, 2-11, 2-12]

Rules for the appointment and dismissal of the Members

The Supervisory Board operates pursuant to the provisions of the Commercial Companies Code, the Regulations of the Supervisory Board of PZU and the Articles of Association of PZU. The Supervisory Board of PZU is composed of seven to eleven Members. The number of Supervisory Board Members is specified by the Shareholder Meeting. Members of the Board are appointed and dismissed by the Shareholder Meeting, subject to the following.

The Articles of Association of PZU give the State Treasury the right to appoint and dismiss one Supervisory Board Member by way of a written statement submitted to the Management Board – such appointment or dismissal is effective upon delivery of the pertinent statement to the PZU Management Board and does not require a resolution of the Shareholder Meeting. This right will expire if the State Treasury ceases to be a PZU shareholder.

Supervisory Board members are appointed for a joint term of office, which encompasses three consecutive full financial years.

In accordance with the Articles of Association of PZU, half of Supervisory Board Members appointed by the Shareholder Meeting are elected from among persons proposed by the State Treasury – this right continues until its stake in the PZU’s share capital drops below 20%. Then, this right is shifted to another shareholder holding the largest stake in the PZU’s share capital, provided that this shareholder holds at least 20% of the share capital.

The Supervisory Board elects the Supervisory Board Chairperson and Supervisory Board Deputy Chairperson from among its Members. The Supervisory Board may elect the Supervisory Board Secretary from among its members.

The mandate of a Supervisory Board Member expires at the end of his or her term of office or as a result of his or her demise, resignation or dismissal from the Supervisory Board. If the mandate of a Member of the Supervisory Board expires during the term of office of the Supervisory Board, a new Member shall be appointed for the period until the end of the term of office of the Supervisory Board.

[GRI 2-10]

Suitability assessment

Supervisory Board Members are subject to individual suitability assessment. The Supervisory Board as a whole is also subject to suitability assessment (collective suitability assessment). The rules for assessing the suitability of the PZU Supervisory Board and Audit Committee were adopted by Resolution No. 33/2021 of the PZU Regular Shareholder Meeting of 16 June 2021 (as amended). Suitability assessments are carried out at least once a year and, among other things, when a candidate for a Member of the Supervisory Board is

put forward (primary individual suitability assessment – before the Shareholder Meeting adopts a resolution to appoint a person to serve) and before any changes are made to the composition of the Supervisory Board (collective suitability assessment). The assessment of the original suitability of the member of the Supervisory Board appointed by written declaration on the basis of the Articles of Association of PZU is made directly by the shareholder – the State Treasury.

Assessment of the suitability of candidates for Members of the Supervisory Board is carried out on the basis of documents provided by the person being assessed, statements and information submitted, as well as completed forms and attachments. The candidate verification process is based on the following criteria:

- competence;
- guarantee, including reputation and reliability;
- independence of the Supervisory Board Member;
- independent judgment, including no conflict of interest, and sufficient time dedication to the position of the Supervisory Board Member.

A candidate for a Member of the Supervisory Board should have a relevant educational background, particularly in insurance, banking or finance, economics, law, accounting, auditing, management, mathematics, physics, computer science, administration, financial regulation, information technology and quantitative methods. It is important that the person being assessed has specific professional credentials, in particular the credentials of an actuary, auditor, investment advisor, legal counsel or attorney. The assessment of suitability also takes into account the diversity policy adopted by the Shareholder Meeting for Members of PZU bodies.

Based on the collected documentation, the Nomination and Compensation Committee of the Supervisory Board proposes an individual suitability assessment of the person assessed or a collective suitability assessment of the Supervisory Board and submits these proposals to the Supervisory Board, which approves the suitability assessment proposals in the form of a resolution. The Supervisory Board presents the assessment to the Shareholder Meeting in the form of a report, which makes the final decision on the individual or collective suitability assessment by resolution.

Composition

The term of office of the Supervisory Board began with the appointment of the Supervisory Board at the Regular Shareholder Meeting of PZU convened on 7 June 2023, and covers three consecutive full financial years 2024–2026.

Composition of the Supervisory Board as of 31 December 2023

At the end of 2023, PZU Supervisory Board consisted of nine members.

	Position	Audit Committee	Nomination and Compensation Committee	Strategy Committee
Robert Jastrzębski	Chairperson of the Supervisory Board, independent		X	
Paweł Górecki	Deputy Chairperson of the Supervisory Board, independent	X	X	
Agata Górnicka	Secretary of the Supervisory Board, independent		X	X
Marcin Chłudziński	Member of the Supervisory Board, independent	X		X
Marcin Kubicza	Member of the Supervisory Board, independent	X		X
Krzysztof Opolski	Member of the Supervisory Board, independent	X		
Radosław Sierpiński	Member of the Supervisory Board		X	
Józef Wierzbowski	Member of the Supervisory Board, independent			X
Maciej Zaborowski	Member of the Supervisory Board, independent			X

X – chairperson, X – member

In 2023, all members of the Supervisory Board and the Supervisory Board as a body had a positive suitability assessment.

Changes in the composition of the Supervisory Board in the period from 1 January 2023 to 31 December 2023

- On 1 January 2023, the composition of the Supervisory Board was as follows: Marcin Chłudziński, Paweł Górecki, Agata Górnicka, Robert Jastrzębski, Elżbieta Mączyńska-Ziemacka, Krzysztof Opolski, Radosław Sierpiński, Robert Śnitko, Piotr Wachowiak, Józef Wierzbowski, Maciej Zaborowski;
- On 7 June 2023, the Regular Shareholder Meeting of PZU appointed the following persons to the PZU Supervisory Board for the new term: Marcin Chłudziński, Agata Górnicka, Robert Jastrzębski, Marcin Kubicza, Elżbieta Mączyńska-Ziemacka, Krzysztof Opolski, Radosław Sierpiński, Józef Wierzbowski, Maciej Zaborowski. At the same time, as of the date of the Regular Shareholder Meeting of PZU, i.e. 7 June 2023, the mandates of two former members of the Supervisory Board of PZU (Piotr Wachowiak and Robert Śnitko) expired.
- On 5 June 2023, the Minister of State Assets – Deputy Chairman of the Council of Ministers, acting on behalf of the State Treasury of the Republic of Poland, appointed Paweł Górecki as a member of the PZU Supervisory Board, pursuant to § 20 (7) of the PZU Articles of Association;
- On 13 September 2023, the Extraordinary Shareholder Meeting of PZU SA (the “ESM”) dismissed Elżbieta Mączyńska-Ziemacka from the Supervisory Board.

The independence criteria set forth in the Best Practices of WSE Listed Companies were met by: Marcin

Chłudziński, Paweł Górecki, Agata Górnicka, Robert Jastrzębski, Marcin Kubicza, Elżbieta Mączyńska-Ziemacka, Krzysztof Opolski, Robert Śnitko, Piotr Wachowiak, Józef Wierzbowski, Maciej Zaborowski. The verification was carried out on the basis of the statements made by the Members of the Supervisory Board and their subsequent update, if any, in the event of a change in the circumstances forming the basis for the original submission. The content of the statements refers to the independence criteria enumerated in Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision.

Persons serving on the Supervisory Board of PZU had diverse educational background, expertise, were highly qualified, had suitable competence and professional experience as outlined in [Chapter 7.5.3. Diversity policy](#). They ensured an appropriate collegial oversight of all areas of PZU’s operations and guaranteed that a broad and comprehensive spectrum of views and opinions will be taken into account while evaluating work of the Management Board and the operation of PZU.

Changes in the composition of the Supervisory Board in the period from 1 January 2024 to 20 March 2024

- On 1 January 2024, the composition of the Supervisory Board was as follows: Robert Jastrzębski, Paweł Górecki, Agata Górnicka, Marcin Chłudziński, Marcin Kubicza, Krzysztof Opolski, Radosław Sierpiński, Józef Wierzbowski, Maciej Zaborowski;
- On 14 February 2024, the State Treasury dismissed Paweł Górecki from the Supervisory Board with a written statement;
- On 15 February 2024, the Extraordinary Shareholder Meeting of PZU dismissed Robert Jastrzębski, Agata Górnicka, Marcin Chłudziński, Krzysztof Opolski, Radosław Sierpiński, Józef Wierzbowski, Maciej

Zaborowski from the Supervisory Board and appointed the following persons to the Supervisory Board: Michał Bernaczyk, Anita Elżanowska, Filip Gorczyca, Michał Jonczyński, Andrzej Kaleta, Małgorzata Kurzynoga,

Anna Machnikowska, Wojciech Olejniczak, Adam Uszpolewicz;

Composition of the Supervisory Board in the period from 15 February 2024 until the date of signing the activity report, i.e. 20 March 2024

As of 20 March 2024, PZU Supervisory Board consisted of ten members.

	Position	Audit Committee	Nomination and Compensation Committee	Strategy Committee
Marcin Kubicza	Chairperson of the Supervisory Board, independent			
Małgorzata Kurzynoga	Deputy Chairperson of the Supervisory Board, independent		X	
Anna Machnikowska	Secretary of the Supervisory Board, independent			X
Michał Bernaczyk	Member of the Supervisory Board, independent		X	
Anita Elżanowska	Member of the Supervisory Board, independent			X
Filip Gorczyca	Member of the Supervisory Board	X		X
Michał Jonczyński	Member of the Supervisory Board, independent	X		
Andrzej Kaleta	Member of the Supervisory Board, independent	X		X
Wojciech Olejniczak	Member of the Supervisory Board, independent		X	
Adam Uszpolewicz	Member of the Supervisory Board, independent	X	X	

X – chairperson, X - member

- On 23 February 2024, the Supervisory Board delegated:
 - Anita Elżanowska, to temporarily perform the functions of the President of the PZU Management Board, until the appointment of the President of the Management Board, but for a period not exceeding 3 months,
 - Michał Bernaczyk, to temporarily perform the functions of the Management Board Member for a period of 3 months

from the public finance sector responsible for the management of the state budget funds.



Michał Bernaczyk - has served on the Supervisory Board since 15 February 2024

He is an attorney-at-law and professor at the Department of Constitutional Law, Faculty of Law, Administration and Economics at the University

of Wrocław. He completed a master’s program in law; in 2007, obtained the degree of Doctor of Philosophy in Law, while in 2015, the degree of Doctor of Sciences. His research interests include the issues of comparative constitutional law, and especially the impact of technological progress on the institution of constitutional law (so-called digital constitutionalism), protection of information in public and private law, freedom of obtaining and publishing information, the influence of the state on the social and economic system as well as public law forms of business.

He completed his apprenticeship to become attorney-at-law at the Regional Chamber of Attorneys-at-Law in Wrocław (2007-2011, entry no. WR-2139), and practices at Kancelaria Szostek, Bar i Partnerzy based in Wrocław; he provides legal services for public administration authorities and entrepreneurs. He specializes in issues concerning access to and re-use of data, provision of digital services, and personal data protection. He represents plaintiffs and applicants in court and administrative court proceedings, before the Constitutional Court and the European Court of Human Rights.

He is an external expert of the Bureau of Research at Chancellery of the Sejm of the Republic of Poland. From

Resumés of Members of the Supervisory Board



Marcin Kubicza - has served on the Supervisory Board since 7 June 2023

He graduated from the Faculty of Law and Administration at the University of Warsaw (2004) and the Institute of International Relations (2002) of the same university.

He participated in the Executive Doctor of Business Administration program at the Institute of Economic Sciences of the Polish Academy of Sciences (2012–2014). He completed his prosecutor’s training culminating in a successful prosecutor’s exam in 2008. Since 2008 he has been registered in the list of attorneys of the Bar Association in Kielce and since 2009 in the list of attorneys-at-law kept by the Council of the District Chamber of Legal Advisers in Warsaw.

He has many years of experience as a manager in large entities providing legal support and service as well as corporate governance, also in a capital group which included entities belonging to the banking, pension, property and life insurance sectors, as well as entities

2013 to 2015, he served as a permanent advisor to the Constitutional Responsibility Committee.

He has received numerous individual and group awards from the Rector of the University of Wrocław for academic scholars' original and creative scientific achievements.

He is a contractor in domestic and international research projects and has written numerous monographs, commentaries and scientific articles published in Poland and abroad.



Anita Elżanowska - has served on the Supervisory Board since 15 February 2024

She is a lawyer, and has completed a program in law at the Faculty of Law and

Administration, Maria Curie-Skłodowska University in Lublin.

She has 23 years of professional experience in legal advisory services and public administration.

Within her own law firm, she provides legal advisory services relating to purchase procedures, corporate affairs and contracts. She has provided services for entrepreneurs, including the largest companies with State Treasury shareholding, international corporations, as well as SMEs, higher education institutions, local government and administrative authorities.

She supports business in preparing and verifying as well as implementing transparent and competitive

procedures. She combines legal aspects of procedural application with the pursuit of business objectives involved in the purchase process.

She prepares and verifies draft contracts, as well as advises business at the stage of contract implementation. She manages court and out-of-court disputes.

She manages projects co-funded by the European Union, and provides services during their audits.

She has managed projects as expert of the European Bank for Reconstruction and Development.

She has served as the Vice-President of the Public Procurement Office and in that role was responsible for review and international cooperation.

She is former Director of Public Procurement Office at Operator Logistyczny Paliw Płynnych sp. z o.o., where she has prepared and implemented internal purchase procedures and was responsible for purchase and investment processes.

From 2000 to 2007, she worked at the Public Procurement Office, first in the Legal Department, and then from 2004 to 2007, as Director of the Audit Department, including from 2003 as a civil service officer.

She used to be an academic scholar at the SGH Warsaw School of Economics (postgraduate program in EU fund management) and at the Faculty of Law of the SWPS University.

She spoke at many conferences, including international events.

She has written numerous publications concerning public procurement.



Filip Gorczyca - has served on the Supervisory Board since 15 February 2024

He is a Member of the Management Board at the Association of Independent

Non-Executive Directors. He represents it at ecoDa, an umbrella organization which brings together leading organizations of directors from across Europe. He is a Member of the Supervisory Boards at: CCC, Ferro, Develia, Artifex Mundi and VanKing Celkar Group. He presides over Audit Committees at CCC and Develia and sits in Audit Committees at Ferro and Artifex Mundi. From 2020 to 2021, he was a Member of the Supervisory Board at Protektor, while from 2017 to 2019, he served as the President of the Supervisory Board at Alior TFI.

From 2017 to 2019, he was the Vice-President of the Management Board and CFO at Alior Bank. Subsequently, from 2020 to 2021, he was a Member of the Management Board at the Luma Holding Ltd. Private equity fund. Earlier on, from 2016 to 2017, he was Senior Investment Director at Grupa Medcover, where he was responsible, among other things, for the initial public offering which ended with its first listing at Nasdaq Stockholm. From 2004 to 2016 he worked with the international advisory firm PwC, where from 2011, as Vice-President, he was responsible for capital market services in Central and Eastern Europe.

He completed business management programs at the Harvard Business School and the Singularity University, as well as graduated in Finance and Banking from the SGH Warsaw School of Economics. He is a certified auditors and holds an ACCA (FCCA) certificate.



Michał Jonczynski - has served on the Supervisory Board since 15 February 2024

He obtained his degree of Doctor of Philosophy in Economics at the University of Gdańsk. In turn, he completed

his postgraduate program in banking at the University of Economics and Business in Poznań. He also completed an MBA Executive Master of Business Administration program at the Kozminski University (Warsaw), a program at the Free University of Berlin as well as German Language and Literature studies at the Adam Mickiewicz University in Poland.

He began his professional career at Berliner Bank, and then served as Vice-President of Bankgesellschaft Berlin (Poland). He co-founded Interligo, an online bank.

He worked at the Polish Oil Concern Orlen served as Vice-President at Orlen Deutschland. From Orlen, he moved to the Deutsche Bank HQ in Frankfurt am Main. He returned to Warsaw to take the position as the Head of Personnel in the PZU Group.

From 2011 to 2016, he served as a Member of the Management Board of the Social Security Institution, and afterwards managed healthcare entities.



Andrzej Kaleta - has served on the Supervisory Board since 15 February 2024

Full Professor of Economics, Rector of the Wrocław

University of Economics and Business since 2016, head of its Department of Strategic Management.

In his research, he deals with issues of strategic management, competitive strategy, and entrepreneurship. He wrote over 200 scientific publications, largely on strategic management, e.g., “Realizacja strategii,” published by PWE in 2013. He provides advisory on strategic management process in corporations (e.g., ABB, ALSTOM, DIJO) and local government authorities (such as in: Bierutów Municipality, Bystrzyca Kłodzka, Wrocław and Sieradz District).

He is a Member of the Committee on Organisational and Management Sciences at the Polish Academy of Sciences. He presided over the Supervisory Board of Impel S.A. and the jury of the Lower Silesian GRIFFIN Economic Award, served as a member of the jury for the Young Talents competition organized by the Lower Silesian Capital Club.



Małgorzata Kurzynoga –has served on the Supervisory Board since 15 February 2024

She is a Doctor of Science in Law and professor of the

University of Łódź. She is an attorney-at-law.

Through over a dozen years of experience, she combined research and practice, being a Professor at the Department of European, International and Collective Labour Law at the University of Łódź, and an attorney-at-law. She specializes in individual and collective labor law, EU law, and new technologies.

She graduated from two long-cycle master’s programs: in law and in administration. From 2006 to 2010, she was on a full-time third-cycle at the Department of European Law, University of Łódź. In 2010, she became a Doctor of Philosophy in Law, and in 2019 - a Doctor of Science. Since 2020, she has been a professor at the University of Łódź. She is a partner at a law firm providing legal assistance for the largest economic operators and public institutions on Polish and EU labor law and social security.

In 2023, she was named one of the “25 most prominent women lawyers in business” by Forbes Women.

She wrote over 70 scientific publications and more than a dozen editorials. She has received numerous awards; among other things, from 2015 to 2018 she was the recipient of the Scholarship of the Minister for Outstanding Young Scientists.

From 2011, she has been part of an international team publishing scientific research at International Labour Law Reports, and belongs to the International Society for Labour and Social Security Law. She made study visits at the University of Amsterdam, the University of Vienna, the University of Santiago de Compostela and the University of Bergamo.

She provides advisory to employers and public institutions. She represents corporate clients in court proceedings in labor law and conducts negotiations with labor unions. She has experience in internal explanatory proceedings and legal audits. She provides analyses and expert legal opinions concerning selected provisions of the Polish and EU law on business compliance.



Anna Machnikowska - has served on the Supervisory Board since 15 February 2024

She graduated in Law from the University of Gdańsk, and obtained the degree of Doctor of Philosophy in Law

(2000), and then of Doctor of Science in Law (2011). She completed her apprenticeship to become a judge (passing the exam in 1994), and an attorney-at-law (passing the exam and being entered in the register of attorneys-at-law in 1996).

Since 2012, she has been the head of the Department of Civil Procedure at the University of Gdańsk, was its Vice-Rector for Education from 2012 to 2019, and the Member of the Board of the University of Gdańsk from 2021 to 2024.

She is also an attorney-at-law, and apart from that, since 2022, she has served as an arbiter at the Court of Arbitration at the General Counsel to the Republic of Poland. Since 2004, she has sat in supervisory boards of various companies, including those operating under a public-private partnership.

From 2020 to 2022, she served as the Member (and the President in 2022) of the Scientific Policy Committee.



Wojciech Olejniczak – has served on the Supervisory Board since 15 February 2024

He is a doctor of philosophy in economics (dissertation

defended in 2007 at the Faculty of Law and Finance) at the Warsaw University of Life Sciences.

Since 2015, he has been involved in the financial sector, first as an Advisor to the President of the National Bank of Poland, then from 2016 to 2019 as the Director of Agro Business Department at Alior Bank S.A.

Since 2019, he has been working with Grupa mBank S.A. (Investment Banking Department)

From 2015 to 2016 he served as an Advisor to the Government of Ukraine in supporting reforms of agri-food companies and institutional reforms of its Ministry of Agriculture and its agendas. From 2003 to 2005, he served as the Minister of Agriculture and Rural Development, responsible for introducing Poland to EU’s common agricultural policy system. He was a Member of the 7th European Parliament (2009-2014), and sat in

the Committee on Regional Development (REGI) and Committee on Agriculture and Rural Development (AGRI). From 2001 to 2009, he was a deputy to the Sejm.

He is an enthusiastic athlete (with 9 marathons and an Ironman under his belt). He was President of the Polish Triathlon Union and a Member of the Executive Board of the Polish Olympic Committee.



Adam Uszpolewicz - has served on the Supervisory Board since 15 February 2024

He has 30 years of experience in financial services, including over 20 years as president of Polish and foreign insurance companies.

From 2007 to 2022, he headed the British insurance and investment group Aviva in Poland. Prior to that, he was involved with the American Nationwide group, where his role was that of the president of insurance companies in Poland and Luxembourg. He has also worked as director of development at the London Branch of General Electric Capital, as well as certified auditor and consultant at Price Waterhouse in Warsaw and London.

He sat in supervisory boards of various insurance and investment companies, among other things, in Poland, Luxembourg, France, Turkey and Lithuania.

He currently serves as an advisor at the British Polish Chamber of Commerce and sits in the Supervisory Board of the WWF Poland Foundation.

He graduated from the University of Copenhagen. He holds an ACCA certificate. He is a Member of the Business Council at the British Chambers of Commerce.

When making changes to the composition of the Supervisory Board the Extraordinary Shareholder Meeting confirmed suitability of the newly appointed Supervisory Board members

The independence criteria set forth in the Best Practices of WSE Listed Companies were met by: Michał Bernaczyk, Anita Elżanowska, Michał Jonczynski, Andrzej Kaleta, Marcin Kubicza, Małgorzata Kurzynoga, Anna Machnikowska, Wojciech Olejniczak and Adam Uszpolewicz. Verification was conducted on the basis of statements submitted by the Supervisory Board members. The content of the statements refers to the independence criteria enumerated in Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision.

Persons serving on the Supervisory Board of PZU had diverse educational background, expertise, were highly qualified, had suitable competence and professional experience as outlined in [Chapter 7.5.3. Diversity policy](#). They ensure an appropriate collegial oversight of all areas of PZU’s operations and guarantee that a broad and comprehensive spectrum of views and opinions will be taken into account while evaluating work of the Management Board and the operation of PZU.

Competences

The powers of the Supervisory Board include continuous supervision over the ongoing operations and development of PZU in all areas of its business, also in terms of identification and management of the impact that the organization has on the economy, environment and people.

The Supervisory Board’s powers include in particular:

evaluating the Management Board’s report on the activity and the PZU Management Board’s report on the activity of the PZU Group and the PZU’s financial statements and consolidated financial statements of the PZU Group for the previous financial year for compliance with the accounting ledgers and documents as well as the facts;

- evaluating the Management Board’s motions to distribute the profit;
- submitting to the Shareholder Meeting an annual written report of the Supervisory Board for the past financial year, taking into account in particular the results of the assessment referred to in the points above;
- approving the solvency and financial condition report of PZU and the solvency and financial condition report of the PZU group;
- selection of an audit firm to conduct mandatory audits of financial statements and the solvency and condition report, in addition, review of financial statements in line with obligations under applicable laws;
- approving the PZU’s long-term development plans (strategies) and annual financial plans prepared by the Management Board;
- examining and consulting matters submitted by the Management Board for deliberation at the Shareholder Meeting;
- preparing reports on compensation for Management Board and Supervisory Board Members on an annual basis;
- concluding, terminating and amending agreements with Management Board Members and setting the rules for their compensation;

- appointing, suspending and dismissing the President of the Management Board, Management Board Members or the entire Management Board and making decisions to discontinue such a suspension;
- approving the Rules and Regulations of the Management Board;
- granting permission for PZU to enter into a material transaction with an affiliated entity.

Mode of operation

The Supervisory Board adopts the organizational rules and regulations of the Supervisory Board which define its organization and manner of acting. The Supervisory Board is required to meet as necessary, at least once every quarter. The chairman of the Supervisory Board directs the work of the Supervisory Board. Supervisory Board Members may participate in the Supervisory Board meeting using means of direct remote communication. The Supervisory Board may delegate its Members to fulfill specific supervising activities on their own and to this effect appoint temporary committees. The scope of responsibility of a delegated Supervisory Board Member and the committee is specified in a resolution of the Supervisory Board.

The Supervisory Board adopts its resolutions by an absolute majority of votes. In the event of a voting tie, the Chairman of the Supervisory Board has the casting vote. Resolutions of the Supervisory Board may be adopted using means of direct remote communication and circular vote. Additionally, the Articles of Association stipulate that a vote may be cast in writing through another Supervisory Board Member.

The Supervisory Board adopts its resolutions in an open ballot. A secret ballot should be held at the request of even a single Supervisory Board Member.

Members of the Management Board, PZU's employees relevant to the issue under consideration selected by the Management Board and other invited persons may take part in the meetings of the Supervisory Board without the right to vote. In specific cases, the Supervisory Board may also invite Members of management boards or supervisory boards of other PZU Group Member companies. Moreover, Supervisory Board Members, with the consent of the Supervisory Board, may select no more than one advisor authorized to take part in the meetings of the Supervisory Board devoted to reports and financial statements and give their advice, provided that such a person adheres to the rules of confidentiality and signs a confidentiality undertaking.

To properly perform its supervisory function, the Supervisory Board may establish permanent and ad hoc committees whose competencies, composition and manner of operation will be laid down in the rules and regulations of the committee in question adopted by the Supervisory Board. The Supervisory Board and its committees may use the services of experts and consulting firms.

Currently, the following committees operate within the Supervisory Board:

- Audit Committee;
- Nomination and Compensation Committee,
- Strategy Committee.

In order to perform its obligations, the Supervisory Board may inspect all Company documentation, revise the Company's property and request that the Management Board, commercial proxy [prokurent] and persons hired by the Company under employment agreement or performing work for the Company on a regular basis under a specific-work agreement, service agreement or another, similar agreement, compile or provide any and all information, documents, statements or explanations regarding the Company, in particular its operations and property. Such request may also relate to information, statements or explanations regarding affiliates and subsidiaries that such a body or person is in possession of.

Audit Committee

The Audit Committee was appointed by a Supervisory Board resolution of 3 June 2008.

The Audit Committee includes at least three members. At least one Member of the Audit Committee should be qualified in accounting or auditing. Furthermore, the majority of the Audit Committee Members, including the chairperson, should meet the independence criteria set forth in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (independent Member) concerning, without limitation, professional or family ties, especially to managers or supervisors of PZU or PZU Group entities. The detailed tasks and terms and conditions of appointing Members of the Audit Committee and its operation are specified in a resolution of the Supervisory Board which takes into account the relevant competencies and experience of candidates for Members of the Committee.

The Audit Committee is appointed to improve the effectiveness of the Supervisory Board's oversight activities in respect of the correctness of financial reporting, the effectiveness of internal control system, including internal audit, and the risk management system. In addition, the Audit Committee may request the Supervisory Board to request specific control activities in PZU, whereby the requested activities may be performed by an internal unit or external entity.

PZU takes into consideration the Best practices for public interest entities pertaining to the appointment, composition and operation of the audit committee as published by the Office of the Polish Financial Supervision Authority on 24 December 2019.

The scope of the Audit Committee's activities comprises:

- monitoring the PZU's financial reporting process,
- monitoring the effectiveness of internal control, internal audit and risk management systems, including as regards financial reporting;
- monitoring the performance of financial audit activities in PZU, in particular conducting the audit by the audit firm, taking into account the findings and conclusions of the Polish Audit Supervision Agency following from an inspection carried out in the audit firm;
- assessing the independence of the statutory auditor and the audit firm;
- providing advice and issuing opinions within the scope of the Supervisory Board's powers relating to the activities specified in the four items above and to the extent permitted by the prevailing provisions of law and the PZU's internal regulations;

- resending a recommendation regarding the selection of an audit firm to perform the audit and review of the financial statements to the Supervisory Board;
- controlling and monitoring the independence of the statutory auditor and the audit firm, including giving consent to the audit firm conducting the audit, its related entities and by a Member of the audit firm's network to provide permitted services in PZU or entities from the PZU Group, upon assessing the threats and safeguards of the independence of the statutory auditor and the audit firm and verification of the compensation limit for the provided services;
- informing the Supervisory Board of the results of the audit and review and explaining how the audit has contributed to reliability of the financial reporting in PZU and the PZU Group, and the role of the Committee in the audit process;
- developing a policy for the selection of an audit firm to perform the audit;
- developing a policy for provision of permitted services by the audit firm conducting the audit, its related entities and by a member of the audit firm's network;
- defining a procedure for the selection of an audit firm;
- submitting recommendations aimed at ensuring the reliability of the financial reporting process in PZU;
- supervising the compliance function;
- monitoring introduction of changes in PZU in connection with the recommendations issued by the key statutory auditor, Internal Audit Department (with regard to preparation of financial statements), Supervisory Board or the Committee.

Composition and changes in the composition of the Audit Committee in the period from 1 January 2023 to 31 December 2023

	Composition of the Audit Committee		
	1 January 2023	15 June 2023	31 December 2023
Position			
Chairman	Krzysztof Opolski	Krzysztof Opolski	Krzysztof Opolski
Member	Marcin Chludziński	Marcin Chludziński	Marcin Chludziński
Member	Robert Śnitko	-	-
Member	-	Paweł Górecki	Paweł Górecki
Member	Piotr Wachowiak	-	-
Member	-	Marcin Kubicza	Marcin Kubicza
Member	Maciej Zaborowski	-	-

Knowledge, skills and experience of Audit Committee members including the way in which they were acquired

In the period from 1 January 2023 to 14 June 2023

All Members of the Audit Committee have made a declaration of independence within the meaning of Article 129(3) of the Act on Statutory Auditors, Audit Firms and Public Supervision, and of having knowledge and skills in the industry in which PZU operates.

Krzysztof Opolski, Marcin Chludziński, Robert Śnitko and Piotr Wachowiak were designated as Members holding qualifications in accounting or auditing financial statements. The Members of the Audit Committee collectively have knowledge and skills in the insurance industry, which derive, among other things, from their education, work experience and functions held.

Krzysztof Opolski, a Member of PZU Supervisory Board since 24 May 2019, is a Professor, doctor of economics. Former long-term head of the Department of Banking, Finance and Accounting the Faculty of Economics of the University of Warsaw. In 2009–2010 he was the head of strategic advisors to the President of the National Bank of Poland. He has many years of experience on managerial and supervisory positions in commercial law companies. He was a Supervisory Board member at Bank Handlowy w Warszawie SA, AXA Polska SA and Centrum Giełdowe SA.

Marcin Chludzinski, serving on the PZU Supervisory Board since 7 January 2016. Manager, President of the Management Board of Operator Gazociągów Przesyłowych Gaz-System SA. From 2018 to 2022 President of KGHM Polska Miedź SA, from 2016 to 2018 President of the Management Board of Agencja Rozwoju Przemysłu SA, previously served on the boards and

regulatory bodies of commercial companies. Graduate of the University of Warsaw. He specializes in strategic development and business transformation. He graduated from the Advanced Management Program (AMP) at IESE Business School in Barcelona.

Robert Śnitko was a PZU Supervisory Board Member from 12 April 2017 to 7 June 2023¹ (in the Audit Committee from 27 March 2019 to 7 June 2023), has the title of PhD in economics at the Warsaw School of Economics, is an university teacher and member of the International Institute for Strategic Studies. Graduate of the London School of Economics and Political Science, University of London, School of Oriental and African Studies, University of London and Faculty of Economics at the Radom Technical University.

Piotr Wachowiak was a member of the PZU Supervisory Board from 1 September 2022 to 7 June 2023² (in the Audit Committee from 23 November 2022 to 7 June 2023), has a PhD degree in economics. Graduate of the Main School of Planning and Statistics at the Faculty of Domestic Trade. Currently a Rector of the Warsaw School of Economics and Director of the Institute of Management. Also serves as: Vice-Chairman of the Committee on Organization and Management Sciences of the Polish Academy of Sciences, Vice-Chairman of the Conference of Rectors of Economic Universities and Chairman of the Conference of Rectors of Warsaw Universities.

Maciej Zaborowski, has served on the PZU Supervisory Board since 7 January 2016 (in the Audit Committee from 18 September 2017 to 14 June 2023). He is a graduate of the Faculty of Law and Administration at the University of Warsaw, concluded postgraduate studies in intellectual

1, 2) The terms of office of the members of the Supervisory Board expired on June 7, 2023, i.e., on the date of the General Meeting approving PZU's financial statements for 2022

property law and postgraduate studies in evidence law. He also graduated from the Harvard Law School (ALP), Center for American Law Studies and the Leadership Academy for Poland. Advocate, Ministry of Justice expert and standing mediator at the Court of Arbitration in the General Counsel to the Republic of Poland. He is a university lecturer. He is the Managing Partner in the law firm Kopeć Zaborowski Adwokaci i Radcowie Prawni sp.p. Member of the State Tribunal since February 2018. On numerous occasions he was awarded in Polish and international legal competitions and rankings. He has acquired experience in corporate governance as a member of supervisory boards in various companies.

In the period from 15 June 2023 to 31 December 2023

All Members of the Audit Committee have made a declaration of independence within the meaning of Article 129(3) of the Act on Statutory Auditors, Audit Firms and Public Supervision, and of having knowledge and skills in the industry in which PZU operates.

Krzysztof Opolski and Marcin Chludziński were designated as members holding qualifications in accounting or auditing financial statements.

Krzysztof Opolski, Marcin Chludzinski and Pawel Górecki were designated as members with knowledge and skills in the insurance industry, which stem from, among other things, their education, professional experience and positions held.

Krzysztof Opolski's and Marcin Chludzinski's knowledge, skills and experience including the way in which they were acquired, are described above.

Paweł Górecki, on the PZU Supervisory Board since 8 February 2017. Doctor of juridical science and attorney-



at-law. Graduated from the Faculty of Law, Administration and Economics of the University of Wrocław. He attended numerous training courses and workshops in law of evidence, civil and penal law and management of public entities. He has authored several dozen papers on the subject of law published by Polish and international journals. He specializes in corporate law, the capital market and the application of court and administrative procedures. Member of supervisory boards of several capital companies. Currently, Vice-President of the KDPW S.A. Management Board and Supervisory Board Deputy Chairman of ARP Leasing Sp. z.o.o.

Marcin Kubicza, on the PZU Supervisory Board since 7 June 2023. He graduated from the Faculty of Law and Administration at the University of Warsaw (2004) and the Institute of International Relations (2002) of the same university. He participated in the Executive Doctor of Business Administration program at the Institute of Economic Sciences of the Polish Academy of Sciences (2012–2014). He completed his prosecutor’s training culminating in a successful prosecutor’s exam in 2008. Since 2008 he has been registered in the list of attorneys of the Bar Association in Kielce and since 2009 in the list of attorneys-at-law kept by the Council of the District Chamber of Legal Advisers in Warsaw. He has many years of experience as a manager in large entities providing legal support and service as well as corporate governance, also in a capital group which included entities belonging to the banking, pension, property and life insurance sectors, as well as entities from the public finance sector responsible for the management of the state budget funds.

Composition and changes in the composition of the Audit Committee in the period from 1 January 2024 to 20 March 2024

Position	Composition of the Audit Committee		
	1 January 2024	23 February 2024	20 March 2024
Chairman	Krzysztof Opolski	Adam Uszpolewicz	Adam Uszpolewicz
Member	Marcin Chludziński	Filip Gorczyca	Filip Gorczyca
Member	Paweł Górecki	Michał Jonczynski	Michał Jonczynski
Member	Marcin Kubicza	Andrzej Kaleta	Andrzej Kaleta

Knowledge, skills and experience of Audit Committee members including the way in which they were acquired

Adam Uszpolewicz, Michał Jonczynski and Andrzej Kaleta made a declaration of independence within the meaning of Article 129(3) of the Act on Statutory Auditors, Audit Firms and Public Supervision Filip Gorczyca submitted a declaration of knowledge of the industry in which PZU operates, while Adam Uszpolewicz and Michał Jonczynski submitted declarations of knowledge and skills related to the industry in which PZU operates.

Adam Uszpolewicz, Filip Gorczyca and Michał Jonczynski were designated as members holding qualifications in accounting or auditing financial statements.

Adam Uszpolewicz has served on the Supervisory Board since 15 February 2024. He has 30 years of experience in financial services, including over 20 years as president of Polish and foreign insurance companies. From 2007 to 2022, he headed the British insurance and investment

group Aviva in Poland. Prior to that, he was involved with the American Nationwide group, where his role was that of the president of insurance companies in Poland and Luxembourg. He has also worked as director of development at the London Branch of General Electric Capital, as well as certified auditor and consultant at Pricewaterhouse in Warsaw and London. He sat in supervisory boards of various insurance and investment companies, among other things, in Poland, Luxembourg, France, Turkey and Lithuania. He currently serves as an advisor at the British Polish Chamber of Commerce and sits in the Supervisory Board of the WWF Poland Foundation. He graduated from the University of Copenhagen. He holds an ACCA certificate. He is a Member of the Business Council at the British Chambers of Commerce.

Filip Gorczyca has served on the PZU Supervisory Board since 15 February 2024. He is a member of the Management Board of the Association of Independent Supervisory Board Members. He represents it at ecoDa, an umbrella organization which brings together leading

organizations of directors from across Europe. He is a Member of the Supervisory Boards at: CCC, Ferro, Develia, Artifex Mundi and VanKing Celkar Group. He presides over Audit Committees at CCC and Develia and sits in Audit Committees at Ferro and Artifex Mundi. From 2020 to 2021, he was a Member of the Supervisory Board at Protektor, while from 2017 to 2019, he served as the President of the Supervisory Board at Alior TFI. From 2017 to 2019, he was the Vice-President of the Management Board and CFO at Alior Bank. Subsequently, from 2020 to 2021, he was a Member of the Management Board at the Luma Holding Ltd. Private equity fund. Earlier on, from 2016 to 2017, he was Senior Investment Director at Grupa Medcover, where he was responsible, among other things, for the initial public offering which ended with its first listing at Nasdaq Stockholm. From 2004 to 2016 he worked with the international advisory firm PwC, where from 2011, as Vice-President, he was responsible for capital market services in Central and Eastern Europe. He completed business management programs at the Harvard Business School and the Singularity University, as well as graduated in Finance and Banking from the SGH Warsaw School of Economics. He is a certified auditors and holds an ACCA (FCCA) certificate.

Michał Jonczynski has served on the PZU Supervisory Board since 15 February 2024. He obtained his degree of Doctor of Philosophy in Economics at the University of Gdańsk. In turn, he completed his postgraduate program in banking at the University of Economics and Business in Poznań. He also completed an MBA Executive Master of Business Administration program at the Kozminski University (Warsaw), a program at the Free University of Berlin as well as German Language and Literature studies at the Adam Mickiewicz University in Poland. He began his professional career at Berliner Bank, and then served as Vice-President of Bankgesellschaft Berlin (Poland).



He co-founded Interligo, an online bank. He worked at the Polish Oil Concern Orlen served as Vice-President at Orlen Deutschland. From Orlen, he moved to the Deutsche Bank HQ in Frankfurt am Main. He returned to Warsaw to take the position as the Head of Personnel in the PZU Group. From 2011 to 2016, he served as a Member of the Management Board of the Social Security Institution, and afterwards managed healthcare entities.

Andrzej Kaleta has served on the PZU Supervisory Board since 15 February 2024. Full Professor of Economics, Rector of the Wrocław University of Economics and Business since 2016, head of its Department of Strategic Management. In his research, he deals with issues of strategic management, competitive strategy, and entrepreneurship. He wrote over 200 scientific publications, largely on strategic management, e.g., “Realizacja strategii,” published by PWE in 2013. He provides advisory on strategic management process in corporations (e.g., ABB, ALSTOM, DIJO) and local government authorities (such as in: Bierutów Municipality, Bystrzyca Kłodzka, Wrocław and Sieradz District). He is a Member of the Committee on Organisational and Management Sciences at the Polish Academy of Sciences. He presided over the Supervisory Board of Impel S.A. and the jury of the Lower Silesian GRIFFIN Economic Award, served as a member of the jury for the Young Talents competition, and was a Member of the Lower Silesian Capital Club.

Nomination and Compensation Committee

The Nomination and Compensation Committee was appointed by a Supervisory Board resolution of 12 May 2010.

The Supervisory Board determines the number of Committee members and appoints them from among its own members. The Committee includes at least one independent member.

The Nomination and Compensation Committee is appointed to improve the effectiveness of the Supervisory Board’s supervision related to the development of the management structure, including organizational solutions, the remuneration principles and the selection of properly qualified staff.

The tasks of the Nomination and Compensation Committee include, in particular, issuing opinions and presenting recommendations to the Supervisory Board with regard to its decisions made with regard to:

- concluding, terminating and amending agreements with Management Board Members and setting the rules for their compensation;
- setting the level of compensation, bonuses and additional benefits for the Management Board;
- appointing, suspending and dismissing the President of the Management Board, Management Board Members or the entire Management Board and discontinuing suspension;
- seconding Supervisory Board Members to perform temporarily the functions of Management Board Members who have been dismissed, resigned or cannot perform their functions for other reasons.
- suitability assessment:
 - individual suitability assessments of Management Board candidates, Management Board members, and collective Management Board assessments;

Composition and changes in the composition of the Nomination and Compensation Committee in the period from 1 January 2023 to 31 December 2023

Position	Composition of the Nomination and Compensation Committee		
	1 January 2023	13 September 2023	31 December 2023
Chairman	Robert Jastrzębski	Robert Jastrzębski	Robert Jastrzębski
Member	Paweł Górecki	Paweł Górecki	Paweł Górecki
Member	Agata Górnicka	Agata Górnicka	Agata Górnicka
Member	Radostaw Sierpiński	Radostaw Sierpiński	Radostaw Sierpiński
Member	Elżbieta Mączyńska-Ziemacka	-	-

Composition and changes in the composition of the Nomination and Compensation Committee in the period from 1 January 2024 to 20 March 2024

Position	Composition of the Nomination and Compensation Committee		
	1 January 2024	23 February 2024	20 March 2024
Chairman	Robert Jastrzębski	Małgorzata Kurzynoga	Małgorzata Kurzynoga
Member	Paweł Górecki	Michał Bernaczyk	Michał Bernaczyk
Member	Agata Górnicka	Wojciech Olejniczak	Wojciech Olejniczak
Member	Radostaw Sierpiński	Adam Uszpolewicz	Adam Uszpolewicz

– individual suitability assessments of Supervisory Board’s Audit Committee candidates, Supervisory Board’s Audit Committee members, and collective Supervisory Board’s Audit Committee assessments;

- approving the proposed individual suitability assessments of Supervisory Board candidates, Supervisory Board members, and collective Supervisory Board assessments;

Strategy Committee

The Strategy Committee was appointed by a Supervisory Board resolution of 29 July 2010.

The Supervisory Board determines the number of Committee members and appoints them from among its own members.

The Strategy Committee is appointed to increase the efficiency of the Supervisory Board’s supervisory activities as regards issuing opinions on strategic documents submitted by the Management Board (in particular development strategy). The Committee submits recommendations to the Supervisory Board on planned investments with a significant impact on PZU’s assets.

The tasks of the Strategy Committee include, in particular, issuing opinions and presenting recommendations to the Supervisory Board with regard to its decisions pertaining to:

- approving PZU’s long-term development plans prepared by the Management Board;
- planned investments in PZU and the PZU Group;

Composition and changes in the composition of the Strategy Committee in the period from 1 January 2023 to 31 December 2023

Position	Composition of the Strategy Committee		
	1 January 2023	15 June 2023	31 December 2023
Chairman	Robert Śnitko	Marcin Kubicza	Marcin Kubicza
Member	Marcin Chludziński	Marcin Chludziński	Marcin Chludziński
Member	Agata Górnicka	Agata Górnicka	Agata Górnicka
Member	Robert Jastrzębski	-	-
Member	-	Józef Wierzbowski	Józef Wierzbowski
Member	Maciej Zaborowski	Maciej Zaborowski	Maciej Zaborowski

Composition and changes in the composition of the Strategy Committee in the period from 1 January 2024 to 20 March 2024

Position	Composition of the Strategy Committee		
	1 January 2024	23 February 2024	20 March 2024
Chairman	Marcin Kubicza	Andrzej Kaleta	Andrzej Kaleta
Member	Marcin Chludziński	Anita Elżanowska	Anita Elżanowska
Member	Agata Górnicka	Filip Gorczyca	Filip Gorczyca
Member	Józef Wierzbowski	Anna Machnikowska	Anna Machnikowska
Member	Maciej Zaborowski	-	-

- consent for PZU to conclude an agreement with an underwriter as referred to in Article 433 § 3 of the Commercial Companies Code;
- rules for purchase, subscription or sale of ownership interests and shares in companies as well as PZU’s participation in other entities and accepting the Management Board’s motions on these matters;
- consent to transferring an insurance portfolio in its entirety or in part.

Activity of the Supervisory Board and Supervisory Board Committees in 2023

[GRI 2-12] [GRI 2-18]

In 2023, Supervisory Board members devoted the time necessary to perform their duties. The Supervisory Board held 15 meetings, at which it adopted 173 resolutions. It also adopted 8 resolutions between meetings by written procedure. These resolutions pertained to all the areas of the PZU’s business and were consistent with the scope of oversight functions defined by the requirements of the generally binding law, the Insurance and Reinsurance Activity Act of 11 September 2015, KNF’s recommendations, corporate governance rules and the ones described in PZU’s Articles of Association and the Supervisory Board Rules and Regulations. The Supervisory Board meetings in 2023 were held in the hybrid form – some Supervisory Board Members participated in the meetings on site and some remotely.

Members of the Supervisory Board, in order to comprehensively supervise PZU’s activities, were in constant and direct contact with the Management Board. They monitored the company’s situation in the macroeconomic and regulatory environment. The Supervisory Board made requests the Management Board on an ongoing basis and received detailed materials on issues listed in the meeting’s agenda, as well as on all other matters relevant to the company’s operations.

The main areas of Supervisory Board’s activity in 2023

Strategy

- The Supervisory Board monitored the implementation of the PZU Group Strategy for 2021–2024, both the achievement of KPIs and progress in implementing strategic initiatives and projects;
- The Board approved recalibration of strategy indicators due to the implementation of the IFRS 17 accounting standard and changes in the macroeconomic environment.

Relations with the auditor

- The Supervisory Board has been in contact with the auditor (KPMG Audit), discussing the results of the audit of the PZU Group’s annual consolidated financial statements for 2022 and PZU’s standalone annual financial statements for 2022, as well as the review of the PZU Group’s condensed consolidated interim financial statements for H1 2023 and PZU’s standalone condensed interim financial statements for H1 2023, and the audit of PZU’s and PZU Group’s solvency and financial condition reports.

- The Board selected an audit firm to audit the 2022 Report on Remuneration of Members of the Management Board and Supervisory Board, reviewed the result of the audit and submitted the report to the Shareholder Meeting for opinion.

Finance

- The Supervisory Board approved the financial plan for PZU and PZU Group for the year 2023. At its subsequent meetings, the Supervisory Board regularly reviewed and evaluated the performance of the PZU Group and its distinct business divisions in relation to the financial plan. It also approved the financial plan for the year 2024.
- The Board conducted an ongoing assessment of financial security of the business and financial result of PZU and the PZU Group based on the information received, including in particular:
 - financial result of PZU and the PZU Group for 2022, H1 2023 and Q1 and Q3 2023,
 - PZU market share,
 - reinsurance program,
 - capital adequacy for PZU and the PZU Group,
 - reports on the use of concentration limits and thresholds in the PZU Financial Conglomerate.
- In addition, the Supervisory Board, executed the following activities (the list is not exhaustive):
 - approved the PZU solvency and financial condition report for the year which ended on 31 December 2022 and the PZU Group solvency and financial condition

Participation of members in meetings of the Supervisory Board, Audit Committee, Nomination and Compensation Committee and Strategy Committee in 2023

	Attendance at meetings *							
	Supervisory Board		Audit Committee		Nomination and Compensation Committee		Strategy Committee	
Robert Jastrzębski	15/15	100%			11/11	100%	2/2 b)	100%
Paweł Górecki	15/15	100%	6/6 a)	100%	11/11	100%		
Agata Górnicka	15/15	100%			11/11	100%	4/4	100%
Marcin Chludziński	14/15	93%	11/13	84%			3/4	75%
Marcin Kubicza (in the Supervisory Board since 7 June 2023)	7/7	100%	6/6 a)	100%			2/2 c)	100%
Krzysztof Opolski	15/15	100%	13/13	100%				
Radosław Sierpiński	14/15	93%			9/11	82%		
Józef Wierzbowski	14/15	93%					2/2 b)	100%
Maciej Zaborowski	12/15	81%	6 /7	86%			2/4	50%
Robert Śnitko (in the Supervisory Board until 7 June 2023**)	8/8	100%	7/7	100%			2/2	100%
Piotr Wachowiak (in the Supervisory Board until 7 June 2023**)	5/8	62%	5/7	71%				
Elżbieta Mączyńska-Ziemacka (in the Supervisory Board until 13 September 2023)	12/12	100%			9/9	100%		

*) Attendance at meetings/number of meetings while in office

***) The terms of office of the Members of the Supervisory Board expired on 7 June 2023, i.e. on the date of the Shareholder Meeting approving the PZU financial statements for 2022.

a) in the Audit Committee from 15 June 2023 to 31 December 2023

b) in the Strategy Committee from 1 January 2023 to 7 June 2023

c) in the Strategy Committee from 15 June 2023 to 31 December 2023

report for the year which ended on 31 December 2022;

- issued a positive opinion on the PZU Management Board’s motion to the Shareholder Meeting to distribute PZU’s net profit for the year which ended on 31 December 2022.

Internal audit, compliance, risk and internal control system

In terms of supervision, the Supervisory Board was informed about the activities of the internal audit, compliance, risk management and internal control functions. Among other things, the Board received information on the results of conducted audits and external inspections, and the phase of implementation of post-audit recommendations. It also conducted reviews of major risk areas. In particular, the Board received information on the results of the following:

- its own risk and solvency assessment with a summary of the annual risk analysis process and identification of key risks (ORSA assessment);
- Examination and Supervisory Assessment of insurance and reinsurance companies carried out annually by the Polish Financial Supervision Authority (BION assessment);

as well as:

- quarterly risk reports, including information on compliance risk management at PZU and PZU Group companies;
- quarterly internal audit reports;
- reports on the cyber security at PZU taking potential threats into account.

In addition, the Board approved:

- risk management strategy for the PZU Group.

Others

- The Supervisory Board defined management objectives for the Management Board Members for 2023 and evaluated achievement of the management objectives for 2022. It also decided to pay the Non-Deferred Variable Compensation of the Management Board members for 2022 and the Deferred Variable Compensation for the years 2019–2021;
- The Supervisory Board monitored the costs of contracts for legal, marketing, public relations and management consulting services, and granted approvals for sponsorship agreements, advertising campaign agreements, social media communications and strategic consulting agreements;
- The Supervisory Board carried out a secondary assessment of individual suitability of the President of the Management Board, the Management Board Members, the Supervisory Board Members and members of the Audit Committee, as well as the individual suitability assessment of Supervisory Board candidates for the new term, and a collective assessment of suitability of the Supervisory Board and the Audit Committee.
- The Supervisory Board also conducted a review of the operations of PZU Group companies, in particular:

- Ukrainian companies in the PZU Group in connection with the ongoing armed conflict in Ukraine,
- the impact of the CJEU spokesman’s position on CHF loans on the performance of banks in the PZU Group.

- The Supervisory Board reviewed the results of the Employee Engagement Survey.

In addition, the Board agreed to:

- acquisition of shares of Polski Gaz TUW,
- purchase of ordinary shares of UAB “PZU Lietuva gyvybes draudimas” – a strategic entity, in connection with the compulsory buyout of a minority shareholder,
- increasing the share capital of PZU Ukraine and PZU Ukraine Life Insurance.

At each meeting, the Supervisory Board also received information on the subject of resolutions adopted by the Management Board and significant events related to the company’s affairs, particularly in the areas of operations, investment and personnel, including with regard to subsidiaries.

The most important issues dealt with by the committees of the Supervisory Board

During regular meetings held in 2023 the Supervisory Board’s committees discussed in detail the most important issues relating to various areas of the company’s business, which must be approved by the Supervisory Board in accordance with the prevailing regulations, and presented information on their work to the Supervisory Board.

Audit Committee

In 2023, the Audit Committee held 13 meetings.

Key issues addressed by the Audit Committee in 2023 covered the discussions on:

- the risk report for Q4 2022 and for Q1–3 2023;
- the report on the use of the limit and concentration thresholds in the PZU financial conglomerate as at the end of 2022 and the first three quarters of 2023;
- PZU Group’s Corrective Action Plan indicators for Q4 2022 and Q1–3 2023;
- the results of PZU’s and PZU Group’s own risk and solvency assessment (ORSA);
- implementation of the Risk Area Strategy for the years 2021–2024;
- the annual report on the Internal Audit Department’s activity in 2022;
- the findings of external inspections conducted in PZU in 2022;
- the report on the Internal Audit Department’s activity in Q4 2022 and Q1–3 2023;
- the draft audit plan for 2023;
- financial result of PZU and the PZU Group for 2022, H1 2023 and Q1 and Q3 2023;
- the additional report for the Audit Committee;
- takeover of the audit of the financial statements of PZU and the PZU Group by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k.;

In 2023, the Committee made recommendations to the Supervisory Board on:

- approval of the Financial Plan of PZU SA and the PZU Group (in line with the IFRS 17) for 2023;
- amendments to the Financial Plan of PZU and the PZU Group (in line with the IFRS 17) for 2023;

- approval of the PZU Group’s risk management strategy;
- assessing the solvency and financial condition report of PZU for the year which ended on 31 December 2022;
- assessing the solvency and financial condition report of PZU Group for the year which ended on 31 December 2022;
- amendments to the Regulations of the Audit Committee of the PZU Supervisory Board

made the assessment of:

- PZU’s financial statements and the PZU Group’s consolidated financial statements for the year which ended on 31 December 2022, and the Management Board’s report on the activity of the PZU Group and PZU in 2022, with the report on non-financial information;
- the Management Board’s motion to the Shareholder Meeting to distribute PZU’s net profit for the year which ended on 31 December 2022;

and accepted the Audit Committee’s report on its activity in 2022.

The Audit Committee adopted resolutions on the acceptance of the permitted services to be provided by PZU’s auditor, KPMG Audyty sp. z o.o. sp. k., to PZU Group entities. Based on an analysis of representations submitted by representatives of the entity performing the audit – KPMG Audit, the Committee made a positive assessment of the independence of the statutory auditor and the audit firm and confirmed that the auditor and PZU comply with the regulatory requirements concerning the rotation of the key statutory auditor and the audit firm performing audits of the standalone and consolidated financial statements and standalone and

consolidated solvency and financial condition reports of PZU and the PZU Group.

Nomination and Compensation Committee

In 2023, the Nomination and Compensation Committee held 11 meetings.

Key issues addressed by the Nomination and Compensation Committee in 2023 involved:

- defining the Management Objectives for the Company’s Management Board Members for 2023;
- submitting a recommendation to the PZU Supervisory Board on giving consent to pay Members of the PZU Management Boards of deferred variable compensation under management services provision agreement for 2019, 2020 and 2021;
- assessing the attainment of Management Objectives for 2022 and variable compensation of PZU Management Board Members for 2022;
- discussing the Supervisory Board Report on Compensation of PZU Management Board and Supervisory Board Members for 2022;
- discussing the PZU Management Board Report on the implementation of the Compensation Policy for the PZU Management Board and Supervisory Board Members for the period from 1 July 2022 to 30 June 2023;
- carrying out an assessment of suitability of Supervisory Board Members and Audit Committee Members (individual and collective reassessment);
- assessment of suitability of PZU Supervisory Board candidates for the new term (individual and collective assessment);

- assessment of suitability of the PZU Supervisory Board’s Audit Committee candidates (individual and collective assessment);
- assessment of suitability of PZU Management Board Members (individual and collective reassessment);
- issuing recommendations to the PZU Supervisory Board on amending the Compensation Policy for Members of the Management Board and Supervisory Board of PZU;
- issuing recommendations to the PZU Supervisory Board on amending the Principles for Assessing Suitability of the Supervisory Board and Audit Committee of PZU;
- issuing recommendations to the PZU Supervisory Board on amending the Principles for Assessing Suitability of the PZU Management Board;
- reviewing the diversity policy for Members of PZU bodies;
- issuing recommendations to the PZU Supervisory Board on amendments to the Regulations of the PZU Supervisory Board Nomination and Compensation Committee.

Strategy Committee

In 2023, the Strategy Committee held 4 meetings.

Key issues addressed by the Strategy Committee in 2023 were as follows:

- discussing the half-year reports on the implementation of the PZU Group Strategy for 2021–2024.
- issuing recommendations to the PZU Supervisory Board on approving the document entitled “The

- impact of the implementation of IFRS 17 and changes in the macroeconomic environment on the indicators of the PZU Group Strategy for 2021–2024”
- issuing recommendations to the PZU Supervisory Board on amendments to the Regulations of the PZU Supervisory Board Strategy Committee.

7.5.3. Diversity policy

PZU employs best practices promulgating diversity and it cares about equal treatment for employees. At PZU, we are of the opinion that the diversity of roles and variety of character and personality traits build the entire organization's success.

Respecting human rights is assigned special significance in the pursued organizational culture policy. This involves counteracting mobbing and discrimination, offering equal opportunities to all employees regardless of their professional position in the PZU Group, sex, age, disability, race, religion, nationality, political convictions, union membership, ethnic origin, denomination, sexual orientation, form of employment – for a specified or unspecified term, on a full-time or part-time basis while simultaneously respecting the right of assembly and the right to strike.

Diversity policy for supervisory, management and administrative bodies

PZU has in place a Diversity Policy for members of PZU's bodies, adopted by the Supervisory Board and the Shareholder Meeting, respectively.

Objectives and implementation of the policy

The purpose of the diversity policy is to strive to ensure high-quality implementation of the tasks by PZU by appointing competent members to the company's bodies, taking into account diversity of the compositions of its corporate bodies in terms of sex, age, profile of education, specialist knowledge and professional experience. By implementing the diversity strategy, PZU is widening its scope to conducting its operations, both in organizational and business terms, creating innovative, varied, integration and fair working environment. In shaping the membership of its corporate bodies, PZU applies the diversity policy while also maintaining an objective approach and being guided by substantive criteria.

The competent bodies, in selecting the composition of the members of the Management Board or the Supervisory Board, shall ensure the selection of persons having diverse knowledge, experience, skills and other qualifications and qualities required of the members of these bodies by universally and internally applicable laws, in particular the Suitability Assessment Rules of the Supervisory Board and the Audit Committee and the Management Board, adopted by resolutions of the Shareholder Meeting and the Supervisory Board, respectively.

As regards qualifications and requirements for those occupying positions in management and supervisory bodies, PZU takes into account also the statutory criteria for education and professional experience adequate to the functions discharged on such positions in the entity conducting insurance activity. They are defined in the provisions of the Commercial Company Code of 15 September 2000, the Insurance and Reinsurance

Management Board and Supervisory Board members are selected for the new term of office in compliance with the principles of equal access of men and women to positions in the company's statutory bodies. The Shareholder Meeting and Supervisory Board, in selecting the members of the Supervisory Board and the Management Board, respectively, strive for gender parity in the company's governing bodies, with the minimum gender minority participation at 30%.

Activity Act of 11 September 2015 and the State Property Management Act of 16 December 2016.

Policy implications

In 2023, the composition of the bodies of the Supervisory Board and the Management Board provided access to a wide range of competencies, different points of view, knowledge and skills appropriate to their positions, ensuring that the members of the Supervisory Board and the Management Board – individually and as a body – give independent opinions and decisions on the entire range of PZU's activities. The Supervisory Board and the Management Board were composed of people of different ages and sexes, with various educational profiles and experience.

The criterion for gender diversity at a minority participation level of no less than 30% was met in 2023 for the Board of Directors; it was not met for the Supervisory Board.

The 2023 PZU Supervisory Board was dominated by people with legal expertise, including representatives

from academia and business. Board members had backgrounds in insurance, banking and finance, as well as legal experience. PZU managers have graduated from various universities in Poland and abroad, and hold various certificates as well as titles and degrees.

The composition of the PZU Management Board and Supervisory Board also addressed the need of age diversification among their members. The average age of the members of the Supervisory Board was 49, while that of the Management Board was 48. The youngest member of the Supervisory Board was 35 years old and the oldest 75 years old. The age difference between the youngest (43) and oldest (53) Board members was 10 years.

In Q2 2023, the Nomination and Compensation Committee conducted the annual policy review. Its results, consulted with the Management Board and the Supervisory Board, were presented to the Ordinary Shareholder that took place on 7 June 2023.



[GRI 405-1] [ESRS S1-9] – Diversity indicators

The level of diversity as at 31 December 2023 is presented in the tables below.

Age and sex

PZU Supervisory Board								
	31 December 2022				31 December 2023			
	number of people		%		number of people		%	
	women	men	women	men	women	men	women	men
< 30 years of age	0	0	0%	0%	0	0	0%	0%
30-40 years	1	2	9%	18%	1	2	11%	22%
41-50 years	0	3	0%	27%	0	2	0%	22%
> 50 years of age	1	4	9%	36%	0	4	0%	45%
Total number per sex	2	9	18%	82%	1	8	11%	89%

PZU Management Board								
	31 December 2022				31 December 2023			
	number of people		%		number of people		%	
	women	men	women	men	women	men	women	men
< 30 years of age	0	0	0.0%	0.0%	0	0	0.0%	0.0%
30-40 years	0	1	0.0%	12.5%	0	1	0.0%	12.5%
41-50 years	2	4	25.0%	50.0%	2	3	25.0%	37.5%
> 50 years of age	1	0	12.5%	0%	1	1	12.5%	12.5%
Total number per sex	3	5	37.5%	62.5%	3	5	37.5%	62.5%

Education and specialist knowledge

Education	Insurance, banking, finance	Management and marketing	Law	Economics	Other
Supervisory Board [number of people]			4	1	4
Management Board [number of people]	3	1	4		

Certificates / academic titles and degrees*	MBA	EMBA	ACCA	CQF	prof.	dr hab.	dr	DBA
Supervisory Board	1	1			1	3	1	1
Management Board	2	2	1	1		1	1	

*) MBA – Master of Business Administration, EMBA – Executive MBA, ACCA – Association of Chartered Certified Accountants, CQF – Certificate in Quantitative Finance, prof. – professor, dr. hab. – doktor habilitowany, dr – doktor, DBA – Doctor of Business Administration

Professional experience

Years in service	Years in service at PZU bodies		
	< 3 years	3-6 years	> 6 years
Supervisory Board [number of people]	2	3	4
Management Board [number of people]	5	1	2

Experience of PZU Supervisory Board members in Supervisory Boards of companies from the financial sector (excluding PZU Supervisory Board)			
Years in service	< 3 lat	3-6 lat	> 6 lat
Number of people	3	1	1

Professional of PZU Management Board members in the financial sector before being appointed to the PZU Management Board				
Years in service	< 7 years	7-14 years	15-22 years	> 22 years
Number of people	3	2	2	1

The degree of diversification as of the date of signing the report on the activities, i.e., 20 March 2024, is presented in the following tables.

Age and sex

PZU Supervisory Board								
	1 January 2024				20 March 2024			
	number of people		%		number of people		%	
	women	men	women	men	women	men	women	men
< 30 years of age	0	0	0%	0%	0	0	0%	0%
30-40 years	1	2	11%	22%	0	0	0%	0%
41-50 years	0	2	0%	22%	2	4	20%	40%
> 50 years of age	0	4	0%	45%	1	3	10%	30%
Total number per sex	1	8	11%	89%	3	7	30%	70%

PZU Management Board								
	1 January 2024				20 March 2024			
	number of people		%		number of people		%	
	women	men	women	men	women	men	women	men
< 30 years of age	0	0	0.0%	0.0%	0	0	0.0%	0.0%
30-40 years	0	1	0.0%	12.5%	0	0	0.0%	0.0%
41-50 years	2	3	25.0%	37.5%	1	2	25.0%	50.0%
> 50 years of age	1	1	12.5%	12.5%	0	1	0.0%	25.0%
Total number per sex	3	5	37.5%	62.5%	1	3	25.0%	75.0%

Education and specialist knowledge

	Insurance, banking, finance	Law	Economics	Other
Supervisory Board [number of people]	1	5	4	2
Management Board [number of people]	1	3	0	0

Certificates / academic titles and degrees*	MBA	ACCA	prof.	dr hab.	dr
Supervisory Board	1	2	0	3	2
Management Board	2	1	0	1	0

*) MBA – Master of Business Administration, EMBA – Executive MBA, ACCA – Association of Chartered Certified Accountants, CQF – Certificate in Quantitative Finance, dr hab. – doktor habilitowany, dr – doktor

7.6. Internal systems and functions

The PZU Group has an internal control system, which, together with the risk management system, is an important component of the Group’s management system. The management system ensures effective supervision of PZU and its subsidiaries.

7.6.1. Risk management system

The objective of the PZU Group’s risk management system is to ensure early identification and adequate management of material risks associated with the activities of the PZU Group and its individual entities. Risk management is one of the key internal processes in the PZU Group.

The ESG risk management processes are part of a broader risk management process in the Group. The ESG risks were also identified at the stage of development of the ESG Strategy entitled “Balanced Growth.”

They were addressed in strategic commitments, key performance indicators and strategic initiatives. Moreover, selected ESG risks are taken into account in the investment decision-making process and in selected corporate client risk assessment processes, which enable the insurer to evaluate the premium.

PZU exercises supervision over the Group’s risk management system by the power of cooperation agreements entered into with other Group entities and

the information provided thereunder. It manages risk at the PZU Group level on an aggregate basis, especially in terms of capital requirements.

The Risk Management Strategy in the PZU Group is the basis of operation of the risk management system in the PZU Group. The Group has introduced risk management rules for the affiliates identified in the strategy. The rules constitute a recommendation issued by PZU regarding the organization of the risk management system in subsidiaries.

The consistent split of duties and tasks in the PZU Group and in individual financial sector subsidiaries covers four decision-making levels.

The first three are:

- The Supervisory Board, which supervises the risk management process and assesses its adequacy and effectiveness; performs duties as part of its decision-making powers defined in the entity’s Articles of Association and the Supervisory Board Rules and Regulations, as well as through the Audit Committee;

- The Management Board, which organizes the risk management system and ensures that it is operational, by adopting strategies and policies, setting the level of risk appetite, defining the risk profile as well as tolerance levels for the individual categories of risk;
- The committees, which decide about limiting the levels of individual risks to fit the risk appetite framework they have defined, adopt procedures and methodologies for mitigating the individual risks and accept the limits for individual risk types.

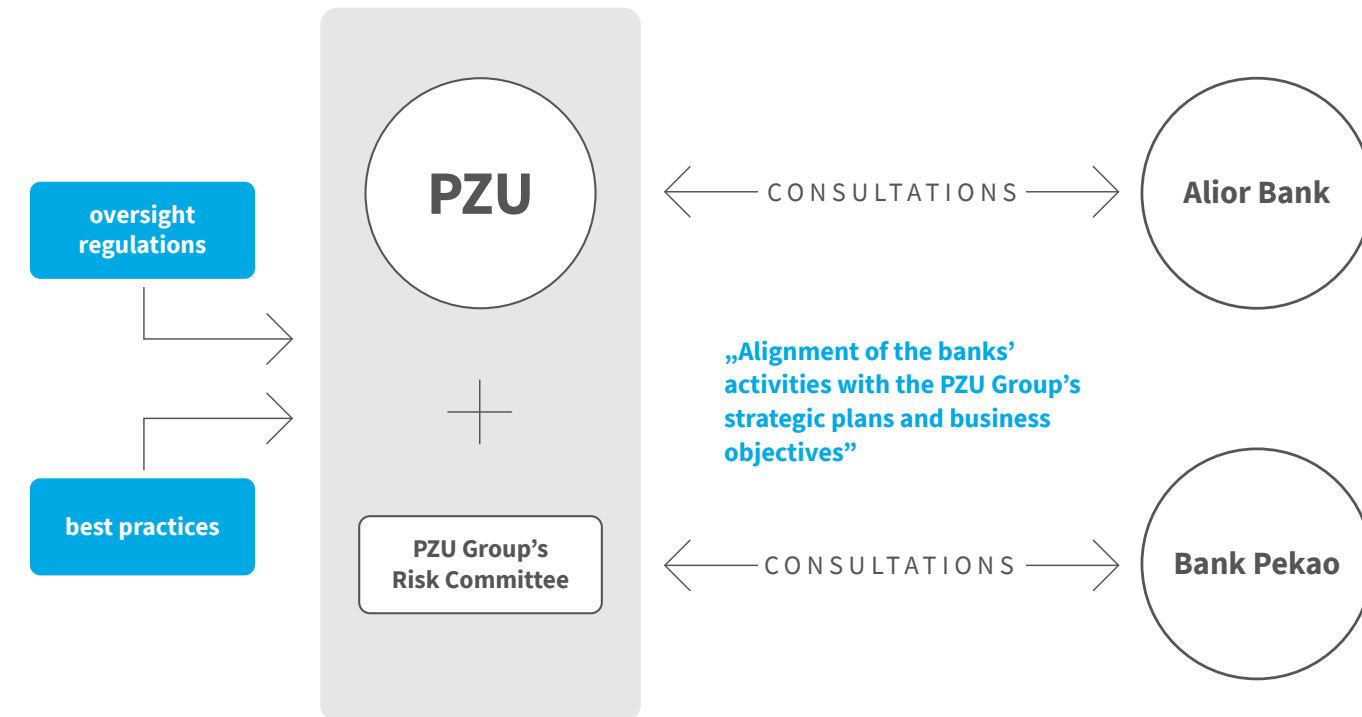
The fourth decision-making level pertains to operational measures divided into three lines of defense:

- the first line of defense – entails ongoing risk management at the entities’ business unit and organizational unit level and decision-making as part of

- the risk management process, taking into account the limits for individual risks;
- the second line of defense – risk management by specialized units responsible for risk identification, measurement, monitoring and reporting, as well as for limits control;
- the third line of defense – internal audit which conducts independent audits of the individual elements of the risk management system, as well as of control procedures.

The determination of the appropriate level of risk in a given entity is the Management Board’s responsibility, whereas a review of the risk management process, in particular risk appetite values is conducted at least once a year by the unit responsible for risk. All actions are coordinated at the PZU Group level.

Process of determining the risk appetite in the PZU Group



7.6.2. Internal control system

Purpose and organization of the internal control system

PZU has an internal control system (ICS) in place, adjusted to the scale of its operations and its organizational structure. It is aimed at ensuring the effectiveness and efficiency of operations, reliable reporting, especially financial reporting, compliance of the company's operations with laws, internal regulations and standards of conduct, and adherence to risk management rules.

The ICS comprises supervision, overall administrative and accounting procedures, organizational structures, reporting systems, solutions implemented in IT systems, the compliance function and other control mechanisms contributing to the security and stability of the company's operations:

The following elements are distinguished within the ICS:

- the control function, which consists of all controls in the processes operating at the Company, independent monitoring of compliance with these controls, and reporting within the control function
- independent compliance unit (Compliance Department – BCM) whose purpose is to execute the compliance function and to ensure systemic solutions with regard to improving efficiency and effectiveness of the ICS;
- independent internal audit unit (Internal Audit Department – BAW) responsible for carrying out independent and objective assessment and evaluation

of adequacy and effectiveness of the internal control system and the system of governance.

The ICS is built on the basis of the said elements and is based on a model of three independent and complementary levels, where:

- the first line is comprised of activities of business processes owners, encompassing the operational management of risk associated with the Company's operations and processes carried out as part of those operations;
- the second line is comprised of activities of the Compliance Department and risk management by other specialized business units specified in internal regulations on risk management and dealing with risk identification, measurement, monitoring and reporting and controlling the limits;
- the third line is provided by activities of the Internal Audit Department.

Supervision over the internal control system is exercised by:

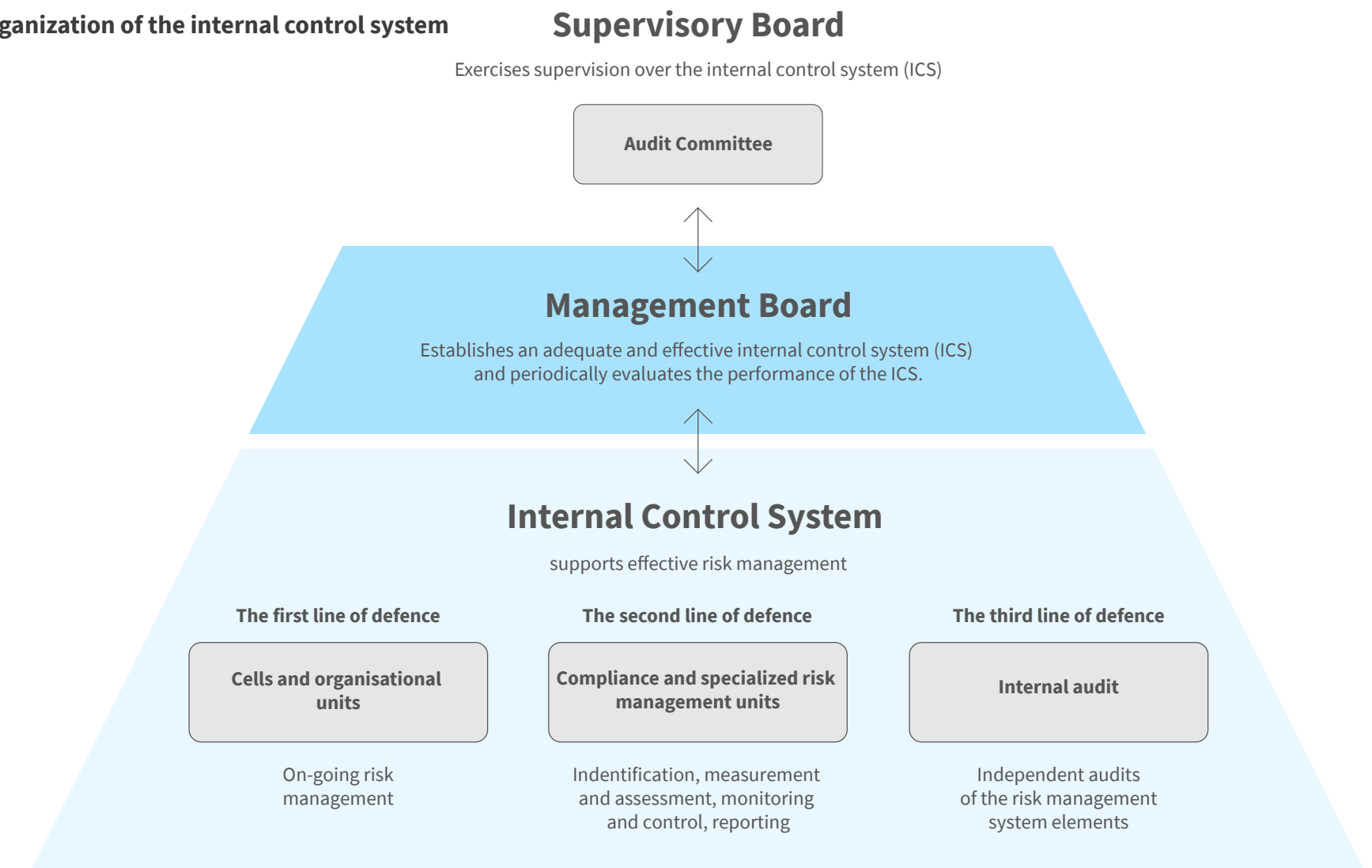
- oversight exercised by the Supervisory Board;
- activities of the Management Board, including the establishment of an adequate and effective internal control system and periodic assessment of the functioning of the ICS;
- supervision of PZU Group Directors and Managing Directors over the implementation of the control function in the areas reporting to them;
- supervision by the supervisor of the compliance function on systemic solutions to improve the efficiency and effectiveness of the ICS;

- supervision by the supervisor of the internal audit function in overseeing the tasks performed within the internal audit function;
- supervision exercised by the heads of divisions and organizational cells and units in relation to their subordinate cells or units in the introduction and maintenance of effective and efficient internal control, adequate to the tasks performed in a given area.

Heads of divisions/units/organizational units are responsible for the organization and implementation of the control function in the supervised area of the company's operations, in particular, for the design, implementation and effective functioning of control mechanisms in the implemented processes, ensuring an appropriate response to the occurring risks, as well as the organization of monitoring of compliance with the implemented control mechanisms, in proportion to the level of risk associated with the Company's operations and the processes subject to control;

[GRI 2-9]

Organization of the internal control system





The PZU Group's internal control system has been developed at the level of the leading entity (i.e., PZU) and is applicable to all members of the PZU Group, in consideration of their distinct nature, proportionality and adequacy.

With regard to regulated entities existing within banking groups, the internal control system has been designed at the level of each of these groups, taking into account the applicable sectoral regulations.

As part of its cooperation with PZU Group entities, PZU analyzes information that it receives regularly from these entities concerning the organization of the internal control system, internal control conducted and evaluation of the internal control system, in order to improve unified standards for the operation of an effective internal control system.

Compliance

One component of PZU's internal control system is the compliance function, which is overseen by the Managing Director on Regulations, who reports directly to the Management Board President. The appointment and dismissal of a person to the position of the head of the compliance unit requires the opinion of the Audit Committee of the PZU Supervisory Board. The Managing Director on Regulations, supervising the Compliance Department, and Director of the Compliance Department have direct access to Management Board members and PZU's Supervisory Board Members, and representatives of the Compliance Department participate in meetings of selected committees established within the company's structure. Reporting is done through monthly and annual reports for the Management Board and quarterly risk reports to the Supervisory Board's Audit Committee and

the PZU Supervisory Board itself, as well as in the form of current information provided on an ad hoc basis to the members of the Company's statutory bodies if the need arises.

Internal audit

The internal audit function is run in a manner ensuring its unbiased nature and independence from operational functions, and its purpose is to add value and enhance the PZU Group's operational performance. The activity of the audit function involves a regular and orderly assessment of the adequacy and effectiveness of the internal control system and other components of the management system. The internal audit function supports the PZU Group in the pursuit of its objectives by providing – also through consulting – certainty as to the effectiveness of these processes.

The duties of the internal audit function comprise in particular:

- development and implementation of an audit plan, which defines the scope of audit work to be undertaken in subsequent years, with regard to all types of activity and the company's overall system of management;
- making recommendations based on the results of the work carried out;
- checks of execution of the corrective measures following from the recommendations made

The audit plan is prepared on the basis of an annual risk identification and assessment conducted across all areas of PZU's business. A draft plan is presented for evaluation by the Audit Committee and then approval by the Management Board.

The timely implementation of audit recommendations by the business units is overseen by the responsible member of the Management Board or PZU Group Director. The Internal Audit Department monitors the progress of implementing the recommendations based on information obtained from the respective business units. After an analysis, it decides whether to consider them completed.

The following adopted principles guarantee the independence and impartiality of internal audit:

- The Managing Director on Audit, who heads the Internal Audit Department, reports functionally to the Audit Committee and organizationally directly to the Management Board President;
- the appointment and dismissal of a person to the position of the head of the internal audit unit requires the opinion of the Audit Committee of the PZU Supervisory Board;
- The Managing Director on Audit participates in meetings of the Audit Committee and meetings of the Management Board, and representatives of the Internal Audit Department take part in meetings of selected committees operating within PZU's structure;
- PZU's internal auditors demonstrate outstanding professional and ethical qualifications and possess the proper knowledge and skills, including the knowledge of issues necessary to conduct audits. They have access to the necessary information, explanations, documents and data, allowing for the timely and correct performance of their tasks;
- the scope of audit activities performed during each audit and the resulting evaluations are autonomous decisions of internal audit. The tasks are allocated in such a manner so as to prevent potential and actual

conflicts of interest. Each employee, before starting a task, is obliged to inform the supervisor in case of a potential conflict of interest – assigned tasks are rotated as necessary. In addition, no auditor may, before one year has elapsed, evaluate activities that they themselves previously performed or managed. They also cannot assume responsibility for operational activities that are subject to internal audit review.

PZU has implemented the Internal Auditor's Code of Ethics, based on guidelines issued by the Institute of Internal Auditors (IIA). The purpose of the Code is to promote best practices and models for ethical behavior, and to motivate the need for continuous professional improvement and development of the proper image of internal auditors.

Audit tasks are carried out taking into account the Internal Audit Strategy for 2021-2024.

The status of the strategy's implementation is monitored in terms of, among other things, performance indicators for the internal audit function.

The Internal Audit Department provides the company's Management Board and Audit Committee with periodic management information from its subordinate area, including, in particular:

- information on the progress in implementing the audit plan;
- information on the findings of internal audits;
- information on recommendation monitoring results.

In order to ensure the proper quality and continuous improvement of the internal audit function, internal (on an annual basis) and external (not less than once every



five years) assessments of the Company’s internal audit activities are conducted. A third-party assessment of the internal audit function at PZU conducted by PwC Advisory and an analysis of coordination of the Group’s internal audit run by the Internal Audit Department demonstrated general compliance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics developed by the IIA.

7.6.3. Financial statements control system

Control mechanisms applied during the preparation of the financial statements

The process of preparing financial statements is carried out by units within the Finance Division and other PZU units in accordance with their responsibilities. The Finance Division is supervised by a Management Board member, and the financial statements require approval by the Management Board.

The process is conducted in compliance with:

- accounting principles (accounting policy) adopted by the Management Board;
- chart of accounts with a commentary;
- other detailed internal regulations approved by the PZU Management Board specifying key rules for recording business events in PZU, the valuation of assets and liabilities and the calculation of the financial result;
- method of keeping the accounting ledgers;
- reporting systems.

Data are prepared in the source systems using formal operating and acceptance procedures which specify the powers of specific persons.

The reporting process is carried out by qualified, skilled and experienced staff.

PZU monitors changes in external regulations concerning, without limitation, the accounting policy and reporting requirements applicable to insurers and carries out appropriate adaptation processes in these areas. The accounting records are closed and financial statements are prepared in accordance with schedules, including the key activities and control points with assigned liability for timely and correct completion.

The key controls during preparation of the financial statements include:

- controls and permanent monitoring of the quality of input data, supported by financial systems with defined rules of data correctness, in accordance with PZU’s internal regulations governing the control of accuracy of accounting data;
- data mapping from the source systems to financial statements supporting the proper presentation of data;
- analytical review of financial statements by specialists to compare them with the business knowledge and business transactions;
- formal review of the financial statements to confirm compliance with the applicable legal regulations and market practice in terms of required disclosures.

Coordination of activities with regard to consolidated financial reporting processes at PZU and PZU Life is made possible by the Finance Divisions’ organizational model

common to these companies, based on the principle of personal union. PZU controls all its consolidated subsidiaries through these companies’ management boards and supervisory boards.

The consolidated financial reporting process is governed by a number of internal acts defining the principles of accounting policy adopted by the PZU Group and accounting standards. Moreover, it is subject to detailed schedules including the key activities and control points with assigned liability for timely and correct completion.

Consolidation packages forwarded by subsidiaries are subjected to:

- verification procedures by a statutory auditor scrutinizing the PZU Group’s consolidated financial statements;
- analytical reviews by specialists.

Consolidation packages forwarded by banks are also reconciled with their published stock exchange disclosures.

The organization and the process of preparing the financial statements are regularly reviewed by the internal audit function.

Audit Committee

The appointment of the Audit Committee has served the purpose of increasing the effectiveness of supervisory activities performed by the Supervisory Board with regard to the monitoring of financial reporting processes.

The scope of the Audit Committee’s activities, including activities related to monitoring the financial reporting process and advisory and opinion activities, is described in the Statement in Section [7.5.2. Supervisory Board / Audit Committee](#).

The Audit Committee makes recommendations to the Supervisory Board on the selection of an audit firm to audit and review the financial statements and the annual solvency and financial condition report required by the Solvency II Directive (both the PZU and PZU Group reports).

7.6.4. Audit firm auditing the financial statements

On 24 August 2022, the Supervisory Board passed a resolution on the selection of PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. (PwC) as the audit firm to conduct audits of the annual and reviews of the interim individual and consolidated financial statements and audits of the annual individual and consolidated reports on the solvency and financial condition of PZU and the PZU Group for the five fiscal years 2024–2028, with an option to extend the contract for two more fiscal years 2029–2030.

The auditor for PZU’s individual and consolidated financial statements for 2023 is KPMG Audyt.

In 2023, the audit firm auditing the financial statements rendered permitted non-audit services to PZU, which was approved, following an assessment of the company’s independence, by the Audit Committee. In recent years, PZU’s additional cooperation with KPMG Audyt has covered, without limitation, audits of solvency and financial standing reports required by the Solvency II Directive.

The existing cooperation with KPMG Audyt, pertaining to the reviews and audits of the standalone financial statements of PZU and consolidated financial statements of the PZU Group has continued without interruption since 2014.

On 23 May 2019, KNF gave a permit to PZU to extend for another two years the maximum period for the engagement for KPMG Audyt to audit the standalone and consolidated financial statements. In this manner, the Supervisory Board made the decision to continue cooperation with the auditor to audit the 2019-2020 financial statements.

The Act of 31 March 2020 Amending the Act on Special Solutions Associated with Preventing, Counteracting and Combating COVID-19, Other Infectious Diseases and Crises Caused by Them and Certain Other Acts (known as the Special Act) repealed the provision of the Act on Statutory Auditors according to which “the maximum permissible uninterrupted duration of the statutory audit engagements referred to in, i.a., Article 17(1) second paragraph of Regulation No 537/2014, performed by the same audit firm or an audit firm associated with this audit firm or any member of a network operating in the European Union states of which these firms are members

may not exceed 5 years.” The Special Act introduced similar amendments to the Accounting Act.

As a consequence, the maximum permissible uninterrupted duration of the statutory audit engagements for an audit firm is a period of 10 years, as specified in Article 17(1) second paragraph of Regulation (EU) No 537/2014 of the European Parliament and of the Council.

On this basis, the Supervisory Board decided to renew, for 2021-2022, with an option to extend until 2023, and subsequently to exercise the option and extend until 2023 the orders for KPMG Audyt to review and audit the standalone financial statements of PZU and the consolidated financial statements of the PZU Group. On 7 April 2021, the PZU Supervisory Board agreed to exercise the option and extend the order.

Main assumptions underlying the policy for selecting the audit firm

The following are among the main assumptions underlying PZU’s policy for selecting the audit firm:

- ensuring that the process of selecting the audit firm is done correctly and determining the responsibility and the duties of the participants in this process,
- analyzing when selecting the audit firm the recommendations given by the Audit Committee,

- giving consideration to the rule of rotating the audit firm and the key statutory auditor in the embraced time horizon.

The main objectives of the policy for the provision of permitted non-audit services by the audit firm conducting the statutory audit, its related entities and by a member of the audit firm’s network were as follows:

- ensuring correctness in the process of procuring permitted services;
- determining the responsibility and the duties of the participants in this process,
- defining the catalogue of permitted services,
- establishing the procedure for procuring permitted services.

Fee payable to the audit firm

Fee payable to the audit firm auditing PZU’s financial statements (PLN 000s)	1 January – 31 December 2022	1 January – 31 December 2023
mandatory audit of annual financial statements/consolidated financial statements	1,476	1,773
other assurance services, including review of financial statements/consolidated financial statements	1,220	1,421
tax consulting services	-	-
other services	-	-
Total	2,696	3,194

Fee payable to the entity authorized to audit the PZU Group’s financial statements (PLN 000s)	1 January – 31 December 2022	1 January – 31 December 2023
audit of financial statements	10,487	12,644
other assurance services	6,383	8,554
Total	16,870	21,198

7.7. Shareholder Meeting and relations with shareholders

7.7.1. Shareholder Meeting

Powers and method of operation of the Shareholder Meeting

Walne The Shareholder Meeting is PZU's highest corporate body. The powers of the Shareholder Meeting, the manner of convening and the rules of participation in the Shareholder Meeting are set forth in the Commercial Company Code, the PZU's Articles of Association of and the Regulations of the Shareholder Meeting.

A Shareholder Meeting is held:

- As an Ordinary Shareholder Meeting which should be held within six months from the end of each financial year;
- As an Extraordinary Shareholder Meeting which is convened in cases specified in the generally applicable law and the Articles of Association.

The Shareholder Meeting is convened by the Management Board. The Supervisory Board may convene a Shareholder Meeting, including under the ordinary procedure if the Management Board fails to convene it within the statutory period, and under the extraordinary procedure if it deems it advisable. In cases specified in

the Commercial Company Code, the right to convene an Extraordinary Shareholder Meeting or to request its convening is also vested in shareholders.

The powers of the General Meeting include adopting resolutions, in particular, on the following issues:

- to consider and approve the report of the Management Board on the operations of PZU and the PZU Group, as well as the separate and consolidated financial statements for the past fiscal year (Ordinary Shareholder Meeting);
- distribution of profits or coverage of losses (Ordinary Shareholder Meeting);
- discharge of individual members of PZU's governing bodies for the performance of their duties (Ordinary Shareholder Meeting);
- appointment and dismissal of Supervisory Board Members, subject to the personal right granted to the State Treasury to appoint and dismiss one Supervisory Board Member;
- to determine the rules for remuneration of members of the Supervisory Board and the rules for shaping the remuneration of members of the Management Board;

- to establish and revise rules for assessing the suitability of the Supervisory Board and the Audit Committee of the Supervisory Board;
- to assess the individual suitability of candidates for members of the Supervisory Board, excluding the candidate appointed by the State Treasury, through a written statement, the members of the Supervisory Board and the collective assessment of the Supervisory Board;
- issuing an opinion on the report on compensation for Management Board and Supervisory Board Members;
- review of the Management Board's report on representation expenditures and expenditures for legal, marketing, public relations and public communication services and management consulting services.

Resolutions of the Shareholder Meeting are adopted by an absolute majority of votes, except in cases provided for in the Commercial Company Code or the Articles of Association. Shareholder Meeting resolutions concerning, among other things, amendments to the Articles of Association or reduction in the share capital, require a three-fourths majority of votes.

Resolutions are passed in an open ballot. A secret ballot is ordered in elections or on motions to dismiss Members of PZU bodies, in matters concerning their personal liability as well as in other personal matters or at the request of at least one of the shareholders attending or represented at the Shareholder Meeting. Voting takes place using a computerized system for casting and counting votes. Each PZU share entitles the holder to one vote at the General Meeting.

Shareholder Meetings are held in Warsaw, at the PZU Headquarters and convened by placing an

announcement on PZU's website in accordance with the method for providing current information. Such announcement is made not later than 26 days before the date of the Shareholder Meeting. The announcement and materials presented to shareholders (e.g. draft resolutions with justifications) are available on the date of convening the Shareholder Meeting on PZU's corporate website in the Investors relations section under the Shareholder Meeting tab (<https://www.pzu.pl/en/investor-relations/shares-and-bonds/shareholders-meetings>).

All the matters submitted by the Management Board to the Shareholder Meeting are first presented to the Supervisory Board to be examined and get an opinion. The Supervisory Board's opinions are presented to the Shareholder Meeting no later than prior to the opening of the shareholder meeting along with other documents conveyed to the shareholders participating in the Shareholder Meeting and are available on the PZU's website in the Investors relations section under the Shareholder Meeting tab.

The Shareholder Meeting may request breaks (longer than procedural ones) by a two-thirds majority vote. In total, breaks cannot last more than 30 days.

The course of the Shareholder Meeting is broadcast live by PZU over the Internet, and a transcript of the broadcast is posted on the company's website. Information on the planned broadcast, along with the address of the website, is published in advance on the PZU website.

PZU also allows representatives of the media (press, radio, television) to be present at the Shareholder Meeting.



Registration

A shareholder who wishes to participate in the Shareholder Meeting must hold at least one PZU share as of the record date, i.e. 16 days before the date of the Shareholder Meeting. Registration for the Shareholder Meeting is done through the brokerage office where the shareholder has shares deposited in the brokerage account. At this office, the shareholder should apply for the issuance of a registered certificate of the right to participate in the Shareholder Meeting. Such instruction may be made no earlier than after the announcement of the convening of the Shareholder Meeting and no later than the first business day after the date of registration of participation.

The description of shareholder rights and the method of exercising them

The rights of PZU's shareholders derive directly from the law.

However, PZU's Articles of Association limit voting rights of PZU shares in certain cases and grant personal rights to a shareholder such as the State Treasury:

- The voting rights of shareholders are limited in such a way that no shareholder may exercise at the Shareholder Meeting more than 10% of the total number of votes existing in PZU on the day the Shareholder Meeting is held, with the proviso that the limitation of voting rights does not apply to the State Treasury and shareholders acting with it on the basis of agreements concluded for the joint exercise of voting rights on shares¹;

¹ Exclusions to this restriction and its rules are described in [Section 7.4.1 Shareholders and securities of the issuer of the statement](#), under [Entitlements and restrictions on PZU shares](#).

- The State Treasury has the right to appoint and dismiss one member of the Supervisory Board by way of a written statement submitted to the Management Board of the Company. Such appointment or dismissal is effective upon delivery of the relevant statement to the Management Board and does not require a resolution of the Shareholder Meeting. This right expires if the State Treasury ceases to be a PZU shareholder.

A shareholder's basic right is the right to participate in profit and the right to attend the Shareholder Meeting and exercise the right to vote in person or through a proxy.

In particular, shareholders have the right to:

- submit a candidate for a member of the Supervisory Board – draft resolutions and candidates for members of the Supervisory Board should be submitted by a shareholder in time to allow shareholders present at the Shareholder Meeting to make a decision with due discernment, preferably 3 days before the date of the Shareholder Meeting. If the motion is submitted at a Shareholder Meeting the subject of which is the election of members of the Supervisory Board, the motion, in order to be valid, should be submitted to the Chair of the Shareholder Meeting no later than before the start of voting on the election of members of the Supervisory Board;
- review the list of shareholders entitled to participate in the Shareholder Meeting, which is displayed at the premises of the PZU Management Board for three business days prior to the date of the Shareholder Meeting, and request that the list of shareholders be sent to them free of charge by e-mail, to the address they have indicated;

- review the book of minutes of the Shareholder Meeting and request the issuance of copies of resolutions certified by the Management Board;
- appeal against Shareholder Meeting resolutions, if a shareholder voted against a resolution and after its adoption requested that an objection be recorded or was unreasonably not allowed to participate in the Shareholder Meeting or was not present at the Shareholder Meeting, if the Shareholder Meeting was convened incorrectly or if a resolution was adopted on an issue not included in the agenda (action for revocation of a resolution or action for declaration of invalidity of a resolution);
- submit to PZU, outside the Shareholder Meeting, a request for information concerning the PZU's activities. In such a case, the Management Board may provide the shareholder with the information in writing, unless doing so could harm PZU, an affiliate or subsidiary, in particular by revealing technical, trade or organizational secrets of the company. In the event that PZU provides information outside the Shareholder Meeting, a current report containing answers to the questions asked is made public.

In addition:

- shareholders representing at least one-half of the share capital or at least one-half of the total number of votes in PZU may convene an Extraordinary Shareholder Meeting and designate the Chair of this meeting.;
- a shareholder or shareholders representing at least 1/20th of the share capital may:
 - a) request the convening of an Extraordinary Shareholder Meeting and the inclusion of certain matters

in the agenda of that meeting;

b) request that certain matters be placed on the agenda of the Shareholder Meeting, the request should include a justification or a draft resolution on the proposed agenda item and be submitted to the Management Board in writing or in electronic form no later than 21 days before the date of the Shareholder Meeting;

c) submit, prior to the date of the Shareholder Meeting, in writing or in electronic form draft resolutions on matters included in the agenda of the Shareholder Meeting or matters to be included in the agenda.

During the Shareholder Meeting, every shareholder entitled to attend the Shareholder Meeting may:

- stand for election as Chair of the Shareholder Meeting and submit for the record one nomination for Chair of the Shareholder Meeting;
- submit candidates to the Supervisory Board;
- vote, make motions, speak, briefly justify one's position, object;
- make motions concerning formal matters – the way of voting and deliberation (e.g., demand a secret ballot or recesses);
- submit draft resolutions on matters included in the agenda;
- propose amendments and additions to the draft resolutions included in the agenda – until the conclusion of the discussion of the agenda item covering the draft resolution to which the proposal relates;
- ask questions about the matters included in the agenda. If it is reasonable for the evaluation of a matter



on the agenda, the Management Board (subject to statutory exceptions) shall provide the shareholder, upon request, with information concerning the company. In justified cases, the Management Board may provide information in writing outside the Shareholder Meeting, no later than two weeks after the date of its conclusion.

PZU Shareholder Meetings convened in 2023

In 2023, the Ordinary Shareholder Meeting and the Extraordinary Shareholder Meeting were held.

In addition to the matters provided for in Article 395 § 2 and 5 of the Commercial Company Code (that is examination and approval of the Management Board's report on the company's activity and financial statements for the previous financial year, adoption of a resolution on the distribution of profit, granting of a discharge to Members of the Company's corporate bodies on the performance of their duties, review and approval of the group's financial statements), the agenda of the Ordinary Shareholder Meeting of PZU held on 7 June 2023 concerned:

- issuing an opinion on the PZU Supervisory Board Report
- on Compensation of PZU Management Board and Supervisory Board Members for 2022;
- approval of the PZU Supervisory Board Report for 2022;
- secondary assessment of individual suitability of Supervisory Board members and assessment of individual suitability of candidates for members of the Supervisory Board of PZU SA for the new term;

- appointment of members of the PZU Supervisory Board for the new term;
- assessment of collective suitability of Supervisory Board Members;
- amendments to the Articles of Association of PZU;
- amendments to the Rules for assessment of suitability of the PZU SA Supervisory Board and Audit Committee;
- amendments to the Compensation Policy for the PZU Management Board and Supervisory Board Members.

The subject of the Extraordinary Shareholder Meeting of PZU held on 13 September 2023, were changes to the composition of the Supervisory Board and assessment of the collective suitability of the Supervisory Board.

The PZU Shareholder Meeting convened in 2024

In 2024, up to the date of publication, the Extraordinary Shareholder Meeting was held.

The subject of the Extraordinary Shareholder Meeting of PZU held on 15 February 2024, were changes to the composition of the Supervisory Board and assessment of the collective suitability of the Supervisory Board.

7.7.2. Rules for changing the Articles of Association

PZU's Articles of Association may be amended by the Shareholder Meeting provided that a resolution is adopted by a majority of three fourths of the votes, the Polish Financial Supervision Authority's approval

is issued in the cases referred to in the Insurance and Reinsurance Activity Act and the amendments are entered in the National Court Register.

The Supervisory Board has the powers to approve the consolidated amended text.

PZU as a public company is obliged to inform the market about any amendments to the Articles of Association and the adoption of the unified text in a current report.

Amendments to the PZU's Articles of Association in 2023

Pursuant to resolution no. 63/2023 of the PZU's Ordinary Shareholder Meeting dated 7 June 2023, the amendments were made to the PZU's Articles of Association to include, inter alia:

- amendments to the Commercial Company Code made by the Act of 9 February 2022 amending the Commercial Company Code and certain other acts (consolidated text: Journal of Laws of 2022, item 807), which came into force on 13 October 2022;
- provisions of the Methodology of assessment of suitability of Members of corporate bodies of regulated entities issued by the Financial Supervision Commission.

The changes introduced in the Articles of Association of PZU mainly concerned the competencies and streamlining and increasing the efficiency of the Supervisory Board, and to a lesser extent the competencies of the Shareholder Meeting.

Regarding the powers of the Supervisory Board and the organization of the work of the Supervisory Board:

- the powers of the Vice Chair and Secretary of the Supervisory Board were added;
- the provisions on the appointment of standing or ad hoc committees by the Supervisory Board were clarified, the obligation for committees regarding the disclosure of information on supervisory activities to the Supervisory Board was introduced, and the possibility of appointing temporary committees was dropped;
- the possibility of holding Supervisory Board meetings without formally convening them was regulated;
- the possibility of extending the agenda during a meeting of the Supervisory Board and adopting resolutions on matters not included in the agenda was regulated;
- the Management Board's disclosure obligations to the Supervisory Board were clarified;
- the competence of the Supervisory Board to appoint an auditor to evaluate the report on the compensation of Management Board and Supervisory Board members was taken into account;
- the possibility of cancellation of a meeting of the Supervisory Board by the convenor of the meeting was regulated, with the reservation to compliance with the deadline for convening the first meeting of the Supervisory Board of a new term;
- the role of the Supervisory Board in the event of a reduction in the number of Management Board members below the minimum was included;
- the competencies of the Supervisory Board under the rules for assessing the suitability of the Supervisory

Board and the Audit Committee were taken into account;

- the competence to make regular assessments of the application of the Corporate Governance Rules for Regulated Institutions issued by the Financial Supervision Authority.

Within the competence of the Shareholder Meeting:

- the Shareholder Meeting's authority to set the maximum compensation for Supervisory Board advisors was added;
- the powers of the Shareholder Meeting under the rules for assessing the suitability of the Supervisory Board and the Audit Committee of the Supervisory Board were taken into account.

The amendments to PZU's Articles of Association became effective on 9 August 2023, the day they were entered in

the Register of commercial undertakings of the National Court Register.

7.7.3. Dividend

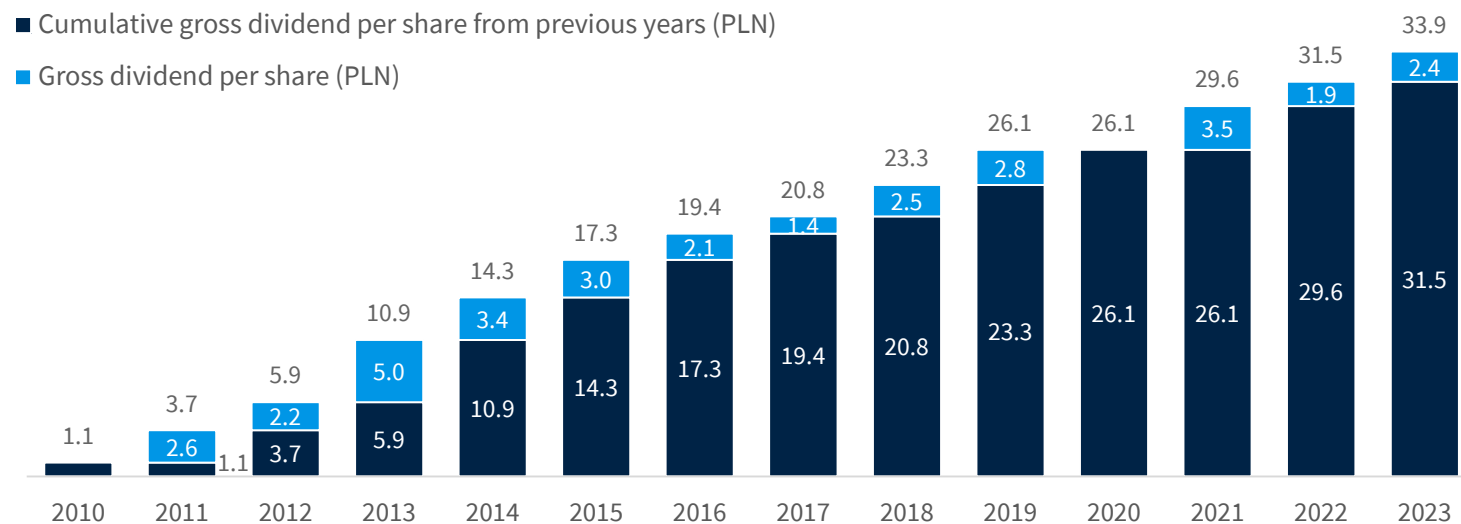
Disbursement of dividends

On 7 June 2023, the Ordinary Shareholder Meeting of PZU passed a resolution on the distribution of net profit PZU for the year ended 31 December 2022 increased by the amount transferred from the supplementary capital created from the net profit for the year ended 31 December 2021, in which it decided to allocate nearly PLN 2.1 billion, i.e. PLN 2.40 per share, for the disbursement of dividends. The dividend payment was made on 28 September 2023. The dividend ratio was about 6%.

Dividend policy

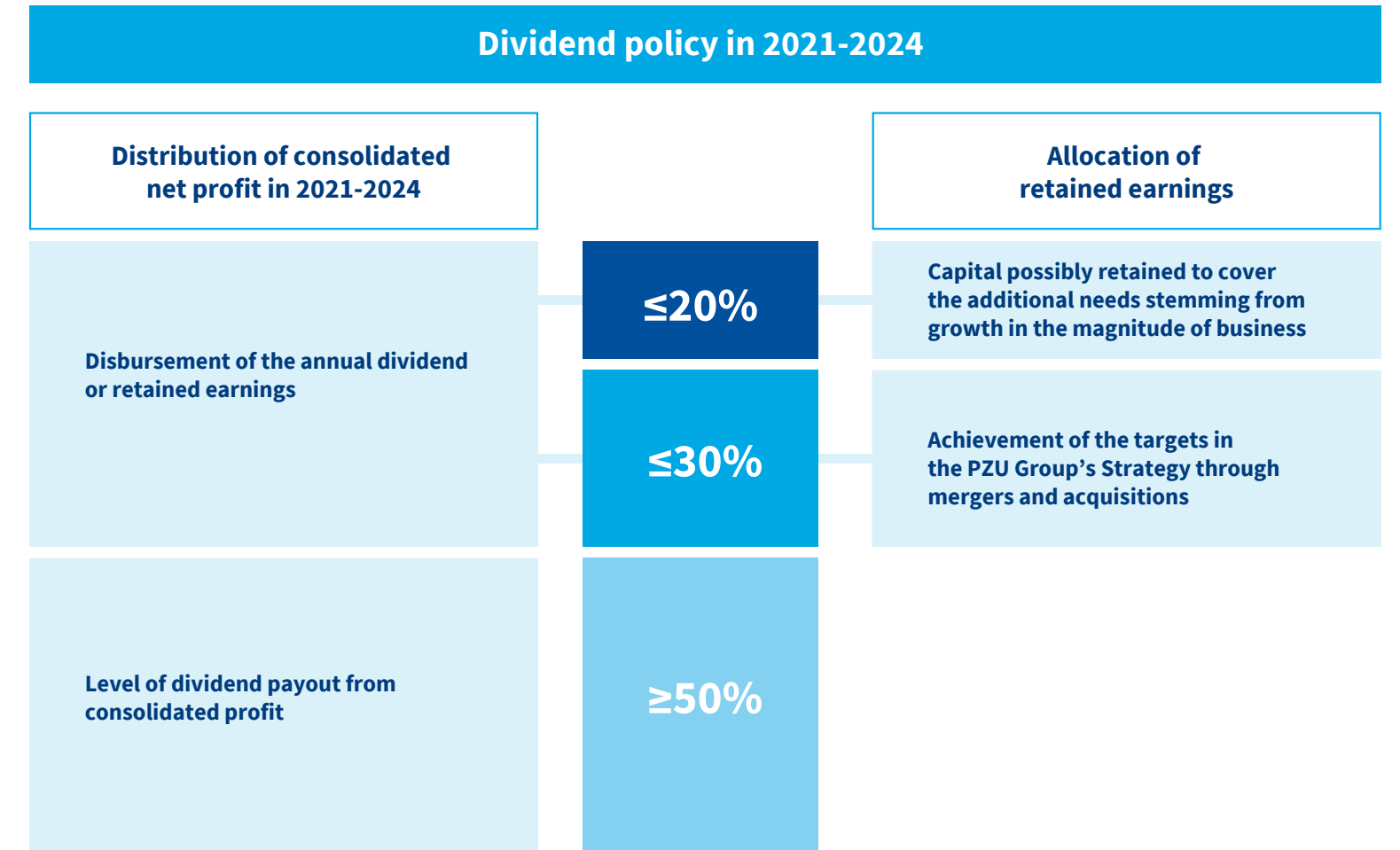
On 25 March 2021, the PZU Supervisory Board adopted a resolution to approve the PZU Group's Capital and Dividend Policy for 2021-2024. The adopted policy is a continuation of the principles set forth in the PZU Dividend Policy for 2016-2020.

Cumulative dividends per share since PZU's IPO on the WSE



Source: PZU

Dividend policy



Principal assumptions

- We will continue to be a dividend company while generating an above average return on equity.
- Every year we will pay a dividend of 50 to 100 percent of the PZU Group's consolidated annual earnings.
- We will maintain our solvency ratios at a level no lower than 200% for the PZU Group, PZU and PZU Życie (according to Solvency II).
- We will maintain our financial leverage ratio at a level no higher than 25%.
- We will procure funds for growth and acquisitions in the coming years.
- We will maintain the financial conglomerate's surplus own funds above the requirements for solvency.

Source: PZU

7.8. Conflict of interest and transactions with related parties

[GRI 2-15] [GRI 2-25]

7.8.1. Management of a conflict of interest

Conflict of interest

In its operations, PZU avoids conflicts of interest which is understood as situations in which there is or may be a discrepancy between the legal, financial or other legally protected interest between:

- PZU or a person affiliated with PZU (i.e. Management Board member, PZU employee, entity providing services to PZU) and the client;
- person affiliated with PZU and PZU. To this end, “Rules for managing conflicts of interest” are in force in PZU.

The “Rules for managing conflicts of interest” are in force in PZU and PZU Życie. This regulation aims to ensure professional, reliable and fair treatment of all clients and persons related to the company in a conflict of interest situation. According to this regulation an employee should report a potential conflict of interest to his or her boss and the compliance unit in a given company for that unit to be able to analyze that situation thoroughly from the standpoint of risk. When a potential or actual

conflict of interest is identified, mitigating mechanisms are used to eliminate or reduce the conflict of interest and counteract its negative effects. There is also a conflict of interest register. PZU limits the possibility of a conflict of interest arising and counteracts its consequences, especially by:

- informing clients using financial instruments about the adopted regulations on managing conflicts of interest;
- acting in the interest of the client and promoting fair and professional conduct among persons affiliated with PZU, who participate in the honest product life cycle;
- limiting the scope of persons with access to certain information and resources;
- enforcing persons affiliated with PZU to comply with restrictions on accepting
- and giving gifts in business relationships;
- limiting the possibility to represent PZU interests by employees who are affiliated
- with persons in business relations with PZU;
- limiting and monitoring the implementation by employees and the Management Board members, in particular those responsible for investment activities, of certain transactions entered into on their own account, in particular by prohibiting transactions involving the disclosure or use of information on

financial instruments that violate generally applicable laws;

- entering into non-competition agreements with employees with access to material, protected information on PZU.

To mitigate the risk of conflicts of interest, members of PZU bodies are obligated to:

- avoid activities that may give rise to conflicts of interest;
- take necessary measures to identify conflicts of interest;
- obtain approval (from the Management Board or the Supervisory Board or the Shareholder Meeting, as appropriate) for membership on the supervisory or management boards of public companies other than PZU Group companies, and entities whose operations may potentially be deemed as competitive;
- strive to eliminate or reduce the negative impact of conflicts of interest on the operation of the PZU Group company and its relations with the remaining PZU Group companies, clients and other external entities;
- inform (the Management Board or the Supervisory Board or the Shareholder Meeting, as appropriate) of a conflict of interest or the possibility of a conflict of interest, and to refrain from taking part in discussions and voting on a matter in which a conflict of interest has arisen;
- to inform the compliance units of the possibility of a conflict of interest and the measures taken.

Issues of possible conflict of interest for members of the Management Board and the Supervisory Board are also reviewed as part of an assessment of suitability prior

to appointment to these bodies and as part of regular secondary assessment of suitability. An annual analysis of additional actions taken by members of corporate bodies is also carried out.

Rules for acceptance and giving of gifts

The rules in PZU regulate in transparent and very detailed terms the categories and types of gifts, including permissible and impermissible gifts, and they prescribe the procedure for accepting or offering gifts and the rules for registering gifts.

Training Courses

Topics concerning conflicts of interest, potentially risky situations and the rules of conduct if they are detected, are part of the e-learning training course on compliance. Such training is obligatory for every new employee and also available for all PZU employees. These topics are also discussed during on-boarding training courses for newly-hired employees. Furthermore, employees submit declarations on adhering to the “Rules for Managing Conflicts of Interest”. Compliance-related issues are described in the Compliance Bulletin. Employees receive it periodically by e-mail or in printed form. The Compliance Bulletin plays an educational role – it enriches the knowledge gained during training sessions thanks to the readily understandable manner of presenting information (in the form of tables and figures).

7.8.2. Transfer Pricing Documentation

Transactions of PZU Group entities with related parties are concluded on an arm’s length basis.

This applies, irrespective of the value of the transaction, both to transactions entered into by companies within the PZU Tax Group and to transactions concluded with related parties outside the PZU Tax Group. The PZU Group has in place a Transfer Pricing Procedure adopted by a resolution of the PZU Management Board. According to the procedure, a transfer pricing documentation is prepared for each related party transaction subject to documentation obligations under the relevant provisions of the CIT Act to confirm that the prices used in related party transactions reflect the arm’s length principle. A

transaction is considered to have been concluded on an arm’s length basis if the terms and conditions of its conclusion do not differ materially from the terms and conditions on which an analogous transaction would have been concluded if there were no relationship between them.

In addition, according to the Articles of Association of PZU, in the case of a transaction with a related party whose value exceeds 5% of total assets, the Supervisory Board of PZU is obliged to decide whether to approve the transaction. The Supervisory Board has the option to consult with an external entity when valuing and analyzing the economic impact of such a transaction.

The 2023 Transfer Pricing documentation was prepared in accordance with the following rules.

Transfer Pricing Documentation	Responsible entities	Unit preparing the Documentation	Deadline for preparation of the Documentation
Analysis of comparability of transactions	Related Parties, regardless of the value of the Transaction	Substantive Unit	prior to the conclusion of the Transaction
Description of the compatibility of the terms of the transaction with market conditions			
Local Documentation	Related Entities that have entered into a Transaction with a value exceeding the Documentation Threshold	Tax Policy Office	until 31 October 2024
Group Documentation	Entities consolidated using the full or proportional method if they belong to a group for which consolidated financial statements are prepared, whose consolidated revenues exceeded PLN 200,000,000 or its equivalent in the previous fiscal year	Tax Policy Office	until 31 December 2024

7.9. Remunerations

[GRI 2-18] [GRI 2-19] [GRI 2-20]

The compensation policy implemented by PZU supports attainment of short-term and long-term goals specified in the PZU Group strategy both in term of achieving financial objectives and the Company’s contribution to sustainable development. PZU practices applied to compensation help recruit, motivate and retain Management Board and Supervisory Board Members and key managers, including PZU Group Directors.

7.9.1. Policy of compensation of supervisory and management bodies

Regulations

Regulations on the compensation policy for members of the Supervisory Board and the Management Board are contained in:

- Policy for Compensating PZU Management Board and Supervisory Board Members adopted on 26 May 2020 under a resolution of the Shareholder Meeting. On 7 June 2023, the Ordinary Shareholder Meeting of PZU amended the Compensation Policy for Members of the PZU Management Board and Supervisory Board by introducing a provision stating that the policy also

aims to ensure that the requirements of sustainable development are properly taken into account in the risk management process at the PZU Group level, in particular on the basis of the principles set forth in the company’s relevant internal regulations;

- Resolutions of the PZU Extraordinary General Meeting of 8 February 2017 on the rules for setting the compensation of the Supervisory Board and Management Board Members.

Determination process

The Shareholder Meeting of PZU decides by way of resolutions on the policy of compensating PZU Supervisory Board and PZU Management Board members.

The PZU Supervisory Board takes into account recommendations of the Nomination and Compensation Committee to determine the compensation rules, and compensations of the PZU Management Board members, including its President. The compensation is related to the implementation of objectives determined under the PZU Group strategy, thereby it contributes to the attainment of the Company’s long-term goals.

The PZU Management Board determines the rules of compensating PZU Group Directors who are at the same time members of the PZU Życie Management Board as well as the policy for compensating senior management and other employees. The compensation policy comprises, in particular:

- rules of determining and awarding compensation components for various employee groups;
- special solutions pertaining to compensating employees whose work materially impacts the Company’s risk profile (“Authorized Persons”), in line with the requirements of the delegated regulation “Solvency II”.

Compensation of Supervisory Board Members

Compensation rules

The monthly compensation of Supervisory Board members is fixed and determined as the product of the base amount referred to in Article 1(3)(11) of the Act of 9 June 2016 on the Rules for Setting the Compensation of Persons Managing Some Companies (i.e. average monthly compensation in the corporate sector without distributions of bonuses from profit in Q4 of the

previous year, announced by the President of Statistics Poland (GUS)), and the following multiplier of 2.75.

The monthly compensation set this way is increased for:

- the Supervisory Board President – by 10%;
- the Supervisory Board Deputy President – by 9%;
- the Supervisory Board Secretary – by 8%;
- the chairs of committees at the Supervisory Board – by 9%;

Additional compensation due for holding the role of the chair, deputy chair or secretary of the Supervisory Board and chairs of committees do not add up.

Amount of compensation of Supervisory Board Members

The table below shows compensation or non-cash benefits paid or transferred in 2023 and 2022 to the current and former Supervisory Board Members.

Compensation of Members of the Management Board and the PZU Group Directors in PZU or PZU Życie, who are at the same time, respectively, Members of the Management Board in PZU Życie or PZU (Manager)

Remunerations and other short-term employee benefits paid to the Supervisory Board by PZU and PZU subsidiaries	1 January – 31 December 2022 (PLN 000s)	1 January – 31 December 2023 (PLN 000s)
Robert Jastrzębski	224	252
Paweł Górecki	224	250
Agata Górnicka	205	236
Marcin Chludziński	205	230
Marcin Kubicza	nd.	142
Krzysztof Opolski	224	250
Radosław Sierpiński	241 ¹	245 ²
Józef Wierzbowski	205	230
Maciej Zaborowski	205	230
Elżbieta Mączyńska-Ziemacka	205	161
Robert Śnitko	224	109
Piotr Wachowiak	68	100
Paweł Mucha	151	n/a
Total	2,381	2,435

1) Including PLN 36 thousand for serving as a member of the Scientific Council at PZU Zdrowie SA.
2) Including PLN 15 thousand for serving as a member of the Scientific Council at PZU Zdrowie SA.

Compensation rules

The compensation of Management Board Members is composed

- of a fixed part, i.e. monthly base compensation, and a variable part:

- fixed compensation is within the range of seven times to fifteen times the basis of assessment (i.e. average monthly compensation in the corporate sector without distributions of bonuses from profit in Q4 of the previous year, announced by the President of Statistics Poland (GUS)), referred to in Article 1(3) (11) of the Act of 9 June 2016 on the Rules for Setting

the Compensation of Persons Managing Certain Companies. The amount of fixed compensation is set by the Supervisory Board;

- the variable part of compensation depends on the attainment of management objectives, determined every year by the Supervisory Board, and may not exceed 100 % of the annual fixed compensation from the previous year for the calculations of the due variable compensation are made. The amount of 40% of variable compensation is granted as deferred variable compensation. Deferred variable compensation is paid for the period of three consecutive years. With expiration of 12, 24 and 36 months from the date it was granted, a Management Board member may acquire the right to 1/3 of the portion of deferred variable compensation for a given financial year, provided that during this period no circumstances arise that prove that the conditions for payment of a given portion of variable compensation have not been satisfied.

In 2023, the management objectives on the achievement of which a portion of the variable compensation depends included:

- improvement of economic and financial indicators, such as the PZU Group financial result attributable to the parent company, return on equity (ROE);
- taking measures which account for social interests, including those which allow the Company to contribute to environmental protection;
- increase in the PZU Group value determined as the level of implementation of key measures of the PZU Group Strategy, presenting the value of PZU Group, for instance the net financial result of the banking segment

attributable to the PZU Group, operating margin of group insurance and individually continued insurance.

The variable compensation is due when:

- the Supervisory Board determines that all conditions for granting the variable compensation have been satisfied;
- the Shareholder Meeting approves the PZU Activity Report and the financial statements for the previous financial year;
- the Shareholder Meeting grants discharge for the completion of obligations.

The Company has the right to a claim for reimbursement (either in full or in the relevant part) of the variable compensation paid if, after its payment, it is shown that (either in full or in the relevant part, respectively) it was granted to a Management Board member on the basis of data that proved untrue.

In the event that an agreement with a Management Board member is dissolved or terminated for reasons other than violation of the basic obligations, the Management Board member may also be awarded severance pay of not more than three times the fixed compensation, provided that the member held their function for at least 12 months prior to agreement termination. The severance pay is not due to a Management Board member in the event that after agreement termination that person continues to perform or assumes the function of Management Board Member of a company within the PZU Group.

The Supervisory Board may also award by way of agreement with a Management Board member the right to the same benefits as those due to employees, in

particular, supplementary retirement and disability or early retirement plans.

The compensation of PZU Group Directors is set by the Management Boards. The compensation rules regulate the Management Services Provision Agreements and the resolutions of the Management Board in connection with the Act of 9 June 2016 on the Rules for Shaping the Compensation of Persons Managing Some Companies.

The total compensation due to PZU Group Directors is composed of the fixed compensation and variable compensation, in accordance with the same rules as those described for PZU Management Board members.

The Management Services Provision Agreements entered into with Management Board Members and PZU Group Directors regulate their term of notice and issues related

to refraining from engaging in competitive activity to the PZU's during their term of validity after their termination in consideration for damages. There is no provision for compensation in the event of resignation or dismissal of PZU Group Directors from their position without good cause.

The amount of compensation for Management Board Members and PZU Group Directors:

The table below shows compensation or non-cash benefits paid or transferred in 2023 or 2022 to the current and former PZU Supervisory Board Members and PZU Group Directors in PZU.

Compensation and other short-term employee benefits paid by PZU	1 January – 31 December 2022 (PLN 000s)		1 January – 31 December 2023 (PLN 000s)	
		including part of variable compensation for 2017-2021		including part of variable compensation for 2019-2022
Management Board:	15,462	7,084	17,413	7,761
Beata Kozłowska-Chyła	1,823	712	2,148	905
Ernest Bejda	1,744	670	2,059	858
Małgorzata Kot	1,701	626	2,015	814
Krzysztof Kozłowski	1,317	243	1,900	698
Tomasz Kulik	2,036	962	2,211	1,010
Piotr Nowak	731	-	1,640	438
Maciej Rapkiewicz	2,036	962	2,211	1,010
Małgorzata Sadurska	2,050	976	2,211	1,010
Aleksandra Agatowska	38	38	38	38
Adam Brzozowski	154	154	154	154
Marcin Eckert	466	466	268	268
Elżbieta Häuser – Schöneich	154	154	154	154
Roger Hodgkiss	179	179	40	40
Paweł Surówka	316	316	140	140
Krzysztof Szypuła	717	626	224	224

Compensation and other short-term employee benefits paid by PZU	1 January – 31 December 2022 (PLN 000s)		1 January – 31 December 2023 (PLN 000s)	
		including part of variable compensation for 2017-2021		including part of variable compensation for 2019-2022
High-level managers (PZU Group Directors), including:	3,288	1,286	5,654	1,716
Aleksandra Agatowska	799	354	896	399
Andrzej Jaworski	308	-	665	185
Bartłomiej Litwińczuk	804	375	884	404
Dorota Macieja	804	375	884	404
Sylwia Matusiak	nd.	nd.	750 ¹	-
Małgorzata Skibińska	nd.	nd.	495 ²	-
Dominik Witek	nd.	nd.	432 ³	-
Małgorzata Kot	20	20	20	20
Krzysztof Szypuła	391	-	559 ⁴	235
Roman Pałac	103	103	56	56
Tomasz Karusewicz	59	59	13	13

1) Including annual bonus, compensation for holiday leave and special award for the position of Managing Director for Marketing, Sponsorship and Prevention held in 2022.

2) Including fixed compensation and annual bonus for the position of Managing Director for Product Development and Maintenance held until 31 January 2023.

3) Including fixed compensation, annual bonus and compensation for holiday leave for the position of Director of the Office of Medical Services held until 6 June 2023.

4) Including a non-competition fee of PLN 216 thousand and a severance pay of PLN 108 thousand.

Compensation and other short-term employee benefits paid by other PZU Group entities	1 January – 31 December 2022 (PLN 000s)		1 January – 31 December 2023 (PLN 000s)	
		including part of variable compensation for 2017-2021		including part of variable compensation for 2019-2022
Management Board, of which:	27	27	27	27
Małgorzata Kot	27	27	27	27
High-level managers (PZU Group Directors), including:	4,897	1,892	7,927	2,523
Aleksandra Agatowska	1,194	527	1,338	593
Andrzej Jaworski	462	-	998	277
Bartłomiej Litwińczuk	1,203	558	1,320	599
Dorota Macieja	1,203	558	1,320	599
Sylwia Matusiak	n/a	n/a	841 ¹	-
Małgorzata Skibińska	n/a	n/a	495 ²	-
Dominik Witek	n/a	n/a	673 ³	-
Krzysztof Szypuła	586	-	839 ⁴	352
Roman Pałac	157	157	83	83
Tomasz Karusewicz	92	92	20	20

1) Including annual bonus, compensation for holiday leave for the position of Managing Director for Marketing, Sponsorship and Prevention held in 2022.
 2) Including fixed compensation and annual bonus for the position of Managing Director for Product Development and Maintenance held until 31 January 2023.
 3) Including fixed compensation, annual bonus and compensation for holiday leave for the position of Director of the Office of Medical Services held until 6 June 2023.
 4) Including a non-competition fee of PLN 325 thousand and a severance pay of PLN 162 thousand.

In 2023, PZU Management Board Members were paid part of the benefits for 2019-2022 under the variable compensation system. The payout of the remaining part of the bonus for 2020-2023 may be made in subsequent periods. For these benefits, the PZU Group has a liability with the total amount of PLN 23,971 thousand as at 31

December 2023 (including the employer's burdens, as at 31 December 2022: PLN 19,948 thousand).

In 2023 and in 2022, the PZU Group companies did not grant any loans or similar benefits to PZU Management Board Members and PZU Group Directors.

Total estimated value of non-cash benefits granted by PZU and PZU's subsidiaries	1 January – 31 December 2022 (PLN 000s)	1 January – 31 December 2023 (PLN 000s)
Management Board, of which:	1,785	2,043
Beata Kozłowska-Chyła	265	276
Ernest Bejda	193	233
Małgorzata Kot	224	270
Krzysztof Kozłowski	189	233
Tomasz Kulik	273	238
Piotr Nowak	110	231
Maciej Rapkiewicz	211	243
Małgorzata Sadurska	312	319
Krzysztof Szypuła	8	n/a
High-level managers (PZU Group Directors), including:	942	1,549
Aleksandra Agatowska	270	322
Andrzej Jaworski	74	233
Bartłomiej Litwińczuk	238	281
Dorota Macieja	200	219
Sylwia Matusiak	n/a	195
Małgorzata Skibińska	n/a	105
Dominik Witek	n/a	135
Krzysztof Szypuła	160	59 ¹

1) Benefits financed by PZU under the termination agreement for management services



7. Corporate governance (G)

Corporate culture and key business conduct policies

7.10. Corporate Culture

7.11. Minimum safeguards

7.12. Security System



7.10. Corporate Culture

[ESRS G1-1] [GRI 2-26]

7.10.1. Values and Ethics in Business

A system of values and principles of conduct are at the core of the PZU Group’s business activities. In conducting business, the PZU Group follows four core values: stability, innovation, integrity and responsibility.

According to the mission, “We care about the most important things in life”, PZU has the ambition to accompany its clients in successive stages of their lives, helping them make their key decisions. The underlying idea is to supply high quality insurance, financial and health products in the most efficient way in terms of price, distribution, adequacy and competitiveness.

The PZU Group places great emphasis on the health and wellbeing of employees and clients. Its goal is to build health awareness in Poland, with special emphasis on prevention measures. Committed to the development of a responsible organization, it is strongly emphasizing the ESG factors (environment, social responsibility and governance). The priority is to provide benefits for clients and shareholders in a sustainable and responsible manner.

[GRI 2-23]

PZU Group Best Practices

The PZU Group’s fundamental ethical standards are set out in the “Best Practices of the PZU Group”. Their aim is to develop the company’s consistent organizational culture in all key aspects of its operation. They define behaviors and conduct towards all stakeholders based on respect and trust. The Practices have been adopted as a uniform model of the standards observed by all PZU Group entities, except for the Alior Group and the Pekao Group, which have adopted the “Code of Conduct in Alior Bank” and the “Code of Conduct in the Pekao Group”, respectively.

The best practices document sets out norms and standards of conduct in relations with employees, clients, contractors and local communities. The values and principles described in the document relate to



such issues as conflict of interest, handling sensitive information, corruption and gift policy, reporting ethical problems, rules of cooperation with business partners, and disclosures. The obligation of abiding by the enacted standards pertains to all PZU Group employees, regardless of seniority or position.

The application of the “Best Practices of the PZU Group” is described in [Chapter 7.3.3. Best Practices of the PZU Group](#).

New Work Model

Since 2022, PZU has had a New Work Model, which introduced hybrid work. The group work tools used help create an inspiring workplace providing conditions for high employee and team performance and increased agility and flexibility of the organization.

Employees appreciate a high degree of work flexibility and greater work-life balance. Managers point to employee satisfaction with hybrid work, improved efficiency, time savings and greater ability to motivate employees.

A tool to support the change in the New Work Model is the Good Practice Charters, which have been in development since 2022. They represent an open catalog of recommendations related to hybrid work, teamwork, use of tools (including digital and remote work) and building employee well-being. They consist of two card decks: main and leadership, and cover the following areas:

- The potential of diversity
- Inter-area cooperation
- Cooperation and diversity
- Well-being
- Working with focus
- Effective meetings
- Optimal working style
- Concentration and energy (leadership deck only)
- Responsibility and impact (leadership deck only)
- Favorable atmosphere (leadership deck only)
- Hybrid reality support (leadership deck only)

The organizational culture and the New Work Model are described in [Chapters 9.1.3. Work environment](#) and [9.1.4. Organizational culture](#) of this report.

[GRI 2-25] [GRI 2-26]

7.10.2. Preventing Mobbing and Discrimination

Preventing Undesirable Behavior

A major aspect in the development of an inclusive organizational culture is the prevention of and no acceptance for mobbing, intolerance or other forms of discrimination. The prevention of mobbing is supported by company legal acts, including the Work Regulations and the Procedure for Preventing Undesirable Conduct in the Work Environment – Mobbing and Discrimination at PZU SA and PZU Życie SA. The procedure was introduced by an order of the President of the Board and applies to all employees regardless of their position. It defines actions in the event that mobbing or discrimination occurs in the organization, and includes rules on anti-discrimination. Employees become familiar with the procedure at the beginning of their employment.

Anti-Mobbing Commission and Anti-Discrimination Commission

An Anti-Mobbing and Anti-Discrimination Commission have been appointed to verify unacceptable behaviors. They review employee complaints and investigate each signal of actions or behaviors that may have the features of mobbing or discrimination, as well as unequal treatment in employment. Persons with an education in

law and psychology sit on the Anti-Mobbing Commission and Anti-Discrimination Commission.

Training Courses

All employees are required to undergo an e-learning course with respect to: Preventing mobbing and discrimination in the workplace. In addition to mobbing-related issues, the training provides information on prevention of discrimination and equal treatment in employment opportunities.

[GRI 406-1]

Number of confirmed violations related to violations of anti-mobbing and anti-discrimination rules	2022	2023
PZU	0	0
PZU Życie	0	0

Preventing undesirable conduct – subsidiaries

 The Group companies have anti-mobbing policies and internal procedures in place. In the case of companies with a low headcount, no separate regulations pertaining to prevention of mobbing have been implemented. The companies comply with the general document, Best Practices of the PZU Group, which indirectly regulates the conduct in a mobbing situation, and the Human Rights Policy adopted by the PZU Group.

The Alior Bank Code of Ethics, which is binding on the employees of the Alior Group, contains guidelines on applying the principles of professionalism and respect in the workplace as well as the principles of good manners and openness toward diversity and tolerance.

Alior Bank has a Work Environment Policy Free from Undesirable behaviors which applies to all Alior Bank employees (regardless of the form of employment) and is an expression of the employer’s obligation to prevent and counteract undesirable behavior in business relations, in particular to counteract discrimination, mobbing, harassment and sexual harassment. The Bank provides educational activities to prevent the occurrence of undesirable behavior in the workplace. Any employee who believes that he or she has been a victim of mobbing, discrimination, harassment, sexual harassment or other undesirable behavior can complaint about the occurrence of undesirable behavior through channels dedicated to reporting such irregularities.

Bank Pekao has an anti-mobbing policy in place. This document lays down the rules for counteracting any action or conduct indicative of mobbing; additionally, it aims to underpin the execution of labor law regulations with respect to the obligation of combatting mobbing. The Bank applies a zero-tolerance policy towards mobbing actions or behaviors in relation to employees (including manifestations of sexual harassment), with proper consequences immediately imposed on perpetrators. In accordance with the provisions of the Anti-Mobbing Policy, each reported case is examined by the Anti-Mobbing Committee – a collective body appointed by the employer to investigate mobbing-related complaints.

[ESRS G1-1] [ESRS G1-1]

7.10.3. Whistleblower System and Whistleblower Protection

In all Group companies, Polish and foreign alike, separate whistleblowing procedures are in place¹. Employees are advised of the prevailing standards of conduct, inter alia as the new hires are being onboarded, under e-learning sessions and during on-site and online training courses.

The **Whistleblowing System**, has been in place in PZU and PZU Życie. It allows employees and entities working with PZU to report irregularities that may be deemed to be in violation of laws, internal regulations or standards of conduct, including ethical standards adopted by the Company. Information can be submitted both by name and anonymously.

In each case, the applicable “Whistleblowing Procedure in PZU SA and PZU Życie” provides the reporting party with confidentiality, discretion and protection of personal data. An employee who reports a potential irregularity in good faith is not at risk of any sanctions; nor does he or she incur any consequences pertaining to his or her employment relationship due to that report. The Whistleblowing System supports the application

1) **Irregularity** – action or omission by persons related to the company that may be deemed to be in contravention with the law, internal regulations or standards of conduct, including the ethical standards adopted by the company leading or that may lead to jeopardizing the company with compliance risk.

of PZU’s ethical standards and the management of the accompanying risks.

Reports transmitted by clients are subject to examination in accordance with separate internal regulations defining the organization of the complaints handling process. The process for handling complaints is described in [Chapter 9.2.5.1. Complaints and grievances](#).

[ESRS S1-3]

Whistleblowing Procedure



Whistleblowing Procedure PZU and PZU Życie have a Whistleblowing Procedure in place, under which employees may report behavior that may be considered to be in violation of laws, internal regulations or standards of conduct, including ethical standards adopted by the Company, resulting or likely to result in the Company’s exposure to compliance risks.

Employees learn about the procedure at mandatory training sessions on compliance available, inter alia, on the in-house educational platform. It is also discussed at training sessions for newly hired employees. Information concerning the standards of dignity, including precisely how to report irregularities is also regularly disclosed to external entities cooperating with PZU, among others, to agents and business partners.

Responding to irregularities is in the interest of PZU as it helps to prevent the occurrence of similar incidents in the future, minimizes the extent of losses, and allows the organization to maintain transparency in its operating rules and a high standard of professional relations. Whistleblowers and those affected can count

on discretion, protection of personal data and full confidentiality of the information obtained.

Pursuant to the “Whistleblowing Procedure in PZU SA and PZU ŻYCIE SA”, all the information on irregularities may be reported via the following communication channels operated by the Compliance Department:

- dedicated hotline and fax;
- traditional mail to the address of the compliance unit;
- dedicated e-mail addresses;
- dedicated form;
- in person: directly to an employee of the compliance unit.

Number of reported suspected irregularities in PZU and PZU Życie	2022	2023
PZU and PZU Życie	100	119

Comments to 2023: all reported cases were handled in accordance with PZU’s regulations, including the “Whistleblowing Procedure in PZU SA and PZU Życie SA”; reports included cooperation with intermediaries/distributors; suspected activities that were not in compliance with standards of conduct or regulations.


Best practices of PZU and PZU Życie

Whistleblowing Procedure – Reports and Proceedings:


- thanks to the various forms of contact with the compliance unit, an employee may file a report in the form he or she likes like and at his or her convenience, 24 hours a day, 7 days a week;
- in accordance with the “Procedure” in force, Compliance Department employees run the proceedings on reported irregularities in PZU and PZU Życie. The person conducting a given case coordinates the actions taken during the explanatory proceedings; he or she also analyzes the factual circumstances and the legal status specified in the notification;
- the person overseeing the Compliance Department is notified in every instance of the outcome of the proceeding concerning cases of significant importance to the company’s interests, while if the notification pertains to that person – then the President of the Management Board of the company is notified. The execution of the recommendations given after completing proceedings is subject to monitoring by the Compliance Department and is reported to the company’s Management Board and Supervisory Board as part of regular reporting on compliance risk.

Number of confirmed cases of irregularities	2022	2023
PZU Group	39	67
- including PZU SA and PZU Życie	22	28


Regulations in subsidiaries

 The entities belonging to the PZU Group have independent mechanisms for reporting information concerning the suspicion, possibility or occurrence of irregularities or abuse. Employees of each of the entities become familiar with internal regulations on the whistleblowing procedure, and cases are handled by dedicated compliance units.

PZU’s foreign insurance companies also have whistleblowing systems in place. Breaches can be reported by e-mail, in writing or in person to a compliance unit employee.

 In all of the PZU companies in the health segment, a compliance regulation package has been implemented, including a whistleblowing procedure.

Regulations in subsidiaries – banks

 An expression of Bank Pekao’s engagement in promoting corporate culture that supports ethical behavior, in keeping with the law and the Bank’s ethical standards and procedures, is the “Whistleblowing Policy in Bank Pekao S.A.”. The purpose

of the Procedure is to create safe whistleblowing environment for reporting actions or omissions in the bank that are inconsistent with applicable laws or designed to circumvent them, that violate internal regulations or violate ethical standards. The procedure is also intended to ensure that reported problems are received, analyzed and properly managed, the person making the report in good faith will be protected from possible retaliation.

In 2023, 10 breach reports were filed in the Bank Pekao via the whistleblowing mechanism. In the other Companies of the Pekao Group, there was one such a report.

Alior Bank attaches great importance to properly organizing the whistleblowing system so that employees may easily and freely transmit information or share their doubts. To this end, the Bank has introduced a “Policy of Irregularity Reporting and Whistleblower Protection”. The Policy defines the procedures reporting and examination of irregularities in the workplace, and the rules of protection of the whistleblowers against vengeful responses. The Whistleblowing and Whistleblower Protection Policy is supplemented by the Policy of Workplace Environment Free from Undesirable Conduct and a Procedure Defining Steps to be Taken to Report Undesirable Conduct in Alior Bank S.A. that provide detailed rules of actions to be taken by the employer if an irregularity in the workplace has been reported.

Alior Bank provides its employees with many communication channels available for whistleblowing. A report can be made by phone, in writing or by e-mail to dedicated e-mail addresses, including directly to the

Members of the Management Board or of the Supervisory Board. The adopted whistleblowing system facilitates the maintenance of anonymity. The Bank absolutely prohibits any repressive, discriminatory or other unfair treatment to an employee who has reported a violation. It also ensures confidentiality in case the reporter has revealed his or her identity or the identity can be determined. The Bank has an information policy aimed at spreading awareness among employees about the rules for reporting violations and protecting whistleblowers.

[GRI 2-25] [ESRS G1-3]

7.10.4. Prevention and Detection of Corruption and Bribery

Corruption Risk Management²

W There is zero tolerance for any form of corruption in the PZU Group. The organization’s implemented solutions define the method of corruption risk management, including identification, mitigation and monitoring. The Group’s entities have in place internal

2) **Corruption** - it is a direct or indirect demand, acceptance, provision or promise to provide an undue material benefit or a personal favor in exchange for taking or not taking an action in connection with a function in PZU. Gratification is a form of corruption. It involves making small and unofficial payments or some other types of benefits to procure the accelerated execution of a routine activity, which the party delivering the gratification has the right to receive.

Bribe - a form of corruption that involves giving or receiving a present, loan, fee, award or some other material or personal benefit to or from another person as an incentive for a dishonest or illegal action or breach of trust in the course of the company’s business activity.


regulations to prevent corruption, including, inter alia, rules for accepting and giving gifts, conflict of interest management, and ethical principles to be followed by members of the company’s statutory bodies. Depending on the entity, they have been included in one or more documents as part of anti-corruption programs and codes of ethics in place. The issues are also discussed during internal employee training.

The rules for Group employees to accept and give presents and the rules for registering them have been strictly defined. Gifts and entertainment, of small value only, may be offered or accepted only for the purpose of building business relationships or in connection with showing courtesy in relations with a client or business partner. Under no circumstances can money or its equivalent be offered or received. Giving and receiving gifts cannot be so frequent, excessive or generous as to represent an actual or perceived risk of corruption, or breach local statutory or executive regulations.

In 2023, PZU and PZU Życie in 2023 obtained certification of the Anti-corruption Management System in accordance with ISO 37001 awarded by the Polish Center for Testing and Certification. The certificate confirms the companies’ commitment to systemic prevention and counteraction of corruption risks.

[GRI 205-1]

Anti-Corruption Program

 PZU and PZU Życie have in place the Anti-Corruption Program in PZU SA and PZU Życie which lays down the standards of conduct to reduce corruption risk. The master rules described

therein for managing corruption risk form the basis for introducing detailed internal regulations in the various areas of the company's business. This Program aims to uphold the company's reputation as an honest company in terms of its managerial practices and business activities. The Management Boards of PZU and PZU Życie oversee the execution of this Program.

In keeping with the rules prescribed by this Program, companies conduct business in accordance with the law in an honest manner, and they counteract any and all forms of corruption which may be linked to their business. In turn, their employees are obligated to act ethically and in compliance with the law in favor and on behalf of PZU and to avoid factors increasing corruption risk. Employees are prohibited from proposing, promising, giving or demanding any material or personal benefits in order to manipulate a pending decision, including the usage of gratification. The Anti-Corruption Program has identified areas of activity that are particularly vulnerable to corruption. These include:

- cooperation with business partners and clients;
- HR policy;
- community outreach, prevention and sponsorship activities;
- keeping the accounting records;
- rules for handling gifts;
- management of a conflict of interest

The areas have mechanisms in place to identify and monitor corruption risks, such as:

- systemic activities undertaken by the PZU Compliance Department, including systemic corruption risk assessment and anti-corruption education;
- operational activities undertaken in business units in areas particularly vulnerable to risk, in particular, among others:
 - measures to reduce the risk of corruption in the area of cooperation with business partners and clients, i.e., purchasing processes are conducted so that the principles of fair competition are observed, and
 - measures to reduce the risk of corruption in the human resources area, among other things, the system of bonus remuneration for employees does not provide an incentive for illegal activities and ethical standards.

Non-compliance with the provisions of the Program constitutes a breach of employee duties and is subject to the labor law sanctions. Corruption is also an act that may be subject to civil liability or criminal liability if the act has the features of crimes that are referred to in the Criminal Code.

PZU has mechanisms in place to identify and monitor corruption risks.

Anti-Corruption Program – regular risk assessments

Corruption risk assessment is part of PZU's systemic compliance risk management, as part of the implementation of the provisions of PZU's Anti-Corruption Program, and it is conducted once a year. Aggregated assessment results are presented to the PZU Management Board. The implementation of

the assessment aims to increase the value of PZU by consciously managing the magnitude of estimated corruption risks and preventing the adoption of risks at levels that could threaten the security of the company. In addition, the results of the assessment form the basis for the measures taken to strengthen the control mechanisms in PZU regarding these risks.

[GRI 205-2]

Anti-Corruption Program - Training Courses and Other Educational Activities for Employees

PZU and PZU Życie employees submit declarations in the HR system that they have familiarized themselves with the Anti-Corruption Program and undertake to adhere to it and also that they are aware of the criminal liability for corruption. The training courses pertaining to the Anti-Corruption Program are among the mandatory training courses for all of the employees in the companies. They are conducted in the form of e-learning for newly hired employees during onboarding and as an annual refresher course for all employees. The actions come with anti-corruption training, publications, consultations and campaigns via the corporate communication channels. They attract the employees' attention to the corruption risk.

Training courses under the Anti-Corruption Program include:

- purpose of the Anti-Corruption Program;
- the issue of corruption;

- responsibilities related to the Anti-Corruption Program;
- scope of responsibility;
- reporting corruption;
- information about the need to submit a statement of having familiarized oneself with the Anti-Corruption Program (applies to new employees);
- areas particularly at risk of corruption.

Board members are provided with information about the Anti-Corruption Program in the form of training material upon taking office. They also make declarations in the HR system that they are familiar with the Anti-Corruption Program and that they agree to comply with it.

Anti-Corruption Policy



The Management Boards of PZU and PZU Życie have also implemented an „Anti-Corruption Policy” at PZU and PZU Życie. In confirming the importance of ethics-based standards of conduct in PZU and PZU Życie, the document adds to the construction of an effective anti-corruption management system. The policy is designed to help employees make, often difficult, decisions in situations they may experience. It reminds how to act and what situations to avoid in order to minimize the risk of corruption.

The policy has been communicated and is available to PZU affiliates and business partners.

All persons affiliated with PZU, i.e.: board members, employees, associates, intermediaries, are obliged to comply with the Policy and act with integrity and

honesty, in accordance with the law, ethical standards and the provisions of the document. The same obligation is placed on PZU’s business partners.

In the event of a violation of the Policy or anti-corruption regulations, PZU will take legal action under relevant internal regulations or laws.

Managing Investigations in Corruption Cases

The process for reporting corruption cases is included in the Anti-Corruption Program. It stipulates that persons affiliated with the Company should report any suspicions and events that may indicate a violation of the Program, in accordance with the Company’s internal regulations. The Company may not take punitive action against these individuals for filing such a report. Reports, including anonymous ones, can be directed to the Compliance Department or the Security Department, through the Company’s channels for reporting irregularities and security incidents. If a report has been referred to the Security Department, the Department will inform the Compliance Department in writing of the results of its analysis.

Investigations into cases of suspected crime, including corruption, are handled by the Security Department, and those investigating reported incidents of corruption are separate from the chain of management structures involved in the case. The Security Incident Investigation Manual does not require reports on all investigations, including corruption cases, to be submitted to Members

of the Management or Supervisory Boards. If materials are collected in the case that indicate that a crime has been suspected, it is referred to the Legal Department for formal and legal analysis and subsequent notification.

If a significant event occurs, the Board Member overseeing the Security Department is informed. One-off matters may be submitted to a Board meeting. The Security Department submits an annual report to PZU and PZU Życie Management Board Members on security at PZU Group companies in the areas of crime risk, information security, including cyber security, physical security and business continuity.

Regulations in subsidiaries – banks

 In Bank Pekao, in compliance with the guidelines of the “Corruption Prevention Policy in the Bank Pekao S.A. Group”, the “Corruption Prevention Program” has been adopted and includes rules and procedures regarding cooperation with intermediaries, the provision of gifts and entertainment activities, the recruitment process, cooperation with contractors, donations and sponsorship (including donations to political parties), mergers and acquisitions, significant investments and the bank’s participation in public procurement procedures. The program also includes training and information courses for employees devoted to counteracting corruption and ensuring safe and easily accessible communication channels through which bank employees or other persons may confidentially report corruption attempts or activities bearing the characteristics of corrupt practices.

In the area of counteracting corruption, Pekao Group companies follow the Code of Conduct and the same principles as those adhered to by Bank Pekao. The vast majority of companies have appropriate anti-corruption regulations in place, in line with the size and specific nature of their business. Some companies have established specialized coordinating positions or teams in charge of anti-corruption duties.

Alior Bank has implemented an Anti-Corruption Policy. It sets out rules of conduct aimed at preventing corruption in internal relations or in relations with the Bank’s Clients, Contractors or Alior Bank Group entities. The policy defines the basic assumptions and competencies for corruption risk management and introduces Alior Bank’s Anti-Corruption Program, which covers areas most at risk of corruption such as the use of contractors and cooperation with business partners, gifts and participation in events, sponsorships and donations, and the bank’s participation in public procurement. The Bank has designed anti-corruption controls and conducts ongoing analysis of potential corruption risks with regard to entities establishing relationships and cooperating with the Bank, entities who are the Bank’s borrowers in accordance with separate internal regulations, and job candidates. The Bank conducts educational activities to build awareness among employees of the existence of corruption, ways to prevent corruption and report corruption violations. Educational activities are implemented through an e-learning course and internal communication.

[\[ESRS G1-4\]](#) [\[GRI 205-3\]](#)

Corruption and bribery incidents

Corruption Cases in 2023

At PZU, corruption risk management is built into the Company’s business operations. The organizational arrangements adopted meet the basic needs of the organization. Lines of responsibility for corruption risks remained clearly assigned at every stage of the management process, from identifying corruption risks to mitigating and monitoring them. The organizational arrangements adopted are satisfactory given the basic needs of the organization.



In 2023, corruption risks did not materialize at a level that threatened PZU’s business in terms of operational and reputational risks.

Cases of corruption – results	PZU		PZU Życie	
	2022	2023	2022	2023
Dismissal or disciplinary punishment of employees	0	8	0	0
Non-renewal of contracts with business partners due to corruption violations	0	0	0	0
Court cases involving corruption practices brought against the reporting organization or its employees during the reported period	0	0	0	0

Percentage of employees who became familiar with the policy and anti-corruption procedures in the organization - as of the end of 2023	
Management Board	94%
Senior staff	97%
Others	96%
Total	96%

Number of confirmed cases of corruption	2022	2023
PZU Group, including:	1	9
• PZU	0	8
• PZU Życie	0	0

[ESRS G1-6]

7.10.5. Payment Practices

PZU and PZU Życie have the status of a large entrepreneur within the meaning of the Law on Counteracting Excessive Delays in Commercial Transactions of March 8, 2013. Pursuant to the law, payment terms in transactions

in which the creditor is a micro, small or medium-sized enterprise and the debtor is a large enterprise (the so-called asymmetric transaction) are 60 days. Internal regulations in place at PZU and PZU Życie reduce the standard payment term to 30 days and apply it to all categories of suppliers.

The following table shows the percentage distribution of invoices paid on time and late payments to small and medium-sized enterprises (SMEs) in 2023.


	Procent liczby faktur zapłaconych w 2023 roku					
	w terminie		po terminie			
	do 30 dni	< 5 dni	6-30 dni	31-60	61-120	> 120 dni
PZU	93,0%	3,9%	2,4%	0,4%	0,2%	0,1%
PZU Życie	92,6%	3,0%	3,4%	0,6%	0,2%	0,1%

In 2023, the average invoice payment time for small and medium-sized enterprises from the start of the contractual payment period was 29.3 days for PZU and 29.4 days for PZU Life.

Strategy for 2021-2023 and by following the “PZU Group’s Tax Policy” and other internal tax procedures. In February 2024, Agreements on the Principles of Operation of PZU Tax Group for 2024-2026 were concluded.

There were no legal proceedings

0 pending in 2023 in connection with late payments by PZU and PZU Życie.



[GRI 207-1] [GRI 207-2]

7.10.6. Tax policy

The PZU Group performs numerous reporting duties prescribed by the Polish law. Tax reporting enhances the PZU Group’s transparency, promotes the credibility of entities among investors and other stakeholders and instills trust in Group companies. Companies belonging to the PZU Group operate in compliance with the prevailing tax law, on the basis of the Tax Group’s Tax

Tax Group

Since 2021, the Tax Group (Podatkowa Grupa Kapitałowa - PGK) has consisted of the following entities:

PZU as the parent company representing PGK PZU and **subsidiaries:**

PZU Życie	Ipsilon
PZU Centrum Operacji	Tulare Investments
PZU Pomoc	PZU Cash
Ogrodowa – Inwestycje	LINK4
PZU Zdrowie	PZU Finanse
Omicron BIS	PZU Projekt 01 SA
PZU Lab	

Main features of PGK:

- business, operational and accounting processes under the PZU Group operations, including correct implementation of tax obligations and processes;
- PGK PZU and its Companies carried out several tax settlements of their actions pursuant to the prevailing tax law;
- The PZU Tax Group accepts only a low level of tax risk in its operations and manages tax risk in accordance with this principle. The activities of the PZU Tax Group aim at eliminating tax risks, in particular through timely payment of tax liabilities and submission of tax returns, as well as fulfillment of other liabilities resulting from the tax regulations, taking into account not only the literal wording of the regulations, but also their purpose;
- The PZU Tax Group and its member Companies take necessary measures to avoid situations that could lead to violation of the tax law. The business decisions of the PZU Tax Group and the Companies are made on the basis of assessing the impact of tax risks.

Assumptions and strategy of PGK:

- PGK PZU does not engage in aggressive tax planning nor does it plan or execute intentional transactions of artificial nature, whose main purpose or one of the objectives is to achieve a tax benefit. In particular, the PZU Tax Group does not apply solutions that could be regarded as tax avoidance or evasion;

- the Companies that form the PZU Tax Group are not domiciled in tax havens. What is more, the PZU Tax Group does not settle accounts with other entities based in tax havens in order to reduce its tax liabilities in Poland.
- The PZU Tax Group carefully analyzes all transactions and the registered offices of its business partners in order to avoid entering into cooperation with business partners who may use solutions aimed at reducing their taxes in Poland;
- PZU Group companies do not have overdue tax liabilities - they pay their liabilities by the deadlines designated by the tax laws. The annual tax review and the audit of the financial statements performed by the statutory auditor confirm that these calculations are correct. The competent tax office issues a certificate on not having any overdue taxes in response to requests submitted by PZU Group companies.

Tax liabilities

PZU Group companies calculate and pay tax liabilities for the following taxes, among others:

- corporate income tax (CIT);
- personal income tax (PIT);
- value-added tax (VAT);
- withholding tax (WHT);
- tax on civil law transactions (PCC);

- tax on certain financial institutions (asset levy) (FIN);
- real estate tax (DN-1).

[GRI 207-3]

Public consultations

PZU Group companies participate through the Polish Insurance Association in the process of government legislation and pronounce their opinions during social consultations on bills to change the tax laws. These actions are meant to serve both the social and the economic interests.

In connection with the amendment to the Corporate Income Tax Act, since 1 January 2021 some taxpayers

have been obliged to publish information on their tax strategy. The PZU Group satisfies this obligation, referred to in Article 27c of the CIT Act, and the information on the tax strategy it pursues can be found at its website.

[GRI 207-4]

PIncome tax per country

Grupa PZU znajduje się wśród


10 największych płatników podatku CIT w Polsce.

	2022			2023		
	Profit (loss) before tax	Income tax paid	Effective interest rate	Profit (loss) before tax	Income tax paid	Effective tax interest rate
Poland	9,818	1,936	19.7%	8,917	1,100	12.3%
Lithuania	118	56	47.3%	112	-17	-15.3%
Ukraine	13	10	71.0%	-21	-9	42.4%
Latvia*	43	0	0.0%	51	0	0.0%
Estonia*	24	0	0.0%	22	0	0.0%

*) under the tax system in Latvia, tax is paid against the payment of dividend, operations in Estonia are conducted by the Lietuvos Draudimas branch in Latvia

7.10.7. Investment Policy – TFI and PTE PZU

TFI PZU - Investment Process

 TFI PZU is part of the PZU Group. It manages investment funds for retail clients, institutional client assets and PZU Group funds.

For every product managed by TFI:

- investment funds and asset portfolios for external clients;
- investment funds dedicated to the PZU Group;
- asset portfolios of the PZU Group;

within the scope of the legal remit and investment strategy of each fund or product, TFI takes investment decisions based on a comprehensive analysis of financial instrument issuers and their environment. These analyses cover the full spectrum of factors with an impact on the value, including risks to sustainable development. In the investment process, these risks are considered, inter alia, in financial, regulatory and legal analysis, as well as the level of entire instrument portfolio management.

Voting rights strategy

Guided by the interests of participants in the investment funds and clients to whom it provides portfolio

management services, TFI PZU follows its “Strategy of Exercising Voting Rights from Financial Instruments in the Investment Portfolios Managed by TFI PZU”.

The company’s fundamental duties ensuing from its strategy are as follows:

- monitoring material events in the companies identified in the strategy;
- ensuring that voting rights are exercised in accordance with the investment objectives and investment policy of the respective fund;
- preventing conflicts of interest following from exercising voting rights and managing companies.

Voting rights strategy - ESG issues

The strategy for exercising voting rights from financial instruments included in investment portfolios and investment funds managed by TFI PZU takes into account environmental, social responsibility and corporate governance issues when choosing how to vote at general meetings of companies included in the managed portfolios or investment portfolios.

Accordingly, TFI PZU:

- will actively vote on matters related to social and environmental issues as well as governance issues;
- will endorse the application of high corporate governance standards, in particular those that advance transparency, equal treatment of shareholders,

Good practices of subsidiaries

Voting Rights Strategy

TFI PZU actively participates in the corporate governance development process in its portfolio companies, by participating in their shareholder meetings and pursuing the goal of protection and creation of investment value for fund participants and its clients. Bearing in mind the remaining provisions of the strategy, TFI PZU espouses the principle that it strives to participate and actively vote in all shareholder meetings of companies in which it has, on behalf of its funds or clients, the right to exercise more than 5% of the total number of votes.

TFI PZU has adopted principles that guide its choices when voting at shareholder meetings of companies included in its mutual fund portfolios or investment portfolios. The rules contemplate among others active voting on matters related to social and environmental issues as well as corporate governance issues. Additionally, they include provisions encouraging stringent corporate governance standards, in particular those that advance transparency, equal treatment of shareholders, independent oversight and the responsibility of shareholders and members of corporate authorities.

independent oversight and the responsibility of shareholders and members of corporate authorities;


- will endorse actions for issuers to adopt, implement and publish governance and ethical principles, standards and procedures spanning the issuer’s management board, supervisory board and employees.

Exposure policy of mutual funds managed by TFI PZU SA to companies listed on the regulated market

The policy in place provides for actions connected to exposure of mutual funds managed by TFI PZU SA to the equities of issuers in which an investment was made. They include monitoring issuers in terms of the investment risk with an eye to social and environmental impact and the corporate governance principles followed that constitute selected aspects of the socially responsible investing process. The research process is conducted in such a way so as to facilitate deliberate and responsible investment decision-making.

These practices serve the interests of participants of funds, grow the value of investments while simultaneously respecting environmental and CSR issues and building corporate governance. The purpose of this action is ensuring that investment decisions are made in accordance with the investment objectives and investment policy of the respective funds.

PTE PZU – an Investment Process

 PTE PZU (which manages the pension fund OFE PZU “Złota Jesień” and DFE PZU) has a

formalized investment process. The key documents governing it are the „Principles of Investment Strategy” of each fund, the „Declaration of Principles of Investment Policy and Investment Objective of Open-Ended Pension Fund PZU Złota Jesień „, the „Declaration of Principles of Investment Policy of DFE PZU”, the procedure „Making Investment Decisions” and the „Instruction for Preparation of Analytical Materials by Investment Office Employees”.

The overriding goal of the investment process at PTE PZU is the long-term maximization of the value of units of account at the assumed level of acceptable risk and maintenance of the funds’ liquidity requirements.

PTE PZU takes investment decisions based on a comprehensive analysis of issuers of financial instruments and their environment. These analyses cover the full spectrum of factors that affect the value of financial instruments, including risks to sustainability. These risks are taken into account by the Company in the investment process in financial, regulatory and legal analysis, among others, as well as at the level of managing the entire portfolio. Each equity issuer analysis includes an internal ESG Scoring. It is a tool to potentially take into account future adverse effects of investment decisions on sustainability factors when making investment decisions.

Investment process – ESG issues

PTE PZU expanded its investment process by assessment of the impact of private issuers of financial instruments on ESG factors. A tool for this purpose is the PTE PZU ESG Scoring. At stage one in 2022, the ESG Scoring became a required component of every investment recommendation by analysts of the PTE PZU Investment Department.

The PTE PZU ESG assessment relies on data consistent with the Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019. (the „SFDR Regulation”), and is therefore a tool with a potentially wide range of applications, in particular in the eventual decision to voluntarily disclose information in accordance with point Article 4(3) of the SFDR. Of the 14 parameters used, 13 are included in Annex 1 to Commission Delegated Regulation (EU) 2022/1288 of April 6, 2022 (the „RTS Regulation³⁾). The Scoring is a weighted average of the evaluation of 10 or 14 parameters, depending on the issuer’s business profile. In the case of less than 70% of data for a selected issuer, PTE PZU waives the issuance of its own rating and adopts the average of ESG ratings of external agencies.

PTE PZU’s ESG Scoring helps determine the ESG rating for issuers whose instruments account for more than 90% of the value of the portfolio of OFE PZU Złota Jesień.

3) The RTS (Regulatory Technical Standards), is a document that clarifies the negative effects on sustainability factors, which are dealt with in Article 4 of the SFDR Regulation

Taking ESG aspects into account when selecting intermediaries for trading on the stock exchange

„Assessing 100% of key suppliers for ESG risks” is part of the PZU Group’s ESG strategy. The key service providers for PTE PZU are brokerage houses. PTE PZU conducts an ESG survey of financial market brokerage providers at biennial intervals. The survey consists of 10 questions that evenly address all the aspects of sustainability. The results of the survey of brokerage firms in terms of ESG aspects were used in the process of evaluating and selecting brokerage firms for order execution.



Good practices of subsidiaries

Voting Rights Strategy

PTE PZU actively exercises corporate rights from shares in the funds’ portfolios. The participation of the company’s representative in all general meetings of companies that are in the portfolio of OFE PZU was adopted as a rule.

The manner in which the rights are exercised is governed by the „Principles of Corporate Governance in the Investment Activities of OFE PZU Złota Jesień and DFE PZU.” They include provisions on support for high standards of corporate governance including protection of minority shareholders’ rights and independent and professional supervision, and include boundary conditions for share-based incentive programs.

PTE PZU also takes into account the recommendations of Institutional Shareholder Services Inc. when creating voting instructions for company general meetings.

7.11. Minimum safeguards

Minimum safeguards under EU Regulation 2020/852 (EU Taxonomy)⁴ is one of the criteria for determining whether an activity is environmentally sustainable.

The purpose of the minimum safeguards is to prevent activities from being labeled as environmentally sustainable in case they involve negative impact in the area of:

- human rights, including labor rights (e.g., countering such a phenomenon as mobbing);
- corrupt practices;
- non-compliance with tax regulations;
- unfair competition;
- exposure to controversial weapons.⁵

According to Article 3 of the EU Taxonomy, in order for an economic activity to qualify as environmentally sustainable, the entities which conduct it must adhere to the principles of minimum safeguards, i.e., operate

in accordance with international social and ethical standards. According to Article 18 of the Regulation, minimum safeguards are the procedures used by the company to ensure compliance:

- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights, including:
 - the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labor Organization (referred to as ILO) on Fundamental Principles and Rights at Work; and
 - principles and rights set forth in the International Bill of Human Rights.

Implementation of minimum safeguards in PZU and PZU Group in 2023

PZU and subsidiaries with activities in line with the EU Taxonomy comply with the principle of minimum safeguards, as indicated by the Sustainability Platform and the indicated Commission notice. In the PZU Group’s insurance and reinsurance companies, minimum safeguards are examined in terms of own and investment activities.

In 2022, by decision of the Management Board, PZU joined the United Nations Global Compact (UNGC) and thereby accepted the UNGC’s 10 Principles in the areas of human rights, labor, environment and corruption prevention, which are designed to help business achieve the UN Sustainable Development Goals.

[\[GRI 2-23\]](#) [\[GRI 2-25\]](#) [\[ESRS S1-17\]](#)

Human rights

The PZU Group’s human rights policy was adopted by a resolution of the PZU Management Board on April 7, 2021. In 2023, the PZU Group updated its Human Rights Policy with a declaration of conduct in accordance with the international guidelines for the protection of human rights listed in Article 18 of the EU Taxonomy Regulation.

PZU Group entities have declared their adoption of the Human Rights Policy, thereby committing to respect human rights in accordance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The due diligence process is standardized across the PZU Group. In 2023, PZU conducted a study of the operation of this

process across PZU Group entities that have operations in line with the EU Taxonomy.

Respect for human rights is at the heart of building relationships with key stakeholder groups:

- employees
- clients;
- suppliers and business partners;

and all other stakeholders.

Provisions in the Human Rights Policy obligate the PZU Group to undertake a human rights’ due diligence process. This process is carried out according to defined internal rules and guidelines.

In 2023, in line with this process, PZU implemented a number of activities as shown in Table 1. The process will be developed and updated in the years to come.



Tabela 1: Implementation of due diligence process at PZU in 2023

A step in the due diligence process	Actions completed by PZU SA
Step 1. Adoption of and adherence to a human rights policy that obligates the company to undertake a due diligence process in all processes and areas of the organization	<ul style="list-style-type: none"> PZU updated Human Rights Policy in line with UN and OECD guidelines PZU appointed a Management Board Representative for Human Rights in the PZU Group to ensure a consistent approach to human rights management across the PZU Group
Step 2. Identification and assessment of the adverse effects of the organization's actions on human rights, taking into account the actions of stakeholders (business relations, supply chain)	<ul style="list-style-type: none"> PZU identified human rights that may be negatively impacted in its insurance, reinsurance, investment and operations (in the areas of purchasing, employee relations, occupational health and safety, personal data protection) PZU mapped the vulnerability of human rights and identified situations in which they may be violated. A summary of the identified rights is provided Table 2.
Step 3. Taking action to halt, prevent, mitigate and remedy identified adverse impacts of the organization's operations on human rights	<ul style="list-style-type: none"> From the vulnerability map, priority actions are derived. PZU made changes to its processes in the purchasing and investment areas. In 2023, the Code of Conduct and ESG Best Practices for PZU Group's Suppliers was revised TFI PZU added a provision to property lease contracts included in the portfolios of funds managed by TFI PZU whereunder both parties undertake to comply with the UN Guiding Principles on Business and Human Rights approved by the Council of Europe on June 16, 2011, and to take all measures to prevent violations of these rights. The lessee must also confirm that it has effective procedures and tools in place to monitor and minimize the risk of human rights violations and procedures against, bribery, unfair competition and unauthorized tax practices
Step 4. Monitoring the effectiveness and efficiency of the applied measures from point 3.	<ul style="list-style-type: none"> PZU prepared a list of KPIs by which it monitors the effectiveness and efficiency of its human rights activities
Step 5. Public reporting by the company on its approach to the due diligence process. Reporting on the steps the company has taken to avoid adverse impacts of the organization's operations on human rights.	<ul style="list-style-type: none"> In November 2023, PZU posted an update to its Human Rights Policy and a commitment to a human rights due diligence process No problems were found with effective communication with stakeholders regarding human rights

Tabela 1: Implementation of due diligence process at PZU in 2023

A step in the due diligence process	Actions completed by PZU SA
Step 6. Providing countermeasures and related cooperation in this regard. This includes the creation of complaint mechanisms (or participation in such processes) where individuals or groups can raise their concerns about adverse impacts on human rights	<ul style="list-style-type: none"> Human rights reports in the PZU Group will be handled by the Client Ombudsman. Reports are accepted in local languages at the following email address rzeczniklienta@pzu.pl or the correspondence address of the Client Ombudsman at PZU headquarters in Warsaw How the reports are handled by PZU is described in its internal procedure for preventing human rights violations In 2023, PZU conducted educational activities on human rights. The thematic workshop on human rights in business was attended by 246 employees. Internal communications published an article on adapting the PZU headquarters building to the needs of people with disabilities

Table 2. Summary of identified human rights that PZU may adversely affect in its operations

Human rights and freedoms	Employer and operations (human resources, health and safety, GDPR)	Value chain	Investor	Insurer
Right to life		X		X
Right not to be subjected to torture or cruel, inhuman and/or degrading treatment or punishment, freedom from mobbing	X	X		
Right of access to water and sanitation	X			X
Right to health	X	X	X	X
Right to social security, including social insurance		X		X
Right to an adequate standard of living		X		X

Table 2. Summary of identified human rights that PZU may adversely affect in its operations

Human rights and freedoms	Employer and operations (human resources, health and safety, GDPR)	Value chain	Investor	Insurer
Right to work and the right to enjoy fair and favorable working conditions (wages, working hours)	X	X	X	X
Right to form and join trade unions and the right to strike		X	X	
Right not to be held in slavery, servitude or forced to do forced labor		X	X	
Right to privacy/right to digital security and privacy	X	X		X
Right to equality before the law, equal protection under the law, and the right to protection from discrimination (including non-discrimination in employment, equality between men and women).	X	X	X	X
Minority rights				X
Right to democratic elections, to participate in public affairs			X	
Right to freedom of opinion, expression and the right to information			X	
Right to education			X	
Right to freedom of movement			X	
Authors' right to moral and material benefits from works			X	

In 2023, against PZU and PZU Group entities there **were no**:



- final and unappealable court convictions of labor law or human rights violations,
- cases before the OECD National Contact Point (OECD NCP) that would lead to the OECD NCP finding the entities have acted inconsistently with the OECD Guidelines for Multinational Enterprises,
- allegations before the Business and Human Rights Resource Center.

Fair competition and corruption prevention

PZU and PZU Group entities have appropriate internal processes and procedures in place for managing anti-corruption activities. PZU and PZU Group entities review internal regulations in the area of corruption risk management to ensure that they are up-to-date, and keep documentation to confirm this objective. The above regulations being in place at the company ensures the company's compliance with the OECD Guidelines for Multinational Enterprises, which contain a total of 12 guidelines in the areas of corruption and competition.

PZU and PZU Życie are fully compliant with the 2023 OECD Guidelines for Multinational Enterprises (the companies meet 12 of the 12 corruption and competition guidelines identified by PZU). In 2023, PZU clarified the provisions of the regulations on the rules for accepting and giving gifts at PZU and PZU Życie by noting that it is inadmissible to use third parties (an open catalog

of persons) to give money to government officials or employees of business partners, their relatives or associates. This change is good practice and did not constitute a loophole. PZU and PZU Życie were certified in July 2023 for compliance with ISO 37001 (anti-corruption management system).

Corruption prevention policies, including the Anti-Corruption Program in place at PZU and PZU Życie, are described in Section [7.10.4. Prevention and Detection of Corruption and Bribery](#).

PZU and PZU Group entities are building awareness of competition law within the organization through the preparation and implementation of an effective training program and outreach activities. In PZU and PZU Życie, there is a competition law training program for new employees, an annual program for executives and those in positions with a higher risk of non-compliance with competition law, an online program for all those affiliated with PZU, and an ad hoc program if a need arises. PZU and PZU Życie take ongoing measures to promote competition law-compliant activities and procedures, including the clarification of competition law concerns as part of ongoing counseling. The PZU Compliance Department conducted competition law training in 2023 in accordance with the training plan.

In 2023, there were no corruption or competition law breach lawsuits against PZU or PZU Group entities. There is no final and unappealable conviction by a court in a corruption case during the reporting year of the company or its senior management.



Tax issues

PZU and PZU Group entities treat tax management and compliance as an important part of their business. They have appropriate tax risk management strategies and processes in place, as required by UN and OECD guidelines in this regard.

In 2023, PZU and PZU Życie pursued their obligations under the prevailing tax law, in line with the Tax Group's Tax Strategy for 2021-2023 and by following the "PZU Group's Tax Policy" and other internal tax procedures. Tax matters at PZU and PZU Życie are handled by a qualified team in a dedicated unit (Tax Policy Department). Tax matters were treated with due diligence in 2023 under the supervision of the Director of the Tax Policy Department and the Board Member in charge of the Finance Division. Tax obligations are met pursuant to prevailing tax laws and adopted internal regulations. In situations where tax laws have changed, internal regulations are subject to review, and the Tax Policy Department staff apply tax laws directly until internal regulations are adopted. PZU and PZU Życie pay their tax liabilities within the timeframes specified in tax regulations.

In 2023, there was no final and unappealable judgment for PZU and PZU Group entities by the Provincial Administrative Court or the Supreme Administrative Court confirming a violation of tax law.


Controversial weapons

PZU and PZU Group entities are not engaged in activities related to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons).

[ESRS G1-6]

7.12. Security System

For PZU, security is an important element in the functioning of a modern insurance institution that affects the Company's reputation, enhances its credibility and builds client confidence. Therefore, PZU attaches great importance to operating in accordance with the law and the standards set, ensuring a high level of operational security.

 PZU and PZU Życie have „**Security Policy in PZU SA and Życie SA**”. The document, along with internal acts and decisions intended to implement the policy, is a comprehensive and complete regulation that covers the following areas:

- information security;
- counteracting crime;
- counteracting money laundering and terrorism financing;
- business continuity;
- IT systems security;
- physical security and occupational health and safety.

Second quarter of each year, the Director of the Security Department submits to the Management Board annually a report on the assessment of the level of security

threats for the previous calendar year. Based on this report, the Management Board may oblige the relevant organizational units to take measures to reduce the level of the identified security threat to PZU and PZU Życie.

The policy also creates common security standards for other PZU Group companies. Each Group company participates in achieving operational security goals using common security standards.

Respect for the provisions of the Policy by external entities cooperating with PZU and PZU Życie, based on contracts and agreements, including individuals providing services to the Company under civil law contracts, is one of the priorities of operational security of PZU and PZU Życie.

²³ [GRI 3-3] [GRI 2-25]

7.12.1. Information security


Approach to Management

PZU strives to ensure the security of protected information, including data covered by insurance secrecy and personal data in accordance with applicable laws.

The department in charge of security in PZU and PZU Życie is supervised by a Board Member. For the period from January 1 to December 31, 2023, it was Ernest Bejda. He has many years of experience in the area supervised. Prior to his employment in the PZU Group he worked in the General Customs Inspectorate in Warsaw, and then he ran his own advocate practice. He co-founded the Central Anti-Corruption Bureau in which he served as its Deputy Head (2006-2009), acting Head of the CBA from December 2015, and then as the head of the institution (2016-2020).

PZU and PZU Życie implemented principles for client identification and provision of information depending on the client's requests. Only persons authorized to do so have access to personal data and information covered by insurance secrecy. Authorizations are granted as per the duties performed, through the Central System for Information Security Management (Centralny System Zarządzania Bezpieczeństwem Informacji - CSZBI). In addition, a DLP-class monitoring system was implemented at PZU. Appropriate rules are implemented in the system to minimize the risk of disclosure of information, including personal data, to unauthorized persons. The companies regularly implement and update

procedures and safeguards in electronic channels of communication with clients, thereby minimizing the risk of unauthorized disclosure of legally protected information.

 The documents that govern the security of protected information at PZU and PZU Life are the „Security Policy in PZU SA and PZU Życie SA” and notably:

- Security procedure in the area of information security - the scope of which includes, among other things, the principles of information protection and information security in information systems, information system management instruction, prevention and prophylactic measures, and security risk management. The document also regulates the sharing of legally protected information, including data covered by insurance secrecy;
- Security procedure in the area of personal data protection - the document defines, in particular, the rules for processing personal data, accessing them, handling requests from data subjects, responding to security incidents, assessing and reporting breaches, as well as the role and tasks of the Data Protection Officer. The procedure also regulates the selection and audit of the processor;
- Procedure for monitoring a service provider. It defines the legal basis, purpose and scope of monitoring. Following the procedure, audits are performed of contractors that have been entrusted with personal data processing by PZU.

A number of additional procedures and rules are also in place, including:

- IT security risk management procedure;
- Risk assessment and personal data protection impact assessment procedure in PZU SA and PZU Życie SA;
- Management of anti-malware safeguards;
- Rules for secure personal data processing,
- Rules for managing personal data processing risk;
- IT security rules – IT Security Management System;
- Rules for managing the IT infrastructure vulnerabilities and security tests;
- Instruction manual (methodology) for identification and risk assessment of personal data processing;
- Classification of information and security levels at PZU and PZU Życie;
- Periodic reporting to the Management Boards of PZU and PZU Życie as regards data concerning DPIA analyses performed;
- Monitoring of processes and checking the observance of recommendations issued.

Transfer of Protected Information to Third Parties

Data subject to insurance secrecy are made available by PZU and PZU Życie under Article 35 of the Insurance and Reinsurance Activity Act which provides the list of the entities and institutions to which data may be made available. Third-party entities are entrusted by PZU and PZU Życie with personal data processing under a contract to entrust the processing of personal data. Where third

party entities are provided with protected information, it is a standard practice to enter into a confidentiality agreement. The contents of such a contract include, among other things, an undertaking to implement at least the same measures to ensure the protection of information, as well as an audit guaranteeing provision.

The solutions in place are designed to ensure that each piece of information is protected according to an appropriate level of security, to ensure the control of access to information, the integrity and availability of information, and to prevent theft and unauthorized outflow of information, as well as to ensure an appropriate level of client privacy. Each person whose data is processed by PZU and PZU Życie is entitled to access data and to erase, rectify, complete or modify his or her personal data, and has an opportunity to ask questions concerning privacy. Appropriate processes have been put in place for this purpose, which ensure the exercise of the rights of data subjects, as defined in Articles 12 to 22 of the GDPR⁶.

Audits of entities that have been entrusted with personal data processing are conducted by PZU and PZU Życie on a regular basis. During an audit it is verified whether the processing of the entrusted personal data by the processor complies with the GDPR and the agreement for entrusting personal data processing. PZU and PZU Życie also conduct audits of the processors in the case of which security incidents have occurred. Recommendations for changing processes or systems for particular business owners are issued on the basis of audits.

⁶) from Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR)

[GRI 2-16] [GRI 418-1]

Personal data protection officers

There is a designated Data Protection Officer at PZU who handles the duties of personal data controller (PDC) and a data protection officer (DPO) as prescribed by law, monitors information security incidents, in particular relating to personal data and breaches reported to the President of the Personal Data Protection Office (PUODO), and reports periodically to the Management Board of PZU and PZU Życie.

The scope of reporting as regards the security of the processed data in terms of the identified risks and vulnerabilities includes data on information security incidents, particularly in the area of personal data protection, including information on the implementation of the obligations set forth in Article 33 (Notification of a personal data breach to the supervisory authority) and Article 34 (Communication of a personal data breach to the data subject) of the GDPR. The ongoing data monitoring of data processing, as well as data analysis and reporting guarantee the transparency and accountability. With the use of the established mechanisms, the areas requiring the implementation of changes are identified and recommendations concerning the improvement of personal data processing security in these areas are issued.

Protection Impact Assessment (DPIA)

Following the obligations set forth expressly in the GDPR, processes have been implemented in PZU and PZU Życie which guarantee a documented process relating



to the carrying out of the provisions of Article 35 (Data protection impact assessment) of the GDPR, requiring companies to assess the data protection impact in order to estimate, in particular, the source, nature, specifics and seriousness of the risk.

Opinion issuing process

Internal documents, contracts and processes are reviewed in terms of compliance with the applicable provisions on the protection of personal data, judicial rulings, administrative decisions, regulations adopted by PZU and PZU Życie and best market practices.

The implementation of the opinion issuing process by PZU and PZU Życie has contributed to ensuring

compliance of data processing operations with the applicable laws, it ensures accountability and the implementation of the privacy by design principle. It allows to identify irregularities at an early stage and to adapt actions to the standards in force.

The implemented opinion issuing process encompasses the rollout of new functionalities or changes in the existing functionalities of IT systems, internal documents, processes and contracts in which a personal data related element is or may be present. For this process to be carried out in the best possible way, a dedicated e-mail box has been set up to which queries from business units are sent. Matters are assigned to employees specializing in various data protection areas. The opinion issuing process ends with the issuing of a recommendation in compliance with the applicable provisions on the protection of personal data, judicial rulings, administrative decisions, regulations adopted by PZU and PZU Życie and best market practices. To ensure accountability, all the cases for which opinions have been issued are recorded in a register.

Number of analyzed processes related to data processing in PZU SA and PZU Życie	2022	2023
Initiatives	674	737
Subthemes	935	1,379
Proof of Concept	8	8
DPIA analysis New processes	24	27
DPIA analysis Existing processes	4	2

Number of complaints about PZU's operations filed by external entities with PUODO	2022	2023
PZU	13	10
PZU Życie	4	3

Comments: in 2023, the number of complaints filed against the activities of PZU and PZU Życie by third parties with the supervisory authority was 10 and 3, respectively.

In 2023, the supervisory authority issued 9 administrative decisions on complaints filed by third parties in 2023 and in previous years (7 decisions in complaint cases for PZU SA and 2 for PZU Życie SA). Under the administrative decisions of 2023, the authority issued two reprimands for a breach of Article 6(1) of the GDPR (one to PZU and one to PZU Życie). In other cases of administrative decisions issued in 2023, the supervisory authority: refused to grant the application, discontinued the proceedings, revoked the reservation of business secrets.

Data protection violations reported to PUODO by PZU Group entities	2022	2023
PZU Group, including:	1,053	916
• PZU	198	213
• PZU Życie	84	69

Effectiveness of the security management system in PZU and PZU Życie	2022	2023
Number of potential infections blocked	>7.5 thousand	5.5 thousand
Number of blocked connection attempts to send malicious emails	210 million	263 million
Number of high-risk attacks blocked*	744 thousand	177 thousand
Number of blocked redirects to unsafe resources	> PLN 1 million	0.97 million
Number of malicious emails blocked	0.7 million	0.65 million

Comment: The decrease in the number of blocked high-risk attacks is due to an adjustment in the measurement method.

Security management system in PZU and PZU Życie – selected activities	2022	2023
Number of analyses	70 k	~ 104 k
Number of initiatives reviewed	1.2 k	1.03 k
Number of manual security tests	148	152
Number of vulnerabilities detected:	129 k	295.8 k
• including critical	27.0 k	34.2 k

Cybersecurity

23 [GRI 3-3]

Protecting data and internal systems from the threats posed by cyber-attacks is an important part of PZU's security management system. The most important goal of ensuring network security is to reduce the risk of cyber-attacks and effectively protect against unauthorized use of data and programs.

Best practices of PZU and PZU Życie

Cybersecurity

The cybersecurity management system in PZU SA and PZU Życie complies with the requirements of the ISO 27001 standard, which is the highest Information Security Management System standard renowned and recognizable all over the world. IT security is considered one of the most significant challenges faced by in the domain of modern technologies. Efforts focused on prioritizing the strategic objectives in this area within the PZU Group are aimed at responding to new threats, in terms of both organization and technology. Appropriate policies, procedures and detailed requirements are in place in all Group companies in order to ensure an adequate level of protection for clients' information and data. A comprehensive multiple-layer system to protect against cybersecurity threats functions in PZU and PZU Życie and is being constantly developed – new tools and competences are acquired on an ongoing basis.

Security tests

Rolling out and selling products and customizing the offer to evolving client needs is an enormous challenge for the PZU Group's IT systems. For these changes to proceed smoothly and not to disrupt client service, the organization has crafted a recurring information procedure embracing a broad set of tests and verification methods. This procedure guarantees early detection of threats and possible problems and supports the appropriate management thereof.

Vulnerability assessment tests are conducted by the PZU Group on the company's systems. Infrastructure vulnerability detection is an ongoing and automated process in which dedicated Vulnerability Assessment solutions are used. Security tests form part of the change, release and project management processes.

Opinion and coordination of the implementation of cloud-based solutions

On January 23, 2020, the Polish Financial Supervision Authority (Urząd Komisji Nadzoru Finansowego - UKNF) published an announcement regarding the processing of information by supervised entities in public or hybrid cloud computing. The Management Board of PZU designated the Security Department as the coordinating and competent unit for the approval of the implementation of cloud computing-based solutions.

In accordance with the guidelines of UKNF, procedures were adopted to standardize the process of classification

and evaluation of information, and the process of risk estimation, i.e.:

- procedure for classification and evaluation of information for the purpose of its cloud computing in PZU and PZU Życie;
- procedure for estimating the risk of cloud computing in PZU and PZU Życie.

Periodical reporting to the Management Board was introduced, as part of quarterly information from the information security area, which includes a list of topics based on cloud solutions to which opinions were issued.

The implementation of the above-mentioned measures has helped to standardize the process of implementing cloud solutions, thus reducing the risk of non-compliance with UKNF guidelines and transparently informing the organization about the actions taken.

Effectiveness of the security management system in PZU and PZU Życie	2022	2023
Number of cloud computing-based solutions reviewed at PZU/ PZU Życie	97	137
Number of processes requiring notification to the UKNF	1	8

E-learning "Keep your data in the cloud, not your head - be compliant with regulations"	2023
Number of people trained	8,654
Comments : it is a mandatory training course in cloud computing for all employees of PZU SA and PZU Życie SA. The first edition of this course took place in October 2023, hence the lack of comparative data from previous periods.	



Security training courses in 2023

- Induction course - for newly hired employees who learned about security rules during the training, followed by mandatory e-learning courses, „GDPR” and „Information Security, Cybersecurity and Crime Prevention”;
- Refresher course - for the employees of branches, claims handling and benefits units, and exclusive agents (i.e., in particular, those who process clients' personal data);
- Two educational campaigns featuring topics on new obligations under the Sanctions Policy, information security and cyber threats, including disinformation;

- Online meeting with external experts, where examples of sociotechnical threats, including disinformation, and tips on how to avoid them were discussed;
- Security information materials published on the PZU intranet.

An e-learning training course is planned for 2024 on the principles of security, information classification and secure data processing in publicly available artificial intelligence-based tools.

On-site training courses or webinars with a trainer on the topics of information security/personal data protection/cybersecurity at PZU SA and PZU Życie	Number of trainings		Number of participants	
	2022	2023	2022	2023
Implementation training for new hires	35	47	992	1,010
Refresher training	16	67	586	1,894

GDPR e-learning	2022	2023
Number of people trained	1,396	1,389


Comment: jest to szkolenie obowiązkowe. Dotychczas przechodzili je jedynie nowo zatrudnieni pracownicy. Planuje się jednak, że od 2024 roku odbywać się będą przynajmniej raz w roku szkolenia odświeżające z tego zakresu dla wszystkich pracowników PZU i PZU Życie.


“Information Security, Cyber-security and Crime Prevention” e-learning course	2022	2023
Number of people trained	1,468	1,271

Comment: it is a mandatory course. So far, only newly hired employees have undergone the training.


Security procedures in subsidiaries

Procedures to manage the security of IT processes have been implemented in PZU companies as well as in all foreign companies.


 PZU Zdrowie Group has a regulatory package of security policies that includes requirements for IT processes;


 guidelines issued by KNF for the management of information technology and the security of the

ICT environment at general pension companies have been implemented at PTE PZU;

 Internal regulations have been implemented at TUV PZUW to support the process of ensuring the confidentiality, integrity and availability of information, as well as the implementation of obligations required by law and KNF guidelines. In addition, TUV PZUW, using solutions developed by the PZU Group, applies a number of technological safeguards aimed at reducing the risks associated with loss of confidentiality, integrity or availability of information.

Security procedures in subsidiaries – banks

 In Bank Pekao , in order to guarantee comprehensive measures in the area of personal data protection, there is an Information Security Policy, together with Information Security Policy Documents, and a number of internal regulations relating to specific areas of the bank’s operation. Directors of the Bank’s organizational units and owners of information are fully responsible for the organization, security, processing of personal data in the units that report to them. Employees, on the other hand, are required to process personal data in accordance with the authorization granted to them, based on the scope of activities specified for their position. The Bank has also implemented data protection rules on the use of technical and organizational measures to ensure the protection of processed data. An Operational Security Center (OCC) has been established, a unit to watch for unauthorized access to data (including personal data),

Good practices of subsidiaries 

“Cybersecurity on-premises Competence Center” was established at Alior Bank, which is a local environment security center. Together with the existing “Cloud Security Competency Center”, it is intended to provide interdisciplinary IT and business support for the provision and maintenance of secure ICT solutions.

and (through systems in place at the Bank) to prevent the leakage of such data.

At Alior Bank, there are strict security procedures in place that comply with legal and regulatory requirements to ensure the confidentiality, integrity and availability of processed information. The Security Policy in place, standards and all procedures in this area are updated on an ongoing basis in response to the changing market conditions in the field of cyber security, as well as new requirements and guidelines from regulators, including those resulting from Alior Bank’s obligations as a key service operator under the National Cyber Security System Act (implementing the requirements of the European IEC Directive based on the requirements of the norm ISO/IEC 27001). In 2023, Alior Bank’s key IT systems involved in the processing of client data and participating in the processing of financial transactions were subjected to in-depth security tests.

7.12.2. Preventing crime

[GRI 2-25]

Approach to management

The PZU Group designates a single owner of the insurance fraud prevention, who is responsible for the entire process, monitoring its quality and effectiveness, as well as for adhering to the prevailing procedures.

PZU and PZU Życie have in place the Crime Prevention Security Procedure. It encompasses the following:

- disclosing security incidents and insurance fraud committed to the detriment of the company;
- prevention and prophylactic activities;
- security risk management.

The area of counteracting crime contains the Team for Insurance Fraud Prevention (ZPPU) and the Team for Security Incident Management (ZZIB). The Team for Insurance Crime Prevention fulfills tasks in the area of analyses of fraud prevention and operational activities undertaken to investigate the actual course of a given fraud event. The Security Incident Management Team performs tasks in the area of violations of internal procedures and incidents that may be crimes committed by PZU employees or associates. In discharging these tasks both Teams are supported by the Fraud Management System (FMS) – the most advanced system on the Polish market that profiles potential fraud,

supports its analysis and provides for smooth and effective case workflow.

FMS System

The Fraud Management System (FMS), which profiles internal and external fraud, operates in the area of claims arising within personal and property insurance, as well as within PZU’s internal processes for the substantive and technical handling of claims and benefits. It is a comprehensive IT tool based on SAS solutions, providing a hybrid approach by using multiple combined techniques in operational and management processes. The source data are insurance policies, claims, subject and object data and data from external sources (UFG information center).

The main benefits of FMS at PZU:

- reduction of losses from undue payments thanks to effective detection of fraud before compensation and benefits are paid, including automatic profiling of fraud at the time of claim registration;
- reduction of the rate of so-called “false profiling” and saving resources needed to verify misidentified cases;

- improved efficiency of investigators and analysts due to the use of case management tools (WorkFlow);
- monitoring the quality and effectiveness of the fraud risk management process based on the reporting of key assessment indicators.

Number of insurance crime incidents handed over to law enforcement agencies	2022	2023
PZU Group, including:	190	161
• PZU	136	113
• PZU Życie	13	10

Regulations in selected subsidiaries

In TUW PZUW, the “Procedure for preventing crime in TUW Polski Zakład Ubezpieczeń Wzajemnych” formalizes the process of the company’s identification, management of and protection against crime, in particular insurance crime and fraud.

TFI PZU has implemented “Rules and Regulations for Preventing and Disclosing Manipulations in Financial Instruments in the Activity of Towarzystwo Funduszy Inwestycyjnych PZU SA”. The “Code of Best Practices of Institutional Investors” prepared and approved by the Chamber of Fund and Asset Management is also in force in the company. This code provides the company with a great deal of support in defining the rules, moral and ethical standards and due diligence levels in TFI PZU’s

relationships with other institutional investors, its clients and issuers of financial instruments. TFI PZU’s adoption of the code also attests to the application of best investment practices in the company.

The Baltic companies have „Financial Crime Prevention / Crime Risk Management Policies” in place. They specify the company’s minimum requirements for managing risks related to external and internal fraud and other financial crimes against the company, as well as money laundering and terrorist financing.

Regulations in subsidiaries – banks



Alior Bank has an Alior Bank Group Security Policy in place. It defines the basic principles of the security system at Alior Bank and provides the basis for developing security policies, detailed requirements, processes and procedures. It is a document that overrides the bank’s other internal regulations related to security. The documents apply to all persons employed by the bank, regardless of the basis of employment, as well as apply to employees of third parties cooperating with the bank to the extent specified in the contracts.

The bank has a centralized process for managing credit fraud risk that includes providing opinions on new products and processes, automated anti-fraud strategies, central reference databases, issuing opinions against financing provided, creating guidelines for bankers and analysts to recognize fraud, and monitoring active banking products.

Bank Pekao has in place a Fraud Management Process regulation which introduces the Official Instructions entitled Fraud Management Process in Bank Polska Kasa Opieki. The Official Instructions define the following:

- what a fraud is and what fraud categories may affect the bank in the course of its activity;
- which organizational unit in the bank and which employee of the unit is required to take action in the event of fraud;
- how specifically fraud should be prevented (catalog of activities to be performed).

The Fraud Management Process and the Official Instructions impose on each bank employee the obligations and powers associated with prevention of financial crime threatening the organization and the bank’s clients.

7.12.3. Preventing Money Laundering and Terrorism Financing

[GRI 2-25]

Approach to management

The PZU Group has a group procedure on preventing money laundering and financing of terrorism. PZU is not subject to the AML Act, but as the parent company of the PZU Group, it has adopted a group procedure and

established standards in the area of AML and rules for the exchange and protection of information between Group companies that safeguard the Group's operations against money laundering and terrorism financing. The procedure covers all obliged institutions (obliged to apply the AML Law) in the PZU Group, both domestic and foreign. Also, each company has implemented its own anti-money laundering and counter-terrorist financing procedures.

There is a separate owner of the AML/CFT area in PZU Życie, who is responsible for the entire process, for monitoring its quality and effectiveness, adherence to existing internal procedures and setting standards for AML/CFT in the PZU Group. The Management Board Member overseeing the AML Department at PZU Życie is responsible for implementing the obligations for counteracting money laundering and terrorism financing prescribed by the AML Act. The AML area includes: The Security Threat Analysis Team, which implements the current AML/CFT processes, and the AML Regulations and Processes Team which handles the control of how AML obligations have been implemented, while the activity standards and target process, including the implementation of the IT system, is being developed under the AML Project.

PZU Group units covered by the group procedure on preventing money laundering and financing of terrorism	PZU Group	
	2022	2023
Companies	18	19*
Investment funds	15	32**

Comments: *additionally, an independent obliged institution (instytucja obowiązana - IO) is Alior Bank Branch in Romania. In preceding years it was included in the number of IOs (it is not shown as a Group company because it does not appear in the structure);

**in addition to the investment funds of PZU TFI, the investment funds of Alior TFI and Pekao TFI were shown as well (in preceding years they were not included in the number of IOs).

The Security Procedure in the Area of Preventing Money Laundering and Terrorism Financing in PZU Życie

PZU Życie has a “Security Procedure in the Area of Anti-Money Laundering and Financing of Terrorism”, which sets out the steps the Company takes to ensure compliance with applicable regulations and to safeguard its business against establishing and maintaining business relationships with entities suspected of money laundering and financing of terrorism. These activities include:

- a risk assessment of money laundering and financing terrorism related to the establishment of business relations or a transaction related to an insurance agreement;

Best practices of PZU and PZU Życie

Prevention activities – training

Risk awareness is a crucial part of the company's security system functioning correctly. That is why, all employees and intermediaries of PZU Życie, as an obligated institution, should be trained and have up-to-date knowledge of the applicable internal regulations and other necessary internal rules on preventing money laundering and terrorism financing. A comprehensive training plan for employees and associates has been implemented and it encompasses:

- mandatory e-learning course “Preventing Money Laundering and Terrorism Financing” for all the newly hired employees and exclusive agents at PZU Życie,
- employees and agents from sales and client service units receive a refresher course annually as part of their professional training.

The head of the organizational unit in which the employee is employed is responsible for supervision over the training. The head of the organizational unit of the Head Office supervising a given structure is responsible for supervising the employees of local structures of divisions and exclusive intermediaries.

- the application of financial security measures (assessment of the current situation and potential risks) with respect to the client prior to the establishment of a business relationship and with respect to the beneficiaries when paying out funds under the insurance contract;
- applying financial security measures according to client risk, such as enhanced assessment of the current situation and potential risks for clients affiliated with high-risk countries or holding politically exposed positions;
- analysis of clients and their transactions in the context of identifying suspect transactions;
- employee training on counteracting money laundering and terrorism financing;
- monitoring existing business relationships.

E-learning: “Counteracting money laundering and terrorism financing”	PZU Życie employees and agents	
	2022	2023
Number of people trained	9,601	9,153

Comments to the changes 2022/2023: In 2022, all PZU Życie employees were required to undergo the revised refresher course. In 2023, AML training was mandatory only for newly hired employees. In addition, as part of professional training, employees and agents at designated PZU Życie sales units are required to undergo AML training periodically.

7.12.4. Business Continuity Management

PZU and PZU Życie have Business Continuity Plans and a Business Continuity Management Procedure in place. The business continuity plan is a description of the actions necessary to be carried out in a situation of disruption to the operations of PZU or PZU Życie to ensure their continuous and uninterrupted operation.

The disruption may be due to the following:

- systems failures;
- cyberattacks;
- power failure;
- fire or flood;
- terrorist attack;
- pandemic or epidemic.

PZU has a two-tiered model for responding to disruptions:

- first level of response - emergency procedures are activated by the decision of the head of the organizational unit responsible for the affected area;
- second level of response - when the possibilities of actions taken under the first level of response are exhausted or the deadline for restoring the non-functional area covered by the Plan is exceeded, the Crisis Staff is activated to take control of the situation.

On a periodic basis, but at least once every 3 years, a Business Impact Analysis (BIA) is carried out to identify the Company’s critical processes and services and the risks that cause them to become interrupted. In order to maintain the effectiveness and adequacy of business continuity solutions, Business Continuity Tests are conducted regularly. They are held on the basis of the Test Schedule for the calendar year agreed with the relevant business units and approved by the Company’s Management Board.

PZU and PZU Życie had a Crisis Staff established in 2023 2022 in the face of an attack by the armed forces of the Russian Federation on Ukraine. The announced Crisis Situation means that there is ongoing monitoring of the current political and market situation, and adequate measures are introduced to ensure, in particular:

- safety of employees;
- business continuity of the companies and security of financial assets of the PZU Group;
- additional safety measures in terms of cybersecurity and physical safety.

The task unit of the Crisis Management Team continuously monitors the situation of Ukrainian companies, also in terms of reaching the assumptions of the “Crisis Situation Management Plan”, as prepared by Ukrainian companies.

Additional cybersafety measures were introduced to mitigate risk with increasing probability of materialization. Anomalies in terms of cyber threats,

extending to subsidiaries, are under continuous 24/7 monitoring.

Due to the nationwide implementation of CRP Alert Level 3 (CHARLIE-CRP) and Alert Level 2 (BRAVO), a heightened state of readiness of the physical and cyber security areas has been maintained continuously since February 2022 roku⁷.

7.12.5. Application of International Sanctions

[GRI 2-25]

Approach to management

PZU designates a dedicated business owner of the area, who is responsible for the entire process, monitoring its quality and effectiveness, reporting, as well as for adhering to the prevailing procedures. There are dedicated procedures in place at PZU that define the standards for managing sanctions risk at PZU and PZU Życie. The business owner of the process is responsible for, among other things, implementing solutions for the Company’s compliance with sanctions, supporting business units in the sanctions risk management process, protecting the Company’s interests, including its legal interests, financial interests in business dealings with

⁷⁾ By Prime Minister’s Order of November 30, 2023, the third alert level of the CRP (CHARLIE-CRP) has been extended until February 29, 2024, 11:59 PM.

other entities at home and abroad, and image in the financial market.

Sanctions policy

PZU and PZU Życie have a Sanctions Policy in place. Under the Policy, PZU and PZU Życie:

- do not cooperate with sanctioned entities,
- do not conduct transactions for sanctioned entities,
- use sanction clauses in contracts in which they identify sanction risks,
- analyze sanction risks in the case of planned cooperation with entities subject to sanctions risks.

In addition to the measures, PZU and PZU Życie make every effort to ensure that the mechanisms implemented at the Companies for managing the risk of violating the international sanctions regime are effective, adequate and proportionate. Legal, financial and reputational risks are taken into account when performing a risk analysis. In view of the geopolitical situation and the current legal status, PZU is continuing its efforts to introduce improvements and automate the process of managing the risk of violating the international sanctions regime. To this end, the AML Project has launched the Sanctions Current, which first aims to analyze processes with sanctions risks and develop requirements for target solutions, including the implementation of changes in IT systems.



E-learning course “Sanctions and Sanctions Policy”	2023
Mandatory training for PZU SA/PZU Życie SA employees	7,669
Professional training for agents	11,293

Comment: A new mandatory e-learning course „Sanctions and Sanctions Policy” was launched in 2023. With the training edition being first, there is no comparative data from previous years.





8. Environment (E)

- 8.1. Business of the PZU Group in the face of climate change
- 8.2. Taxonomy – disclosure under Article 8 of Regulation (EU) 2020/8525
- 8.3. PZU Group's climate impact



8.1. Business of the PZU Group in the face of climate change

The PZU Group, as one of the largest financial institutions in Central and Eastern Europe, is aware that the insurance industry is important in the transformation of the economy towards zero emission. It intensifies its efforts and undertakes activities which are to contribute to mitigating climate change. This mostly concerns growing our product offering, rethinking the way it is delivered, and developing innovation in reducing environmental risk and mitigating climate change. The Group is investing in projects that support the climate transition, including the development of the renewable energy sector.

The strategic activities are being implemented based on analyses conducted, which have allowed us to identify opportunities and risks.

[IIRC]

8.1.1. Global Challenges to Sustainable Development

In the Global Risk Report 2024 by the World Economic Forum¹ extreme weather events ranked second among short-term risks. Environmental risks once again

dominate the 10-year horizon. Among the top five long-term risks are 4 related to climate and the environment, these are: extreme weather events, critical change in earth systems, biodiversity loss and ecosystem collapse, and natural waste shortages. In addition, 2023 was the warmest year ever measured, as confirmed by data from the Global Climate Highlights 2023 report², based primarily on the ERA5 analysis dataset. In 2023, the global average air temperature was 14.98 degrees Celsius and was 0.17 degrees higher than 2016's record high.

Compared to the 2022 conclusions, the authors of The Emissions Gap Report 2023³ indicate that progress has been made since the signing of the Paris Agreement in 2015. Based on the policies in place at the time of the Paris Agreement, greenhouse gas emissions were projected to increase by 16% in 2030. The current projected increase is 3%. However, in order to meet the Paris Agreement's 2030 targets, projected greenhouse gas emissions must fall by 28% for a 2°C pathway and by as much as 42% for a 1.5°C pathway. The report's authors call on all nations to accelerate their efforts toward low-carbon economies. They also point out that developed countries with greater capacity and responsibility for emissions will have to take more ambitious measures and actively support developing countries in their pursuit of low-carbon development.

According to the PIU report⁴, „A climate of rising losses. The role of insurance in climate protection and energy transition” in 2016–2021, insurance companies in Poland reported 273 natural catastrophes to the Polish Financial Supervision Authority, for which they paid out PLN 3.622 billion in claims. Most of them were local and the result of torrential rains, thunderstorms, hail and hurricanes passing over Poland, as well as flooding. The authors of the report predict that extreme events will become more frequent and their effects more severe.

The analyses of the above studies show that the effects of climate change will affect economic development and the condition of societies. As a result, insurance companies must take these trends into account when pricing insured events. Risks related to climate change, both the physical and those related to transformation, need to be more fully and expressly accounted for in the

PZU Group's management. On the one hand, they directly affect the PZU Group's operations, but on the other hand, it is the PZU Group that can contribute to reducing the negative effects of climate change through its actions. Both perspectives will have a more and more important impact on the PZU Group decisions and financial results.

1 [GRI 3-3]

Monitoring the efforts of international organizations

The PZU Group is monitoring the activities of financial institutions and international organizations, i.e., the United Nations (UN), Organization for Economic Cooperation and Development (OECD) and the European Commission. By disclosing information and managing risks related to climate change in the financial sector, the PZU Group observes the provisions of the climate agreement entered into by 195 countries in Paris in 2015. A document of major significance as a guideline for action from the perspective of efforts aimed at reducing natural disasters is the “Action Plan on the Sendai Framework for Disaster Risk Reduction 2015–2030 – A disaster risk-informed approach for all EU policies” (Sendai Framework for Disaster Risk Reduction 2015–2030). When working over solutions to address environmental and climate change challenges, the PZU Group is also accounting for the efforts of the Polish government, and the assumptions found in the Energy Policy of Poland until 2040.

1) Preface – Global Risks Report 2024 | World Economic Forum (weforum.org)

2) www.climate.copernicus.eu/global-climate-highlights-2023

3) www.unep.org/resources/emissions-gap-report-2023

4) www.piu.org.pl/raporty/klimat-roznacych-strat/

1 8 [GRI 3-3] [GRI 2-28]

PZU Group participation in sustainable development initiatives

The need to prevent climate change and adapt to the new conditions requires coordinated efforts by decision-makers, businesses and the financial sector. That is why PZU takes active part in industry initiatives, is engaged in social consultations and issues opinions on draft acts concerning climate protection. In 2022, PZU became significantly more committed to external initiatives for sustainable development:

- **UNEPFI** – since June 2017, PZU has been a signatory to the United Nations Environment Programme Finance Initiative (UNEP Finance Initiative). The global partnership between the United Nations Environment Programme and the financial sector serves the purpose of mobilizing the entire financial system (including the insurance sector) to act towards the achievement of sustainable development goals.
- **UNEP/GRID-Warsaw** – PZU has been working with the UNEP/GRID-Warsaw Center since April 2022. In 2023, PZU joined the next edition of the Climate Leadership programme for the second time. PZU’s commitment to the 2023 edition of the Climate Leadership programme was to expand educational activities and raise awareness among employees in the area of sustainable development. PZU has also become a partner in the 10th anniversary edition of the „Eco-City” programme, run by UNEP/GRID-Warsaw in cooperation with the French Embassy in Poland. The purpose of the initiative is to educate, inspire and exchange experiences between local government units, entrepreneurs operating in urbanized areas and experts in sustainable urban development. PZU has prepared and made

available to all interested parties a compendium of the best trends and practices in sustainable urban development – „The Power of Our Cities”.

- **UNGC** – since May 2022, PZU has been a member of the United Nations Global Compact – the largest global initiative supporting sustainable business. Another Member of UNGC is Bank Pekao. PZU was involved in the Climate Positive initiative coordinated by the UN Global Compact Network Poland and participated, among other things, in the Sustainable Finance team.
- **Partnership for SDGs** – in June 2022, PZU joined the Partnership for Sustainable Development Goals, initiated by the Ministry of Development and Technology.
- **Responsible Business Forum** – PZU continued its participation in the Responsible Business Forum’s Partnership Programme. The program is a platform for development, knowledge acquisition, and networking and sharing of best practices in the area of sustainable development. More than 60 sustainable development leader companies in Poland participate in the Programme. PZU is also involved in the Chapter Zero Poland initiative coordinated by the Responsible Business Forum. It is the Polish branch of the international initiative entitled Climate Governance established by the World Economic Forum. It was formed to raise awareness concerning the consequences of climate change for the business community and its impact on the climate.
- **Projects of the Ministry of Climate and Environment** – PZU continues to be involved in implementing the assumptions of the Polish Offshore Wind Sector Deal and Sectoral Agreement for the Development of the Hydrogen Economy in Poland. These projects have been initiated by the Ministry of Climate and Environment. They constitute a platform for

inter-sector collaboration for Poland’s economic development, enhancing the competitiveness of Polish commercial undertakings and developing initiatives to ensure Poland’s economic and energy security based on low and zero emission sources of energy. One Member of PZU Management Board serves as member of the Offshore Wind Coordination Council

- **Sustainable finance** – the PZU Group systematically takes part in the dialog on sustainable development and finance. A PZU representative chairs the Task Force on Sustainable Finance at the Polish Insurance Association (PIU). PZU also chairs the Natural Disaster Risk Management Team, one of whose tasks is to support the Polish Financial Supervisory Authority (UKNF) in defining climate change stress tests. PZU is also involved in the works of the Polish Sustainable Finance Platform at the Ministry of Finance.
- **Sustainable Investment Forum Poland (POLSIF)** – in February 2024, TFI PZU joined the ranks of members of the Sustainable Investment Forum Poland (POLSIF), whose mission is to work for the development of the sustainable investment and finance market in Poland by creating and disseminating best practices in this area. Sustainable Investment Forum Poland (POLSIF) is a non-governmental organization founded in 2023 by representatives of leading investment fund companies, banks, private equity funds, industry organizations and chambers, and academia. POLSIF is part of the pan-European organization – The European Sustainable Investment Forum (EUROSIF)²⁵ (temat istotny).

ESG strategy indicator: Joining at least 3 new initiatives – promoting sustainable development

Level of implementation 2023: Participating in 7 new initiatives – promoting sustainable development

25 [GRI 3-3] [IIRC] [GRI 2-16]

8.1.2. Analysis of climate change and risk identification

When analyzing the impact that climate has on PZU Group's operations, in the context of growth, results and capital situation, we have identified risks, accounting for the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD) and European Commission and conducted a climate change scenario analysis.

Risks related to climate change

The scenario structure proposed by NGFS (The Network of Central Banks and Supervisors for Greening the Financial System) was used as a starting point for the analysis conducted at the PZU Group. The scenarios are structured according to the degree of attainment of the climate goals and the transition pattern. In turn, in its document, the European Insurance and Occupational Pensions Authority (EIOPA) assigned two long-term scenarios of temperature increase (above and below 2 degrees Celsius) to the four global pictures defined by the NGFS.

Stress tests and sensitivity analyses

The PZU Group conducts regular stress tests and sensitivity analyses under its annual analysis of own risk and solvency assessment (ORSA) and stress tests consistent with the requirements of the regulatory authority. Under ORSA, the sensitivity analyses for PZU cover stress scenarios affecting assets and liabilities.

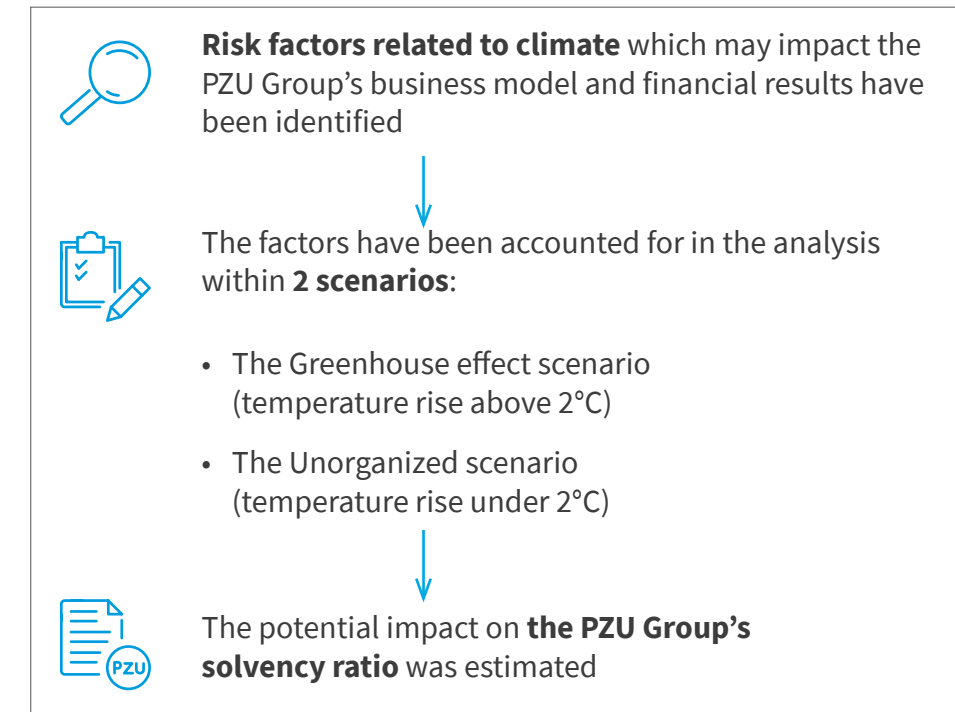
The stress tests selected for execution as part of this assessment cover the major areas of activity and the PZU Group's risk profile. They correspond to the assessment of the most important risks; in particular, the short-term impact of extreme weather-related phenomena (catastrophic losses) and the impact of the growth of the loss ratio on the PZU Group's capital condition are regularly analyzed.

Identification and analysis of risks, identification of key risks

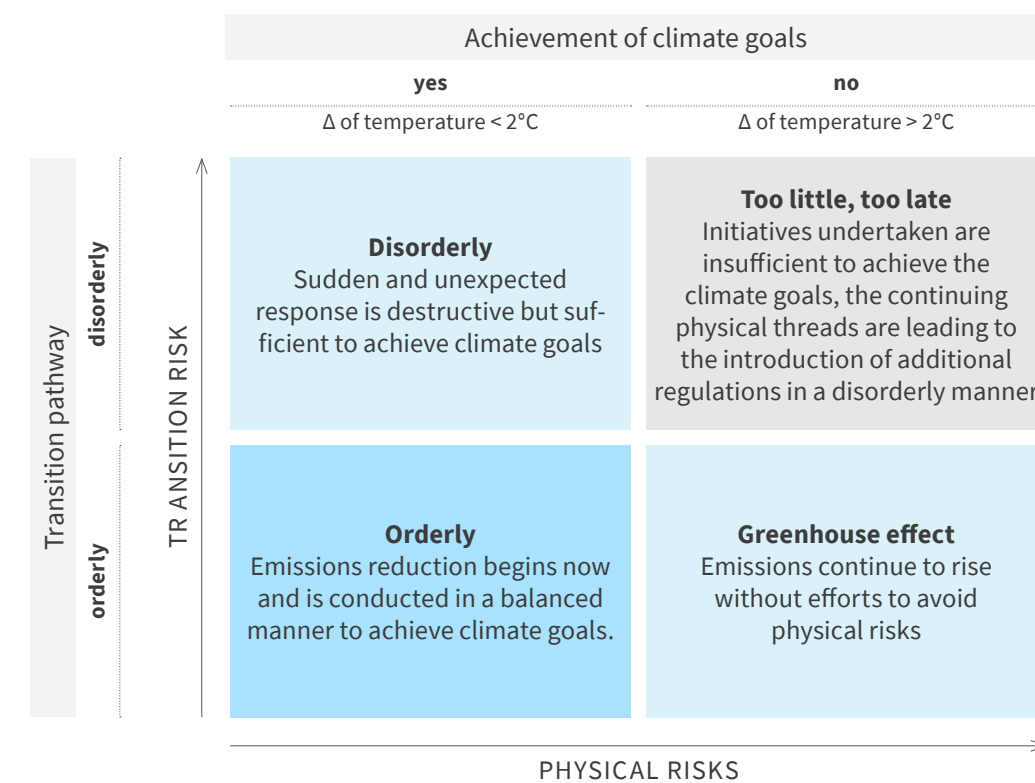
To supplement the processes governing the management of respective risk categories, PZU, as parent company, cyclically conducts identification and analysis of risks, as well as identification of key risks. All risks identified in this process are assessed as to their frequency and scale of materialization (accounting for the financial aspect and reputation). In particular, risks related to climate change are subject to risk in terms of physical risks and transition risks. This process facilitates risk analysis in the medium-term and identification and assessment of emerging risks. This analysis is updated at least once a year.

The analyses conducted have identified the following climate-related risk factors which may influence the PZU Group's business model and financial results.






Analysis of climate-related risk factors



Structure of the scenarios



Source: A call for action; Climate change as a source of financial risk, April 2019

	Risk factor		Horizon	Category in risk management system	Actions taken
TRANSITION RISK	Difference between the dynamics of Polish economical transition and changes in the reinsurance market, resulting in lower availability of reinsurance offerings for projects in extractive industry and coal-dependent energy sector. Materialization may lead to the following consequences:				
	<ul style="list-style-type: none"> Limited insurance sales for this type of projects. 		Medium-Term / Long-Term	Business risk (analysis of key risks)	Renewals of contracts involve negotiations with reinsurers and clients . Clients are offered a cover adjusted to the available reinsurance offering . Restrictions on liability limits are necessary.
	<ul style="list-style-type: none"> Higher reinsurance cover prices. 		Short-Term		Additionally, it is assumed that PZU's portfolio will be gradually transformed in line with the Polish economic transition
	<ul style="list-style-type: none"> Higher capital requirements for the risk of default by counterparties due to placing of part of the portfolio at lower-rated reinsurers. 		Medium-Term	Credit risk	<p>The credit quality of reinsurers is assessed on the basis of data obtained from external sources, including the financial strength rating according to the agency's credit assessment, as well as on the basis of an internal model. The model divides reinsurers into several classes, depending on the estimated risk level.</p> <p>A reinsurer will not be accepted if its risk is higher than a pre-defined cut-off point and a rating no lower than A-. The acceptance is not automatic and the analysis is supplemented by assessments by reinsurance brokers. Within credit risk monitoring, the assessment of a given entity is updated once a quarter.</p>
	Lower share price and corporate bonds valuation for companies in selected sectors due to higher regulatory burdens.		Medium-Term	Market risk / Credit risk	<p>Market risk is subject to continuous monitoring and internal limits.</p> <p>As for credit risk, there is a comprehensive counterparty assessment and limit establishment system (including by industry). When it comes to credit risk assessment internal credit ratings are set for the given entity (the approach differing, depending on the type of entity). Ratings are based on quantitative and qualitative analysis and are one of the fundamental elements to the process of establishing commitment limits. The credit quality of counterparties and issuers is regularly monitored. One of the basic elements of monitoring is a regular update of internal ratings.</p>
Raising capital requirements due to revision of parameters in standard formula for selected risks		Medium-Term	Compliance risk	The PZU Group monitors changes in regulations on an ongoing manner, takes part in consultations, and analyzes the impact of changes planned or introduced on its equity situation.	
PHYSICAL RISKS	Extreme weather events happening more often, which may lead to higher reinsurance prices		Short-Term / Long-Term	Actuarial risk	The risk management system at PZU Group ensures cyclical monitoring of exposure, and the reinsurance program implemented allows a significant reduction of potential catastrophic loss on the deductible to acceptable levels which do not threaten PZU's financial stability.
	Intensive forest fires in suburban localities and croplands due to growing droughts.			Actuarial risk	
	Higher mortality, in particular in cities, due to extreme weather events and higher temperatures in the cities compared to surrounding areas, which may lead to higher payouts and the need to readjust assumptions or the future by increasing mortality factors in the best-estimate liabilities (BEL).		Long-Term	Actuarial risk	<p>Analysis and monitoring of exposure factors concerning risk in selected product groups.</p> <p>Actuarial control cycle, i.e., setting adequate assumptions.</p>

The risk factors itemized in the table above have been analyzed under 2 scenarios for which the starting point is the structure of the scenarios proposed by The Network of Central Banks and Supervisors for Greening the Financial System (NGFS)

During the current phase of analyzing climate risks the PZU Group studied:

1. The “Greenhouse effect” scenario in which physical risks play the main role, which in a simplified approach involve the assumption of a zero impact exerted by transition risks;
2. The “Unorganized” scenario in which the transition risks play the main role, which in a simplified approach involve the assumption of a zero impact exerted by physical risks.

The following assumptions and risk factors have been taken into account:

Analysis results

“Greenhouse effect” scenario	“Unorganized” scenario
<ul style="list-style-type: none"> • Extreme catastrophic events: <ul style="list-style-type: none"> (i) floods, where the value of loss 1 to 200 years is set out in line with the standard formula used to determine the capital solvency requirement; (ii) forest fires in suburban areas and croplands – maximum loss on deductible in respect of a single event. <p>Short-term horizon: payouts due to catastrophic risks in line with the current reinsurance program, lower equity.</p> <p>Long-term horizon: higher reinsurance prices and legitimate portions, higher SCR due to higher net best-estimate liabilities (net BEL).</p> <ul style="list-style-type: none"> • Higher mortality, in particular in cities, due to extreme weather events and higher temperatures in the cities compared to surrounding areas <p>Short-term horizon: payouts due to higher claims ratio in first year, lower equity.</p> <p>Long-term horizon: higher mortality rates used to determine BEL, lower equity and change in (SCR).</p>	<ul style="list-style-type: none"> • Higher credit risk due to reinsurance of part of the portfolio at lower-rated reinsurers. • Revaluation of shares and corporate bonds in selected sectors. • Regulatory risk related to the readjustment of standard formula parameters used to set the capital solvency requirement. <p>The transition risks are expected to materialize in the short-term or medium-term horizon.</p>

- Should the scenarios assumed materialize, the solvency of the PZU Group will not be under a threat.
- The regulatory requirements and the assumptions concerning the internal limit system are satisfied in both scenarios. The table below shows the sensitivity of the PZU Group’s solvency ratio, estimated based on forecasts as at the end of 2024.

	Sensitivity of PZU Group’s solvency ratio
„Greenhouse effect” scenario	(44) p.p.
„Unorganized” scenario	(6) p.p.

- Classifying the occurrence of extreme flooding as a physical risk is the most severe factor. This is a long-term risk associated with temperatures rising more than 2°C. Annual renewals of contracts and analysis of current data and forecasts coupled with the selection of the appropriate reinsurance program make it possible to reduce considerably the possible impact this risk can exert on the PZU Group.
- The most severe transition risk is the regulatory risk associated with a change in the parameters used to calculate the sub-module for the natural catastrophe risk.
- The probability that the risk related to the global economy transition into a low-carbon one (transition risk) will materialize is much higher than the probability that the most extreme physical risk related to the climate change will materialize.

The analysis above presents the impact of key risks related to sustainable development, especially climate change, on the PZU Group. Nevertheless, the response to the identified risks facilitates a change in the direction of a sustainable product offering that does not just correspond to client needs and the identified climate-related challenges but above all that offers an opportunity for business development and building a market edge. The PZU Group pursues efforts to limit the likelihood of transition risk materializing by investing in low-emissions economy as well as adjusting its offering to prevent climate risks and support the adaptation capabilities of the Polish economy.

ESG strategy indicator: Preparation and implementation of climate change impact analyses to ensure compliance with regulatory requirements

Level of implementation 2023: (Achieved)

1 [GRI 3-3] [ESRS SBM-3/E1] [ESRS IRO-1/E1]

8.1.3. ESG Strategy – approach to management in climate

The climate risks identified have been accounted for in the ESG “Balanced Growth” Strategy, in particular the “Trusted Partner in green transformation” environmental pillar. The PZU Group focuses its efforts to reduce climate change on several levels, and at the same time looks for opportunities to grow its business in them. These include:

- appropriate product offerings to enable and encourage customers to take action to reduce carbon emissions;
- using new technologies in the claims and benefits handling process;
- developing advisory services in risk mitigation, building awareness and a more effective approach in clients towards climate change mitigation;
- making investment decisions supporting the development of renewable energy sources and changing the energy mix of the Polish economy;
- engaging in efforts to study and better understand ESG risks within the investment and insurance portfolios;
- engaging in efforts reducing the immediate environmental impact of the PZU Group.

Opportunities related to climate change

Climate change represents a growing risk for the insurance industry, but it also presents new opportunities. Understanding sustainability risks not only helps protect policyholders from losses, but also ensures the long-term availability of insurance products and, in some situations, reduces the overall cost of insurance. Risk analysis makes it possible to identify precisely the risks associated with sustainable development, and in particular climate change. In order to move toward a balanced product offering, the PZU Group’s strategy and all of its activities revolve around responding to identified risks. It is not only a response to clients’ needs and identified climate challenges, but also an opportunity for business development and building market advantage. For instance, managing the climate risk following from the transition of the insurance portfolio to extend and augment the attractiveness of the offering of financial products addressed to low emission branches of the economy and those branches that harness renewable energy also contributes to the development of these branches. In this manner the positive impact exerted by the Group’s product offering on the climate and environment can be manifested. It is worth emphasizing that achieving the goal of adequately adapting society and the economy to climate change requires extensive support activities beyond the scope of the insurance industry.

Indirect impact on climate change

Group companies utilize natural resources in their business operations. However since most of the Group’s companies are financial institutions, their direct climate impact is relatively small. On the other hand, by financing, insuring and investing, these companies can, to a certain degree, influence clients’ conduct, and hence their impact on the environment and climate change.

It is the ambition of the PZU Group to become a trusted partner in energy transition and have an offering that supports the development of a low-emissions economy. Details on how the PZU Group shapes its insurance offer and banking offer so as to support the Polish economy on its pathway towards climate neutrality, and how it exploits climate-related opportunities, are presented in Chapter [8.1.4. Product offering - prevention and adaptation](#).

6 [GRI 3-3] [ESRS E1-1]

8.1.4. Product offering – prevention and adaptation

The PZU Group is aware that insurance services, banking and investment activity are areas in which decisions of Group companies may influence client behaviors and, as a consequence, also their attitude towards the natural environment, the importance of respecting human rights and ethically doing business.

PZU Group’s product offering and efforts account for various climate change scenarios. That is why efforts are multi-directional. On one hand, they contribute to the prevention of climate change, or they concentrate on supporting the economy in its efforts to navigate

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7 [GRI 3-3]

Sustainable Investment Policy in PZU and PZU Życie



Sustainable Investment Policy of PZU and PZU Życie lays down general principles for investment, ESG factors taken into account in that process, and the manner of implementing the sustainable investment goals specified in the ESG Strategy and PZU Group’s Strategy. This is applicable when investing own funds and the funds satisfying insurance-related obligations. Furthermore, the Policy indicates example ESG factors taken into account in the investment activities of PZU and PZU Życie. The policy has been adopted by virtue of relevant resolutions. The policy is available on the website at: https://www.pzu.pl/_files/assetmanager/item/1535345


the transition and curtail greenhouse gas emissions. An important part of the commitments under the ESG Strategy is linked to developing the product offering to support the nation’s energy transition. On the other hand, the Group’s activities contribute to adapting to climate change, i.e., building the country’s resilience to climate change. To address the challenges related to climate change, the PZU Group looks for and implements innovative product solutions.

Its insurance business is oriented towards providing insurance products tailored to the needs of individual and corporate clients in various sectors of the economy. The Group’s highest priority is to properly respond to the current needs of the Polish market and economy in accordance with national and EU regulations (including those safeguarding the principles of fair competition and permitting cooperation only with those business clients whose activity, according to PZU’s knowledge, complies with the applicable laws). The complexity of needs and, consequently, of the offering has led PZU do provide insurance cover also to entities operating in the mining and power sectors. Besides traditional operations consuming coal and other mineral fuels, clients from

this group also develop their activities in renewable energy sources. Moreover, the PZU Group is fully aware that the transformation process of the Polish economy towards carbon neutrality will require commitment and investment by commercial undertakings currently operating in the power sector. To enable a successful and orderly transformation, financial products, including loans and insurance policies, must be available to entities doing business in this sector.

6 [GRI 3-3]

8.1.4.1. Corporate clients

 Due to the scale of impact that its corporate clients have, PZU Group systematically grows the product offering addressed to those clients precisely. The Group aims to deliver solutions which will support them on their path towards climate neutrality. This is the response to the largest climate challenges. Thanks to its products on offer, the PZU Group contributes to a lesser adverse environmental impact, and its offering is adjusted so that it accounts for the specific nature of the Polish economy.

RES Insurance – “PZU Wind Power” and “PZU Solar Power”

Addressing the needs arising from the growing renewable energy market, PZU has included insurance for corporate clients who invested in RES in its offering. The PZU Wind Power and PZU Solar Power policies are products that protect wind and solar power plants in the event of a failure, damage or destruction. These policies also give clients protection against civil liability and loss of

profit caused by material damages. Both policies offer protection for the equipment used to generate energy (the PZU Wind Power: gondolas, towers, foundations, internal cabling and the PZU Solar Power offer: photovoltaic panels, their construction, internal cabling, inverters) and all of the accompanying infrastructure: energy storage units, underground cable connections, overhead power cables, fiber optic cables, equipment to export the capacity to the power grid and the auxiliary infrastructure: fencing, lighting, oversight systems, internal roads, buildings housing the station and the switch board and equipment.

RES Insurance – “Power of the Wind” and “Power of the Sun”

TUW PZUW operates in the insurance segment for corporate clients, medical operators and public institutions and takes climate issues into account in its offering in a comprehensive manner also by offering insurance cover for renewable energy sources. The specific nature of business insurance provided by a mutual insurance company involves the execution of insurance contracts by way of negotiation based on an individual risk assessment, with insurance programs attuned to the individual needs and expectations of its members. According to the ESG “Sustainable Development” strategy TUW PZUW is also a partner in the green transition of the Polish economy. It is pursuing its obligations by insuring entities in the broadly understood coal energy sector which are in the process of changing their so-called energy mix, in particular taking into account those areas of activities of energy companies that develop renewable energy sources, i.e., wind parks, solar farms, water plant networks and biogas plants. TUW PZUW has in its offer the insurance products for

wind farms, “Power of the Wind,” and for photovoltaic installations, “Power of the Sun.” This is comprehensive property insurance against all risks, including against damage and loss of profit, as well as liability insurance associated with the operation of wind turbines and photovoltaic panels.

In 2023, TUW PZUW expanded its offer to include liability insurance for environmental damage. It is intended for entities using the environment within the meaning of the Act of 30 April 2007 on the Environmental Damage Prevention and Remedy. These include entities engaged in activities that cause environmental damage or risk of such damage. The scope of insurance covers the insured’s liability for environmental damage, including the costs of actions taken to repair or replace in an equivalent manner natural elements or their functions, as well as the costs of actions taken to prevent or reduce environmental damage.



ESG strategy indicator: Development of insurance offerings for technologies supporting the energy and climate transition in Poland

Level of implementation 2023: Two insurance products for corporate clients: PZU Wind Power and PZU Solar Power, as well as one product for individual clients and SMEs: PZU Eco Energy

PZU LAB Smart Energy Management System for business clients

This service allows a more cost efficient energy management in buildings and reduction in carbon dioxide emissions. The Smart Energy Management System makes it possible to integrate all material energy sources with a view to limiting unnecessary or excessive consumption. Combining modern information technology, monitoring of living conditions in buildings, algorithmic control of significant energy-consuming equipment while in use and when idle may bring savings of up to 15 to 30%. Benefits of implementing the Smart Energy Management System - lower consumption of all sorts of energy - and tangibly lower CO2 emissions are in line with the companies' need to adjust to the challenges related to the situation on the energy market and potential limited access thereto. Two smart energy management system implementations are currently underway.

Limiting adverse impact in value chain - iAgro

The PZU Group sees to it that the environmental impact of its product is limited not only in the process of creating and offering it, but throughout whole life cycle. On the one hand, this is additional support for PZU Group clients, contributing to reducing their environmental impact. On the other hand, this is the way in which the PZU Group address its adverse environmental impact in the value chain. Within the PZU iAgro initiative, it implements a service allowing clients to reduce the costs of agricultural production and optimize environmental impact. The aim of the project is to:

- optimize and make accurate the level of consumption of plant protection products per hectare of crops;
- reduce the number and cost of protective procedures;
- allow the use of natural or mechanical plant-care procedures instead of spraying;
- provide access to several dozen plant disease models;
- implement prevention policies for PZU clients (the client can access the crop damage risk estimation system, alerts and warnings);
- provide clients with support in reducing CO2 emissions.

SPZU iAgro system involves specialist measurement stations (of more than a dozen parameters), software with advanced AI algorithms and disease models, online data review and management platforms (incl. disease alerts). The assumptions of PZU iAgro and its pilot also involved building a program and method of measuring CO2 balance in agricultural production. In the wider rollout of the PZU iAgro service, the so-called CO2 calculator will form part of the solution offered to PZU clients. The system of monitoring and signaling pests and infections allows pinpointing when and to what extent protective procedures should be applied. A procedure carried out too late, or a wrongly identified pathogen, may decrease the quality of the crops. This contributes to financial losses. Development of the system was underway in 2023, and 80 farms took part in testing the new solutions. Evaluation surveys show that the solution has helped clients reduce between 10% and 40% of their agronomic treatments this season.


MOD insurance – electric cars

PZU offers MOD insurance coverage for electric cars included in vehicle fleets. It covers damages to chargers, including a wallbox and charging wires and the battery in cars. This responds to the growing popularity of electrical cars in vehicle fleets. According to PSPA data, 19,612 new all-electric passenger and commercial vehicles (BEVs) will be registered in Poland in 2023, more than half as many as in 2022. The number of electric trucks, buses, mopeds and motorcycles is also growing. In parallel with the fleet of electric vehicles, the charging infrastructure is also developing. At the end of October 2023, there were 3,166 publicly available electric vehicle charging stations (6,378 points). Under the European Commission's "Fit for 55" legislative package, stricter CO2 emission standards for passenger cars and vans will accelerate the transition to zero-emission mobility by requiring a 55% reduction in average emissions from new cars from 2030 and 100% from 2035 compared to 2021 levels. With electric car insurance, fleet clients who take out MOD insurance in PZU can count on protection in the event of damages to those parts of an electrical vehicle that result, among other things, from theft, overburdening the installation, overheating, circuit break, drop in voltage and damage due to gross negligence.



Fleet electrification

The growing interest in electric cars on the part of vehicle fleets, arising from changes in European Union legislation and the Polish act on electric mobility and alternative fuels, have led to PZU growing its efforts in this regard. Along with the technological operator of PZU iFlota, PZU has implemented a prevention program based on a fleet management information system for corporate fleet clients. The program allows an additional advisory module for those PZU clients who are transitioning from a gas to electric fleet. The aim of PZU iFlota EV is to support clients in making their fleet more secure, and at the same time facilitating the process of fleet electrification which will be key in the coming years in reducing CO2 emissions in the fleet market. PZU also made available reports, a configurator, and a calculator to evidence the cost efficiency of electric mobility. The tool is publicly available on PZU iFlota's website <https://www.pzu.pl/pzuiflota>.

Good practices of subsidiaries 

7 [GRI 3-3]

TUW PZUW offers insurance to companies operating in a segment consuming low-carbon energy sources based on natural gas (including Gaz System, PLNG and new Baltic Pipe investment projects). It **supports new environmentally friendly investment projects** in the power sector that satisfy stringent environmental requirements imposed by the European Union and replace less environmentally effective assets. Additionally, TUW PZUW creates and **promotes its own fire safety standards** in an attempt at reducing the number of fires in business entities, thus contributing to a decrease in the emission of toxic pollutants into the atmosphere and surface and ground waters.

6 [GRI 3-3]

8.1.4.2. Individual clients and SMEs

The PZU Group intensifies its efforts related to its “green” product offering not only with respect to solutions for corporate or institutional clients. It also addresses the needs of small and medium enterprises. The commitment of these entrepreneurs to environmental protection can bring significant benefits. That is why, as part of PZU Doradca’s offering addressed to SMEs, PZU protects:

- photovoltaic installations, including photovoltaic farms;
- wind farms (windmills);
- biogas-fired plants – devices for generating gas energy from biomass;
- sewage treatment plants.

Moreover, the insurance cover protects third party property used by the insured company to render services and may be purchased by firms that install photovoltaic panels for retail customers. Such cooperation supports rapid sales of photovoltaic installations, but above all protects users against any damage to their equipment. The offering targeted at SMEs also includes third party liability insurance for damage to the natural environment (e.g. covering the costs of removing leaked substances from soil).

RES Insurance – “PZU Eco Energy”

In property insurance, PZU offers a product which covers equipment generating energy from renewable sources. The insurance also covers owners of photovoltaic installations against the risk of disruptions in or lower efficiency of electricity generation. PZU Eco Energy is a solution, among others, for households, small and medium-sized enterprises and agricultural farms that use photovoltaic cells, solar thermal collectors or heat pumps to produce energy for their own needs. The insurance is available in three variants, and the client may select the one best tailored to their needs. The PZU Eko Energia policy protects photovoltaic installations (including a car charger and battery) against all risks, meaning loss, damage or total destruction as a result, e.g. of a failure, fire, power surge, flood, wind gust, hail or other sudden weather phenomena as well as vandalism and theft.

Limiting adverse impact in value chain – Green Parts

The PZU Group sees to it that the environmental impact of its product is limited not only in the process of creating and offering it, but throughout whole life cycle. This in particular concerns the claims handling process. Within TPL and MOD insurance, an innovative process called Green Parts is in place, which regulates the question of disposing waste produced in repairing the damaged vehicle. Annually, PZU covers the cost of producing around 4 million spare parts. It assumes responsibility for managing the remains of damaged vehicles (parts replaced with new ones) in accordance with the requirements of generally applicable laws. Improper disposal of damaged vehicle parts creates

an environmental hazard. That is why Green Parts partners who receive remains of vehicles after repair are companies experienced in disposing motor vehicles and spare parts. They hold all the required permits. Their professionalism and reputation guarantee that each part provided to them is handled in line with legal regulations and best environmental standards. The technical condition of damaged vehicle parts may pose a threat to human health and lives. In collaboration with a network of qualified partners, we make efforts to ensure that all parts (qualified for replacement due to damage) are replaced rather than refurbished. Our actions in this area are also aimed at reducing the volume of trade on the secondary market for salvage that has lost its safety features. An important element limiting the environmental impact within the claims handling process is also the ability to rent a replacement electric car which positively contributes to lowering greenhouse gas emissions.

7 [GRI 3-3]

Sustainable investment products

In response to the growing environmental and climate awareness of individual investors, PZU Group companies are introducing products in its offer that allow them to invest in a sustainable manner. PZU TFI offers investment funds referred to in the SFDR Regulation (Regulation 2019/2088 on sustainability-related disclosures in the financial services sector). These include both “light green” products (promoting an environmental or social aspect, according to Article 8 SFDR) and dark green products (aimed at sustainable

investment, according to Article 9 SFDR). At the end of 2023, there were four funds in the first group, including two passively managed funds (inPZU Akcje Sektora Zielonej Energii – giving exposure to the global energy transition, inPZU Akcje Sektora Zrównoważonej Gospodarki Wodnej – investing in companies playing an important role in addressing global water scarcity) and two actively managed funds (PZU Akcje Odpowiedzialnego Rozwoju – investing primarily in shares of companies, whose activities are in line with the UN Sustainable Development Goals, and issuers with correspondingly low greenhouse gas intensity ratios, PZU Obligacje Odpowiedzialnego Rozwoju – investing primarily in green bonds and covered bonds, social bonds, and sustainability or sustainability-related bonds). In addition, PZU TFI had a passive fund qualifying for the second group, inPZU Zielone Obligacje, which invests in bonds issued to finance projects related to:

alternative energy (including renewable energy), energy efficiency, pollution prevention and control, sustainable water management, green building and climate change adaptation. PZU TFI is constantly analyzing whether it is possible to introduce further similar funds in its offering, so that investors can enjoy a broader range of investment products in line with the sustainability trend.

Pekao TFI offers the Environmental Pekao sub-fund, oriented towards supporting sustainable investment. Companies from environmentally-friendly and pro-ecological sectors were selected as part of its portfolio (renewable energy, electromobility, energy efficiency, recycling and waste management). When analyzing their selection, on top of financial factors, ESG issues were equally important, namely environment, social and governance-related aspects.



PZU Group banks are engaged in efforts to support SME clients on their path towards climate neutrality.

Alior Bank offers Biznes Kredytu Zakupowego to implement environmental initiatives. This loan is for commercial undertakings in the micro company and small and medium enterprise segment that plan to roll out modern tools to mitigate the adverse impact exerted by a company’s business on the natural environment. The loan funds may be designated, among other things, to purchase and assemble photovoltaic panels, purchase ecological cars with an electrical or hybrid engine, thermal modernization of real estate or the purchase and assembly of a new source of heat. The collateral for the loan is the guarantee of Bank Gospodarstwa Krajowego: a de minimis guarantee and bills of exchange for Alior Bank and Bank Gospodarstwa Krajowego.

Alior Bank Brokerage House’s broad offering includes funds that promote the environmental or social aspect, investing in accordance with ESG principles as defined in Article 8 or Article 9 of the SFDR Regulation. There are more than 200 sub-funds that meet SFDR’s “green” criteria.

Alior TFI offers the Alior Odpowiedzialny sub-fund, which promotes environmental and social aspects within the meaning of the SFDR Regulation by taking these aspects into account in its investment selection criteria and introducing a minimum exposure to financial instruments that have a positive rating from the Company in this regard. The sub-fund focuses on debt-like financial instruments responding to the needs of those investors who want to combine sensitivity to sustainability aspects with a low level of investment risk.

Best practices of subsidiaries

Assistance T UW PZUW


TUW PZUW offers an insurance product to clients that promotes the repair of a broken device instead of purchasing a new one. It is designed to generate financial savings for the client and helps to protect the environment by reducing waste. Owing to their cooperation with TUW PZUW, power companies offer their clients a product. Fachowcy TUW PZUW, through which it is possible to organize and make repairs to installations and appliances located in the house. It is also a response to the changing trends, growing awareness among clients and the need to protect the environment. Under this offering, customers of power companies may take advantage of professional support in the event of a failure of electrical devices (electronics, household appliances, computers), heating and air conditioning systems, internal electricity, gas, water and sewage installations, doors, locks, etc.



The Express Loan for environmental purposes was available in 2023 to Bank Pekao’s clients, e.g. for renewable energy sources (solar panels, photovoltaic panels /cells including energy storage), to purchase a central heating boiler (excluding coal boilers and eco-pea coal), windows, doors or home insulation materials. The loan could also be used to finance the purchase of personal cars with electric or hybrid drives,

Best practices of PZU and PZU Życie

Bicycle instead of a replacement car


 In March 2023, just as in previous years, PZU launched the “Bicycle instead of a replacement car” program. Under this program, clients who got into an accident and the necessary repairs lasted 7 days or more, could choose from a replacement vehicle, for the time of the repair, or a bicycle to keep. The program aims to promote a healthy lifestyle and the care for the natural environment and emissions reduction. Additionally, PZU promotes replacement electric cars as an alternative for combustion-engine cars.

BALTA has introduced a similar solution for MOD insurance holders. For the duration of the repair, it is possible to exchange for shared vehicles (car, scooter or electric scooter or bicycle) according to client preference. BALTA allows customers to choose a sustainable option if it suits their lifestyle.

or mopeds and motorcycles with electric drives, electric bikes, domestic bio-treatment plants, ventilation with heat recovery, home water treatment plants from own intakes and a rainwater recovery system, as well as to compensate for the purchases made since the beginning of 2022. The Bank also offered EKO Kredyt Mieszkaniowy (ECO Residential Loan). Financing was available to install solar collectors, photovoltaic panels and heat pumps during the construction or renovation of a property.

1 7 [GRI 3-3]

8.1.4.3. Investment in and support of energy transition

 A broad approach to investments supporting energy transition is an important direction of and visible change in how we approach climate impact management. In line with the strategic commitment, PZU TFI and PZU added questions of ESG to the traditional risk assessment criteria. These include among other things, debt or equity market scoring methodologies, and ESG factors accounted for in all stages of the investment process.

In 2022, we developed a uniform methodology for assessing investment portfolio assets. Several tools allowing periodic portfolio monitoring in line with this methodology were also implemented. In 2023, TFI screened the PZU Group's investment portfolio for ESG criteria. It covered about 86% of the PLN 71.59 billion portfolio of investments. In addition, the initiative reviewed and adjusted the ESG assessment methodology for sovereign bonds.

Development of green financing in Poland

In 2023, PZU and PZU TFI participated in debt financing with an ESG component (so-called ESG-linked) with a share of about PLN 1.5 billion in total, in which the cost of financing was linked to some extent to the achievement of targets in the environmental, social or corporate governance areas. The inclusion of ESG targets in the terms of financing creates an incentive to undertake and intensify efforts to integrate them into the day-to-day operations of financed enterprises. By participating in ESG-linked financings, PZU and TFI PZU are actively joining the trend, rewarding and stimulating financed entities to make their businesses more sustainable.

ESG strategy indicator: Assessment in terms of ESG factors of 55% of investments in ESG-sensitive sectors

Level of implementation 2023: 86% of investments assessed against ESG factors.

In 2023, Alior Bank was financing auction projects in renewable energy sources (RES). The offering is addressed to entrepreneurs who won an auction for energy sales held by the Energy Regulatory Office. Within this model, the bank proposes financing for the construction of new wind or photovoltaic plants over 500 kW. Special-purpose small, medium and large vehicles managed by investors who are experienced in

implementing RES projects may avail themselves of this offering. The advantage is the opportunity to finance as much as 80% of capital expenditures and adjust the installments to seasonal increases and decreases in energy sales, along with the long repayment period correlated to the duration of auction assistance.

In 2023, Alior Bank expanded its offering with an Investment Loan for Renewable Energy Grant to finance the purchase, installation, construction or modernization of renewable energy installations. The RES grant is provided by Bank Gospodarstwa Krajowego and allows for repayment of the loan principal of 50% of the net cost of the implemented investment. The investment loan for the RES grant is granted for up to 20 years. Its maximum amount is PLN 5 million. Owners and managers of multifamily buildings, such as housing communities and cooperatives, as well as building societies, can apply for it. A prerequisite for the loan is a previous positive decision by Bank Gospodarstwa Krajowego on the RES grant.

This group of clients was also offered by Alior Bank:

- Preferential financing for energy modernization of multifamily residential buildings in the form of a thermal modernization loan. This loan is co-financed using funds from Regional Operational Programs for the following regions: Lower Silesia, Łódź, Smaller Poland, Podlaskie, Pomerania and Kujawy-Pomerania.
- Financing of thermal modernization in the form of a loan with a premium from Bank Gospodarstwa Krajowego. The BGK bonus not subject to repayment to be used as a source of partial amortization of the financing for energy modernization or renovating buildings is just one of the new offer's strong suits.

Housing cooperatives and communities and local governments from across Poland could also count on a high amount of funding: up to PLN 5 million, a long term of funding: up to 20 years and reimbursement for the costs of the audit and technical documentation.

In line with the 2021 strategic declaration, Bank Pekao continues its operations in sustainable finance, such as social and environmental projects and ESG bond issue support for its clients. Bank Pekao chiefly intends to see to a major reduction in financing high-emission projects in the credit portfolio. The most important projects financed by the Bank in the ESG area in 2023 included:

- sustainability-linked consortium financing for an energy company in the amount of PLN 600 million;
- consortium financing linked to the sustainable development goals of one of the largest groups in the media and telecommunications industry in the amount of PLN 1.2 billion;
- investment financing for the construction of a wind farm in the amount of PLN 95 million;
- financing under a consortium of financial institutions of a loan linked to sustainable development for a total of PLN 1.65 billion;
- financing of the construction of a 1.2GW wind farm within the framework of a consortium of financial institutions credit for a total of PLN 3.9 billion;
- joining an international consortium that will finance the construction of a tramway line in Krakow in the form of a public-private partnership. Bank's participation in financing exceeds PLN 0.5 billion.

Furthermore, Bank Pekao:

- served as a joint organizer and joint bookrunner for the issuance of 7-year sustainability-linked bonds in the amount of PLN 3.49 billion for Poland’s largest provider of integrated media and telecommunications services;
- served as the sole organizer of the issuance of green Eurobonds (Climate Awareness Bonds) for an international financial institution in the amount of PLN 400 million;
- was the joint organizer and dealer for the issuance of green bonds of a company belonging to an international real estate developer group at PLN 180 million;
- was a joint organizer and dealer for the issuance of 3.5-year green bonds of a company belonging to an international developer group at PLN 340 million;
- issued 500 million EUR worth of green Eurobonds as part of EMTN’s 5 billion EUR program for the issuance of medium-term Eurobonds.

ESG strategy indicator: Increase of the current exposure to investments supporting climate and energy transition by PLN 500 million in 2021-2024

Level of implementation 2023: The engagement of PZU and TFI PZU in investments supporting the climate and energy transition increased by PLN 2.645 million since 2021.

8 [GRI 3-3]

Assessment of key clients and investments against ESG

PZU has committed to include, in the wider sense, the ESG factors in its assessment of key clients and investments. According to the internal definition, the assessment covers the largest corporate insurance clients that operate in sectors which are highly and moderately sensitive to ESG risks and have a significant impact on PZU revenues.

Internal analyzes were used to select industries highly and moderately sensitive to ESG risks. These were carried out on the basis of data on national greenhouse gas emissions and the percentage contribution of individual industries to CO2 emissions. Furthermore, external data sources were used, including good market practices, guidelines from international organizations(OECD, UNEP FI, ECB) and leading rating agencies, as well as regulatory requirements (EU Taxonomy).

Highly sensitive sectors include those industries that rely most heavily on non-renewable energy sources, are responsible for the greatest level of greenhouse gas emissions from direct and indirect emissions, and have the greatest impact on environmental degradation. The following industries are classified to this group: the fuel industry, the mining industry and the conventional power industry. Medium-sensitive industries include: chemicals, transport, automotive, construction and agriculture.

The assessment of clients was carried out on the basis of two original methodologies for public and non-public entities. These methodologies were developed within the PZU Group under the supervision of PZU. The ESG assessment methodology for key corporate clients was updated in 2023. The main changes relate

to interpreting the strategy indicator to account for updates to client databases, enabling ESG assessments based on clients’ non-financial reports, and updating the mapping of sectors into high, medium and low ESG risk-sensitive categories based on the EU Taxonomy. In the environmental area of the methodology, topics such as greenhouse gas emissions, carbon footprint, business impact on biodiversity, energy intensity levels, waste management, current key company-defined environmental risks and their management, adoption of a climate neutrality goal and decarbonization strategy have been included.

Issues defined in the social area include: respecting labor rights, ensuring safe working conditions, fair competition and social activities. The area of corporate governance encompasses: issues related to the diversity of management bodies, the prevention of corruption and unfair competition, the structure of management and supervisory bodies, the protection of minority shareholders’ rights, the link between the remuneration of management boards and the achievement of sustainability objectives.

The final assessment also depends on the sector in which the company operates. The application of the ESG criteria serves the purpose of risk assessment and is not exclusionary for clients.

ESG strategy indicator: ESG assessment of 55% of the biggest corporate insurance clients from sectors sensitive to ESG risks

Level of implementation 2023: 40% of largest corporate insurance clients sensitive to the ESG risk assessed against ESG factors

1 6 [GRI 3-3]

8.1.4.4. Adaptation to climate change

Comprehensive offerings for agricultural business

PZU insures about 2 million hectares of agricultural crops in Poland. As a leader in this market segment, PZU has tailored insurance offer for sectors most exposed to climate risk, such as agriculture. It covers the protection of crops, farm buildings, movable property (including agricultural equipment), livestock, poultry and apiaries as a result of fortuitous events including flood, hurricane, hail, driving rain or lightning.

In addition to developing its product offerings, PZU is looking for solutions to address the challenges posed by the increase in extreme weather events triggered by climate change and causing massive damage to agriculture. The Agro Lab tool helps in estimating losses caused by droughts, hurricanes or heavy rains. It is designed for PZU’s mobile experts and uses AI and space technology. The AI algorithms employed in the tool use



satellite images of the area and particulars featured in the PZU database to specify the area damaged. They then support the appraisers in efficiently calculating the claims payable. The implementation of Agro Lab at the PZU Group reduced the time it took to analyze damage on site by around 50% and expedited the payment of amounts claimed by around 25%.

Environmental guarantees

The environmental guarantee is a form of protection for companies whose activities may cause an adverse impact on the environment, e.g.: chemical plants, companies dealing in transborder movement of waste and municipal services plants. The guarantee is a commitment to pay a specified compensation if the company to which the guarantee has been granted fails to remove adverse environmental effects of its business operations. The beneficiary of this guarantee is the environmental protection authority issuing the relevant administrative instrument giving a permit to use natural resources.

Loss-of-profit insurance

As part of its cover against lost profits, PZU protects businesses whose profits decline, for instance as a result of damage to their assets insured by PZU, e.g. caused by fire, flood, cyclone or other random events.

Environmental damage liability insurance

PZU for the environment

In terms of environmental damage liability, PZU offers two solutions.

As part of business third party liability insurance, it is possible to extend (in the form of additional clauses) the scope of coverage to include civil liability for damage caused by the release of hazardous substances into the air, water or ground (or civil and administrative liability for environmental damage). These clauses are offered primarily to industrial companies, as well as the construction, energy, wastewater treatment and waste management industries.

PZU also offers **environmental damage liability insurance**. Its purpose is to provide the insured with comprehensive environmental damage liability insurance (in particular, to the extent regulated by the Act on the Environmental Damage Prevention and Remedy and other environmental laws) and civil liability for damages resulting from emissions.

Insurance cover is provided for the civil and administrative liability of the entity using the environment. Insurance cover includes, but is not limited to:

- liability for damage to land belonging to third parties and own land, protected species and protected natural habitats,

- the costs of remedial actions taken to repair or replace in an equivalent manner natural elements or their functions, and
- the costs of actions taken to prevent or reduce environmental damage,
- defense costs, needed by the insured to defend against claims against them, in terms of events covered by the introduced GTCI, which is in addition to the clauses included in third party liability insurance.

Insurance is offered in particular to business entities operating in the following industries: industrial production (among others: heavy industry, chemical, petrochemical, food industry), related to the supply of energy and gas, water and sewage).

In addition, in road carrier third party liability insurance in domestic and international traffic, cover has been extended to include liability for environmental damage implementing the ESG policy.

In non-life insurance: **PZU Doradca, insurance against fire and other elements**, and **PZU for housing associations and co-operatives**, a discount has been introduced for clients with flood and fire protection to minimize the effects of climate risks in accordance with guidelines derived from the Taxonomy. PZU Dom insurance, meanwhile, has introduced a discount for clients with flood protections.

PZU Policy for Associations and Co-Operatives

The PZU Policy for Associations and Co-Operatives involves comprehensive insurance cover for housing associations and co-operatives as well as social construction associations. The cover may extend to the entire assets related to the operations in real property management. The product also involves cover against climate risk, including fire and other elements, floods, winds, thunder-strikes, rain, and inundation also due to melting snow.

Addressing the needs of the clients from the group defined, including housing associations and co-operatives, the insurance offer was enhanced thanks to the PZU Bezpieczne Lokum product. Owners of houses and residential units can now count on insurance cover for their movable and immovable property as regards such force majeure events as fire, hurricane, flood, inundation, explosion, power surge and devastation.

Teledetection

Within the claims handling process for crops, PZU has in place an innovative process for determining damage to winter grain using satellite teledetection. This solution determines the objective results and makes it possible to assess the damage to the crops in sites that are not easily accessible and at short order, which is very important when it comes to larger plots of land. The utilization of remote sensing methods is also applicable to damages under risks related to spring ground frosts and when determining the timing for harvesting crops for most field crops. In addition, work is underway to design

Best practices of subsidiaries ✓

Engineering underwriting has been performed for large clients such as industrial plants for many years to enable the insurer to calculate their premiums. A detailed outcome of the underwriting exercise along with event-based scenarios are presented to the client. The underwriting covers business risks, which are often combined with environmental risks. For this reason, the actions taken by the client to eliminate or reduce certain elements of its risks, even if induced solely by an attempt to suppress insurance costs, contribute to diminishing the risks to the environment or humans.

TUW PZUW conducts regular risk analyses and issues recommendations on how to augment safety. The recommendations issued by PZUW's risk engineers to enterprises classified as Large Risk Establishments (ZDRs) and Higher Risk Establishments (ZZWs) reduce the risk of industrial failures and minimize their impact on humans and the environment. PZUW provides expert support in risk analysis and conducts security audits to mitigate potential risks. Audits are intended both for those insured at TUW PZUW and for those only interested in cooperation. Experts in engineering underwriting representing TUW PZUW diagnose problems and identify weak points, i.e. places and factors that carry the risk of damage. They suggest how to prevent them and what, how and where to fix them.

TUW PZUW has an offer for waste management entities which in particular promotes pro-environmental ways of disposing waste, i.e., building installations for best waste management through, e.g., processing into fertilizers, heat recovery through thermal processing, or alternative fuel generation.

a new remote sensor technology in damages caused by the risk of negative overwintering effects, cyclone and torrential rain. By the end of 2023, drones helped to establish the scope of damage in 103 agricultural claims and 700 property claims.

 **Monitoring paint particle deposition**

In cooperation with young researchers and engineers, PZU LAB has implemented a pioneer technological solution to monitor the effect of painting processes at the Gdańsk Renovation Shipyard on the surroundings and natural environment. The pollution detection system is a tool that has automated the manual process of verifying paint particle deposition. This contributes to eliminating potential environmental problems and improving the processes involving painting vessel hulls. This is the first solution of this kind to be implemented in Polish shipyards. The design implements computer video monitoring. The artificial intelligence algorithms used allow detecting colors and shapes of the depositions and spattering. The tool activates in intervals within a 24/7 cycle, sends information on the density of deposition and its accrual in given spots to the database, along with an e-mail to relevant people. Thanks to this, paint particles deposits may be detected much faster compared to manual verification by a shipyard worker. Due to real-time measurements, this process is also much more accurate and safe, with alerts sent to interested parties automatically after paint particles are detected. Photographs with timestamps are saved, so that the precise moment of spattering may be established, and risk of environmental loss be mitigated.



 **Weather alerts**

In cooperation with Skywarn Polska (Polish Storm Chasers), LINK4 shares a weather alert system with clients who took out real property and MOD insurance. In the event of a dangerous weather event, Clients receive a text message with a warning and link to a website where they can learn how to safeguard against the adverse impact of respective weather events.

8.2. Taxonomy – disclosure under Article 8 of Regulation (EU) 2020/852⁵

¹ [GRI 3-3] [ESRS E1-2]

Information disclosed based on Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

The PZU Group is engaged in insurance, reinsurance and investment activities.

8.2.1. Insurance and reinsurance activities

The EU taxonomy includes a list of economic activities with significant environmental impacts. For each of the activities identified in the EU Taxonomy, technical

⁵) Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

screening criteria have been prepared, i.e. conditions that an economic activity must meet to be considered environmentally sustainable. **Non-life insurance and reinsurance activities are defined in the EU Taxonomy as activities that support climate change adaptation⁶.** In order for non-life insurance and reinsurance activities to be considered environmentally sustainable, they

⁶) Definition of enabling activities according to the EU Taxonomy (Article 16 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020) – “An economic activity should qualify as contributing substantially to one or more of the environmental objectives set out in this Regulation where it directly enables other activities to make a substantial contribution to one or more of those objectives. Such enabling activities should not lead to a lock-in of assets that undermine long-term environmental goals, considering the economic lifetime of those assets, and should have a substantial positive environmental impact, on the basis of life-cycle considerations.”

must meet the technical screening criteria (set forth in Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council, together with delegated acts and supplementary regulations) for determining the conditions under which an economic activity qualifies as contributing substantially to climate change adaptation, causing no significant harm to any of the other environmental objectives, and operating in accordance with the principle of minimum safeguards. Pursuant to Article 8 of the EU Taxonomy, every company that is required to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU of the European Parliament and of the Council⁷, will be required to include in its non-financial statement or consolidated non-financial statement information on how and to what extent its economic activities relate to economic activity that qualifies as sustainable.

According to Article 10 of Delegated Regulation 2021/2178 of the European Parliament and of the Council⁸ (“Delegated Act”) stating more precisely Article 8 of the Taxonomy in the context of financial undertakings doing their reporting, they are obligated to present qualitative and quantitative disclosures for PZU and PZU Group in 2024 in respect of 2023.

⁷) Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC

⁸) Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation

Quantitative disclosures for PZU

PZU	Substantial contribution to climate change adaptation			DNSH (Do No Significant Harm)					Minimum safeguards (12)
	Economic activities (1)	Absolute premiums, year 2023 (3)	Proportion of premiums, year 2023 (4)	Proportion of premiums, year t -1 (5)	Climate change mitigation (7)	Water and marine resources (8)	Circular economy (9)	Pollution (10)	
	PLN	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N
A.1. Non-life insurance and reinsurance underwriting Taxonomy-aligned activities (environmentally sustainable)	896,631,293	5.54%	N/A	Y	N/A	N/A	N/A	N/A	Y
A.1.1 Of which reinsured	220,508,747	1.36%	N/A	Y	N/A	N/A	N/A	N/A	Y
A.1.2 Of which stemming from reinsurance activity	33,436,483	0.21%	N/A	Y	N/A	N/A	N/A	N/A	Y
A.1.2.1 Of which reinsured (retrocession)	22,312,791	0.14%	N/A	Y	N/A	N/A	N/A	N/A	Y
A.2. Non-life insurance and reinsurance underwriting Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	7,359,732,527	45.47%	N/A						
B. Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities	7,931,134,923	49.00%	N/A						
Total (A.1 + A.2 + B)	16,187,498,743	100%	N/A						

Quantitative disclosures for PZU Group

PZU Group	Substantial contribution to climate change adaptation			DNSH (the “do no significant harm” principle)						
	Economic activities (1)	Absolute premiums, year 2023 (3)	Proportion of premiums, year 2023 (4)	Proportion of premiums, year t -1 (5)	Climate change mitigation (7)	Water and marine resources (8)	Circular economy (9)	Pollution (10)	Biodiversity and ecosystems (11)	Minimum safeguards (12)
		PLN	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N
A.1. Non-life insurance and reinsurance underwriting Taxonomy-aligned activities (environmentally sustainable)	935,783,674	4.72%	N/A	Y	N/A	N/A	N/A	N/A	N/A	Y
A.1.1 Of which reinsured	248,479,120	1.25%	N/A	Y	N/A	N/A	N/A	N/A	N/A	Y
A.1.2 Of which stemming from reinsurance activity	0	0.00%	N/A	Y	N/A	N/A	N/A	N/A	N/A	Y
A.1.2.1 Of which reinsured(retrocession)	0	0.00%	N/A	Y	N/A	N/A	N/A	N/A	N/A	Y
A.2. Non-life insurance and reinsurance underwriting Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	8,971,009,295	45.26%	N/A							
B. Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities	9,912,429,209	50.01%	N/A							
Total (A.1 + A.2 + B)	19,819,222,178	100%	N/A							

8.2.1.1. Contextual information in support of the quantitative indicators including the scope of assets and activities covered by the KPIs, information on data sources and limitation, and explanations of the nature and objectives of Taxonomy-aligned economic activities and the evolution of the Taxonomy-aligned economic activities over time, starting from the second year of implementation, distinguishing between business-related and methodological and data-related elements

Indicators pertaining to insurance activity

According to the requirements set forth in the Delegated Act, the second group of indicators for insurance undertakings should specify what proportion of overall activity in the scope of insurance other than life insurance is activity in the scope of insurance other than life insurance related to adaptation to climate change, run in accordance with the conditions specified in Delegated Regulation 2021/2139.

Compliance criteria

In order to determine the proportion of Taxonomy-aligned activities and to calculate the ratios in a way that provides full information, the PZU Group prepared

a methodology based on the Delegated Regulation and conducted a review of all insurance products belonging to the non-life insurance product lines (Group II) indicated in the Delegated Regulation. Based on the review, those that provide insurance cover for the occurrence of climate-related risks listed in Appendix A to Annex II to the Delegated Regulation were singled out. Analysis was then carried out for these products in accordance with the technical screening criteria for insurance activities. Products aligned with the EU Taxonomy were considered to be those that meet all the required criteria.

Criteria for risk modeling

As required by the Delegated Regulation, insurance companies are using state-of-the-art techniques to model climate risks.

In PZU, climate risks and extreme climatic events are analyzed under the calculations covered by the standard formula (flood, hurricane), as well as under ORSA (flood, fire for the largest exposures in forested areas including agricultural fields). Under ORSA, PZU SA conducts stress tests, as well as sensitivity analyses that include stress scenarios based on four NGFS scenarios. The mandatory ORSA projections also consider the impact of climate risks on PZU SA's solvency position in the short-term 3-year perspective (a perspective consistent with business planning).

In addition, PZU has an advanced flooding risk model that was developed in cooperation with the IMGW. The model uses hydraulic modeling to propagate water surges across Poland. PZU applies this model to its insurance activities related to the taxonomy products it offers. The flooding risk model is used in business processes in particular in the underwriting process for

corporate clients, as well as in the pricing process for consumers and small and medium-sized enterprises for insurance in the line of fire and other property damage and supporting risk transfer solutions within the meaning of the EU Taxonomy.

Product and distribution criteria

According to the requirements of the Delegated Regulation, in the scope of products that are related to climate risks, the insurance companies have to:

- analyze clients' interest in protection from climate risks and address them accordingly in product offerings;
- apply preferential pricing terms for clients that encourage them to reduce or prevent the effects of climate risks. Such incentives can be, for example, discounts for certain client activities;
- inform clients of the possible benefits of reducing or preventing the effects of climate risks;
- educate clients on actions they could take to mitigate or prevent climate risks.

In PZU, products in the following lines were considered to be aligned with the EU Taxonomy:

- 7 – Insurance against fire and other property losses;
- 11 – Assistance insurance.

Insurance against fire and other property losses for businesses and consumers protect against climate risks. Under their terms, corporate and clients and SMEs can get a discount for fire protections, and SME clients and consumers can also get a discount for flood protections. In the case of corporate insurance, an individual risk assessment is made, in which all factors are taken into account, including any adaptive and preventive measures. For SME client and consumer insurance, discounts are included in the product's tariff design. In all of the aforementioned types of insurance, clients in the sales and service process receive compendia or information with advice on how to get insurance against climate risks and their impact on the price or insurance cover. Compendia are also published at www.pzu.pl under the product tabs and the sustainability tab. These types of insurance are also accompanied by the possibility of purchasing additional risk transfer insurance as defined by the EU Taxonomy. For example, clients who choose to use PZU Dom can also extend insurance cover to, for example, the garage and other non-residential buildings in the event that the fire brigade floods the building during firefighting, and for home assistance such as hotel stays in the event of a fortuitous event, including those related to climate risks.

For all of the products described above, PZU explores client interest in climate risk protection during the product development and sales process.

Criteria for data sharing

There is a declaration on the PZU website regarding the sharing of data with public administrations, as required by the EU Taxonomy <https://www.pzu.pl/grupa-pzu/zrownowazony-rozwoj/taksonomia-ue>.

Criteria for claims handling

In accordance with the requirements of the EU Taxonomy, PZU reports that it has a procedure for handling large-scale claims. “Crisis management procedure in claims handling” applies to mass property damage resulting from, among other things: flooding, hurricane, flood, heavy rain, hail, snow, lightning surge, effects of winterkill, drought and earthquake.

This procedure provides additional resources for large-scale incidents to ensure a high level of claims handling in terms of quality and timeliness. This procedure applies to all taxonomic products and complements the high standards of claims handling.

Criteria for the “Do No Significant Harm” principle

In accordance with the requirements of the EU Taxonomy, the principle of “Do No Significant Harm” is included in the premium calculation. Client activities related to the “extraction, storage, transportation or production of fossil fuels” and the insurance of “vehicles, property or other assets for such purposes” were identified on the basis of the Polish Classification of

Business Activity (PKD), and in a few cases at the contract level. Insurance against such activities is excluded from the calculation of taxonomic indicators.

Calculation of taxonomic indicators based on insurance activities

PZU calculates insurance taxonomic indicators only on the basis of products that meet all the requirements of the EU Taxonomy, taking into account exclusions related to the “Do No Significant Harm” principle. According to the European Commission’s publication of a preliminary interpretation regarding the implementation of Article 8 of the EU Taxonomy in the context of the disclosures required by the Disclosure Delegated Act, dated 21 December 2023, only the portion of the premium that covers climate risks was included in the calculation. This portion was estimated for each taxonomic product based on the share of damages that result from climate risks in all damages over the past 10 years.

Reinsurance activities

Taxonomy analysis of reinsurance activities was limited to intragroup activities. PZU does not have relevant data for non-group activities.

The PZU Group’s potentially taxonomic activities are mainly reinsured against fire and other property damage. In addition, close cooperation between the insurer and reinsurer on climate risk modeling ensures that risk modeling and product requirements are met. The intragroup activities assume that reinsurance of premium from products that meet all the requirements of the EU Taxonomy is also the basis for meeting the

product criteria of the EU Taxonomy for reinsurance. The data sharing declaration published on PZU’s website also includes data on its reinsurance activities. PZU also confirms the handling of claims in reinsurance in accordance with the requirements of the EU Taxonomy.

Consolidation at the PZU Group level

To depict the picture of the PZU Group as fully as possible in accordance with the Taxonomy, the indicators were calculated in two approaches: the standalone approach for PZU and the consolidated approach for the entire PZU Group, i.e. for all PZU Group companies that do business in non-life insurance: PZU, LINK4, TUW PZUW, Lietuvos Draudimas, PZU Branch in Estonia, AAS Balta and PrJSC IC PZU Ukraine. In both cases gross written premium is understood to refer to direct and indirect business. The calculations take into account the principles of consolidation, particularly exclusions between Group companies.

PZU has prepared guidelines for interpreting the EU Taxonomy for insurance, reinsurance, investment activities and meeting the principle of minimum safeguards. In 2023, TUW PZUW met all the requirements of the EU Taxonomy and was included in the consolidated Taxonomy-aligned activities indicator for the PZU Group. TUW PZUW meets the criteria for risk modeling according to the Taxonomy, products and client communication, as well as claims handling. TUW PZUW also has a special procedure for handling claims on a massive scale and has declared data sharing. TUW PZUW also meets the principle of minimum safeguards by, among other things, implementing a human rights due diligence process.

[ESRS E1-4]

8.2.1.2. Description of compliance with Regulation (EU) 2020/852 (“Taxonomy”) in a financial company’s business strategy, product design processes and cooperation with clients and business partners

The PZU Group Strategy in 2021-2024 “Potential and Growth” incorporates sustainable development factors indicating that the measure of the PZU Group’s success is embodied not just by its financial performance but above all by generating that performance in a sustainable manner.

PZU SA and PZU Życie SA also adopted the ESG Strategy “Balanced Growth” in 2021-2024 defining the approach to management, expected performance and the future prospects in a manner that reflects the financial, social, environmental and managerial context in PZU’s business.

The PZU Group’s ambitions related to sustainable development have been specified in three pillars directly relating to the three ESG factors:

- #Trusted Partner in green transformation (E)
- #Better quality of life (S)
- #Responsible organization (G)

One of the benefits ensuing from adopting both strategies is the ability to prepare PZU effectively to implement new legal regulations pertaining to ESG, including the EU Taxonomy. The EU taxonomy was directly cited in the ESG Strategy “Balanced Growth as one of the regulatory components pertaining to sustainable development on which the activities of both companies will be predicated. The strategies did not describe the objectives referring directly to the Taxonomy; however, the Taxonomy was noted as the regulatory basis for the further operation of the companies.

The PZU Group places great emphasis on reducing the adverse impact exerted by its business activity on the climate and environment and is also striving to anticipate the impact of climate change on its business. It supports the sustainable transition of the economy relying on business analyses, domestic and international legal regulations and the guidelines of institutions such as the UN, EU and the Organization for Economic Cooperation and Development.

Discharging the obligations stemming from the Taxonomy is rooted in the first - environmental pillar of the ESG Strategy: #Trusted Partner in green transformation. PZU Group appreciates that it is necessary to switch to a low emission economy to stop climate change. It intends to partner with firms and businesses that are undergoing energy transition and that is why it has planned to pursue key activities in the following areas:

- product area (PZU Group developing an insurance offer supporting energy and climate transition);
- investment area (responsible investor supporting sustainable transition);

- operating activity (green organization operating on the basis of sustainable decision-making and governance processes).

Product design

PZU relies on product solutions taking into consideration evolving environmental needs. The PZU Group appreciates that it is necessary to switch to a low emission economy to stop climate change. That is why businesses investing in renewable energy sources can utilize products and services that will support decarbonization: among others, low emission transport, environmentally-friendly photovoltaic installations, heat pumps, small and large wind farms. When designing products, PZU considers ESG elements resulting from amendments to the Insurance Distribution Directive or the EU Taxonomy.

Cooperation with suppliers and business partners

Sustainable development issues are also important in relations with the PZU Group’s clients and have been defined in the business strategy. The PZU Group supports environmental protection initiatives. It also wants to support entities that are undergoing an energy transition by taking the following into account:

- financial market participants – the PZU Group is extending the offering of mutual funds to include ESG factors, it is also developing a long-term strategy to develop its sustainable portfolio and it is consistently expanding its investments in the green sectors;
- retail clients – the PZU Group is developing its sustainable insurance offer customized to their individual needs;

- corporate clients – the PZU Group supports entities undertaking measures conducive to sustainable energy transition and conducts ESG assessments of key corporate clients;
- non-governmental organizations – the PZU Group wants to be a partner in social, economic and climate activities.

8.2.2. Investment activity

In June 2021, the European Commission adopted the EU Taxonomy Climate Delegated Act (“Climate Delegated Act”)⁹ to implement the EU Taxonomy with respect to economic activities that significantly contribute to climate change mitigation and adaptation goals. In March 2022, the European Commission amended the Climate Delegated Act to add criteria for certain new energy related activities.¹⁰ In June 2023, the European Commission adopted the EU Taxonomy Environmental Delegated Act (the “Environmental Delegated Act”)

9) Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives

10) Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities

for the remaining environmental objectives¹¹ and amended the Climate Delegated Act to add criteria for new activities in the manufacturing and transportation sectors.¹²

In July 2021, the European Commission adopted a delegated act specifying the disclosure obligations of companies under Article 8 of the Taxonomy Regulation for those of their activities that EU Taxonomy-eligible and EU Taxonomy-aligned (the “Disclosures Delegated Act”)¹³. This Delegated Act was amended in June 2023 by the Environmental Delegated Act in order to make the information requirements consistent with the Environmental Delegated Act.

Non-financial undertakings began reporting key performance indicators, (KPIs) under the EU Taxonomy as of 1 Jan 2023. The Disclosures Delegated Act requires

11) Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities

12) Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139 establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation and for determining whether those activities cause no significant harm to any of the other environmental objectives

13) Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation

financial undertakings to use KPIs disclosed by their counterparties when calculating their own KPIs, including the Green Investment Ratio (GIR).

Financial undertakings shall begin reporting their KPIs on 1 January 2024. Given that the calculation of financial undertakings' KPIs, including the GIR, depends on the flow of information and data from financial and non-financial undertakings in which investments are made, it can be expected that the robustness and accuracy of these KPIs will gradually improve as more undertakings adopt the EU Taxonomy, and as the flow of data from non-financial undertakings to financial undertakings increases.

In addition, the disclosure rules of the Disclosures Delegated Act for financial undertakings do not cover specific exposures referred to in its Article 9, such as certain sovereign debt exposures, as well as exposures to unlisted small and medium-sized enterprises ("SMEs") and certain non-EU undertakings. Article 9 of the Disclosures Delegated Act requires the European Commission to review the treatment of these exposures and assess the impact of a possible expansion of the KPIs to cover these exposures.

Given this limited scope of the current disclosure regulations, KPIs cannot currently reflect the entire financing of business activities aligned with the EU Taxonomy by financial undertakings.

While the financial undertakings' KPIs are intended to faithfully reflect the extent to which a financial undertaking finances EU Taxonomy-aligned economic activities, they do not impose any restrictions on financing any specific sector, including strategic sectors, or any specific economic entities, including SMEs. Therefore, these specific sectors and entities should also continue to be funded. Accordingly, the KPIs of financial undertakings, including the GIR, should be placed in the broader context of the financing and investment operations of financial undertakings, since these undertakings finance not only EU Taxonomy-aligned economic activities, but all legitimate economic activities and business entities.

Disclosures under Annex X to the Disclosures Delegated Act

The weighted average value of all investments made by insurance or reinsurance companies that are directed at funding, or are associated with Taxonomy-aligned economic activities, relative to the value of total assets covered by the KPI, with following weights for investments in undertakings per below:		The weighted average value of all investments made by insurance and reinsurance companies that are directed at funding, or are associated with Taxonomy-aligned economic activities, with following weights for investments in undertakings per below:	
Turnover-based: %	0.73%	Turnover-based: [monetary amount (PLN)]	2,131,789,096
CapEx-based: %	1.25%	CapEx-based: [monetary amount (PLN)]	3,628,339,435
The percentage of assets covered by the KPI relative to total investments made by insurance or reinsurance companies (all assets under management). Excluding investments in sovereign entities.		The monetary value of assets covered by the KPI. Excluding investments in sovereign entities	
Coverage ratio: %	74.27%	Coverage: [monetary amount (PLN)]	291,190,530,696
Additional, complementary disclosures: breakdown of denominator of the KPI			
The percentage of derivatives relative to total assets covered by the KPI.		The value in monetary amounts of derivatives.	
X %	0.61%	[monetary amount (PLN)]	1,780,165,820

The proportion of exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	33.49%	For non-financial undertakings: [monetary amount (PLN)]	97,531,413,466
For financial undertakings:	7.51%	For financial undertakings: [monetary amount (PLN)]	21,857,750,087
The proportion of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	1.96%	For non-financial undertakings: [monetary amount (PLN)]	5,698,821,620
For financial undertakings:	0.28%	For financial undertakings: [monetary amount (PLN)]	802,201,965
The proportion of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:	6.00%	For non-financial undertakings: [monetary amount (PLN)]	17,460,197,203
For financial undertakings:	0.93%	For financial undertakings: [monetary amount (PLN)]	2,715,584,131
The proportion of exposures to other counterparties and assets over total assets covered by the KPI:		Value of exposures to other counterparties and assets :	
X %	44.65%	[monetary amount (PLN)]	130,008,766,380

The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders , that are directed at funding, or are associated with, Taxonomy-aligned economic activities:		Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders , that are directed at funding, or are associated with, Taxonomy-aligned economic activities:	
Turnover-based: X %	0.72%	Turnover-based: [monetary amount (PLN)]	2,094,688,036
CapEx-based: X %	1.21%	CapEx-based: [monetary amount (PLN)]	3,527,918,138
The value of all the investments that are funding economic activities that are not Taxonomy-eligible relative to the value of total assets covered by the KPI:		Value of all the investments that are funding economic activities that are not Taxonomy-eligible:	
X %	29.21%	[monetary amount (PLN)]	85,064,636,670
The value of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned relative to the value of total assets covered by the KPI:		Value of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned:	
X %	27.46%	[monetary amount (PLN)]	79,949,430,104

Additional, complementary disclosures: breakdown of numerator of the KPI			
The proportion of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:			
Turnover-based: %	0.45%	Turnover-based: [monetary amount (PLN)]	1,320,117,517
Capital expenditures-based: %	0.97%	Capital expenditures-based: [monetary amount (PLN)]	2,816,870,951
For financial undertakings:			
Turnover-based: %	0.00%	Turnover-based: [monetary amount (PLN)]	206
Capital expenditures-based: %	0.00%	Capital expenditures-based: [monetary amount (PLN)]	21,611
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders , that are directed at funding, or are associated with, Taxonomy-aligned economic activities:		Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders , that are directed at funding, or are associated with, Taxonomy-aligned economic activities:	
Turnover-based: %	0.72%	Turnover-based: [monetary amount (PLN)]	2,094,688,036
Capital expenditures-based: X %	1.21%	Capital expenditures-based: [monetary amount (PLN)]	3,527,918,138

The proportion of Taxonomy-aligned exposures to other counterparties and assets over total assets covered by the KPI:		Value of Taxonomy-aligned exposures to other counterparties and assets over total assets covered by the KPI:	
Turnover-based: %	0.28%	Turnover-based: [monetary amount (PLN)]	805,785,796
Capital expenditures-based: X %	0.28%	Capital expenditures-based: [monetary amount (PLN)]	805,785,796

Breakdown of the numerator of the KPI per environmental objective		
Taxonomy-aligned activities – provided “do-not-significant-harm” (DNSH) and social safeguards positive assessment:		
1. Climate change mitigation	Turnover: %	0.7442%
	CapEx: %	1.1616%
2. Climate change adaptation	Turnover: %	0.0916%
	CapEx: %	0.1510%

Transitional activities:	
A % (Turnover)	0.0088%
B % (CapEx)	0.0220%
Enabling activities:	
A % (Turnover)	0.1147%
B % (CapEx)	0.4549%

Disclosures under Annex XII to the Disclosures Delegated Act

Disclosures based on the Turnover KPI of the counterparty

Template 1 Nuclear and fossil gas related activities

Nuclear energy related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

Template 2 Taxonomy-aligned economic activities (denominator)

Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
	Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
1. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
2. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
3. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	11,435,295	0.00%	11,435,295	0.00%	0	0.00%
4. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
5. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	258	0.00%	258	0.00%	0	0.00%



	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	14,323	0.00%	14,323	0.00%	0	0.00%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1,406,959,258	0.48%	1,359,761,842	0.47%	47,197,416	0.02%
8.	Total applicable KPI	1,418,409,134	0.49%	1,371,211,718	0.47%	47,197,416	0.02%

Template 3 Taxonomy-aligned economic activities (numerator)

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	3,449	0.00%	3,449	0.00%	0	0.00%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	11,451,260	0.54%	11,451,260	0.54%	0	0.00%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	256	0.00%	256	0.00%	0	0.00%



	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	14,277	0.00%	14,277	0.00%	0	0.00%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	1,416,096,611	66.43%	1,360,441,509	63.82%	55,655,102	2.61%
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	1,427,565,853	66.97%	1,371,910,751	64.35%	55,655,102	2.61%

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	13,405,487	0.00%	11,744,912	0.00%	1,660,575	0.00%



	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	64,181,125	0.02%	64,181,125	0.02%	0	0.00%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1,622,597	0.00%	1,622,597	0.00%	0	0.00%
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	80,953,770,993	27.80%	78,530,511,435	26.97%	2,423,259,558	0.83%
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	81,032,980,202	27.83%	78,608,060,069	27.00%	2,424,920,133	0.83%

Template 5 Taxonomy non-eligible economic activities

	Economic activities	Amount (PLN)	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	172,279	0.00%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	666,101	0.00%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3,662	0.00%
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	79,628,033,309	27.35%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	79,628,875,350	27.35%

Disclosures based on the CapEx KPI of the counterparty

Template 2 Taxonomy-aligned economic activities (denominator)

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	152,099	0.00%	152,099	0.00%	0	0.00%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	11,357,707	0.00%	11,225,289	0.00%	132,419	0.00%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1,071	0.00%	1,071	0.00%	0	0.00%

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2,683	0.00%	2,683	0.00%	0	0.00%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	12,942	0.00%	12,942	0.00%	0	0.00%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	2,915,085,777	1.00%	2,694,656,630	0.93%	220,429,147	0.08%
8.	Total applicable KPI	2,926,612,281	1.01%	2,706,050,715	0.93%	220,561,565	0.08%

Template 3 Taxonomy-aligned economic activities (numerator)

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	164,858	0.00%	164,858	0.00%	0	0.00%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	11,331,189	0.31%	11,198,770	0.31%	132,419	0.00%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	1,058	0.00%	1,058	0.00%	0	0.00%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	2,504	0.00%	2,504	0.00%	0	0.00%

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	12,589	0.00%	12,589	0.00%	0	0.00%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	2,914,738,824	80.33%	2,694,538,758	74.26%	220,200,066	6.07%
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	2,926,251,022	80.65%	2,705,918,537	74.58%	220,332,484	6.07%



Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	254,019,620	0.09%	252,918,753	0.09%	1,100,867	0.00%

	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount (PLN)	%	Amount (PLN)	%	Amount (PLN)	%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	107,940,347	0.04%	107,940,347	0.04%	0	0.00%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3,050,162	0.00%	3,050,162	0.00%	0	0.00%
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	83,115,431,148	28.54%	79,160,126,906	27.18%	3,955,304,242	1.36%
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	83,480,441,276	28.67%	79,524,036,167	27.31%	3,956,405,109	1.36%

Template 5 Taxonomy non-eligible economic activities

	Economic activities	Amount (PLN)	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	935,602	0.00%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	102,446	0.00%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	575,269	0.00%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	77,147,355,490	26.49%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	77,148,968,806	26.49%

Disclosures based on Article 10(7) of the Disclosures Delegated Act

Proportion in the covered assets of exposures to Taxonomy-eligible economic activities pursuant to Environmental Delegated Act

PZU Group	
Proportion in total assets of exposures to economic activities that qualify as contributing substantially to the sustainable use and protection of water and marine resources	0.00%
Proportion in total assets of exposures to economic activities that qualify as contributing substantially to the transition to a circular economy	0.41%
Proportion in total assets of exposures to economic activities that qualify as contributing substantially to pollution prevention and control	0.00%
Proportion in total assets of exposures to economic activities that qualify as contributing substantially to the protection and restoration of biodiversity and ecosystems	0.00%
Assets covered by KPI [million PLN]	291,191

Proportion in the covered assets of exposures to Taxonomy-eligible economic activities pursuant to Sections 3.18–3.21 and 6.18–6.20 of Annex I and Sections 5.13, 7.8, 8.4, 9.3, 14.1 and 14.2 of Annex II to the Climate Delegated Act

PZU Group	
Proportion in total assets of exposures to economic activities that qualify as contributing substantially to climate change mitigation (pursuant to Regulation 2021/2139) – expanded economic activities added to Regulation 2021/2139 by Regulation 2023/2485	0.04%
Proportion in total assets of exposures to economic activities that qualify as contributing substantially to climate change adaptation (pursuant to Regulation 2021/2139) – expanded economic activities added to Regulation 2021/2139 by Regulation 2023/2485	0.04%
Assets covered by KPI [million PLN]	291,191

8.2.2.1. Contextual information in support of the quantitative indicators including the scope of assets and activities covered by the KPIs, information on data sources and limitation

A key performance indicator (KPI) for insurance companies' investment activities is the Green Investment Ratio (GIR). It indicates the proportion of an insurance company's investments that are directed at funding, or are associated with, EU Taxonomy-aligned economic activities, with respect to all investments. It is calculated in accordance with Annex IX to the Disclosures Delegated Act and presented in accordance with Table 2 in Annex X to the Disclosures Delegated Act. Qualitative information was prepared in accordance with Annex XI to the Disclosures Delegated Act.

The PZU Group is a mixed group (consisting of both financial and non-financial undertakings), and the parent company is an insurance company, so the disclosures under the Disclosures Delegated Act have been structured from the insurance company's point of view.

Indicators pertaining to investment policy

This report alongside the report on non-financial information of PZU Group include four tables:

- 1) Green Investment Ratio pursuant to Annex X to the Disclosures Delegated Act.
- 2) Indicators for certain new energy related activities – nuclear and fossil gas related activities pursuant to Annex XII to the Disclosures Delegated Act.
- 3) Eligibility indicators for the four environmental objectives pursuant to Article 10(7)(a) of the Disclosures Delegated Act as amended by Article 5(2) of the Environmental Delegated Act.
- 4) Eligibility indicators for new activities in the manufacturing and transportation sectors under the two climate objectives pursuant to Article 10(7)(a) of the Disclosures Delegated Act as amended by Article 5(2) of the Environmental Delegated Act.

In accordance with the guidelines in the supplementary documents mentioned above, the indicators were calculated on the basis of the standards used in financial reporting, namely International Financial Reporting Standards. Consolidated indicators refer to the financial companies belonging to the PZU Group, where the scope of consolidation is, in accordance with the assumptions quoted above, identical to the one used in the consolidated financial statements, except for banks where assets have been prudentially consolidated in accordance with the CRR Regulation.

Disclosures have been prepared on a consolidated basis. The basis is the consolidated assets from the consolidated financial statements of the PZU Group. Companies subject to full consolidation are treated as “transparent.”

Separate KPIs for PZU SA's PZU Group subsidiaries have not been calculated and presented. In future years, if such regulatory guidelines and market practice become firmly established, the PZU Group will consider calculating and presenting KPIs for subsidiaries that are non-financial and financial undertakings (e.g., pursuant to Annexes III–IV to the Disclosures Delegated Act for asset managers, pursuant to Annexes V–VI for credit institutions, etc.), and calculating a consolidated KPI for the PZU Group based on the share of a given business in PZU Group revenue and the KPI for the given business.

The funds of unit-linked products (“ULs”) are invested in, among other things, investment fund participation units and titles. The calculation of indicators for the PZU Group's investment activities was based on the look through approach, i.e. the companies in the portfolios of these investment funds were taken into account in the proportion that corresponds to the value of the UL's investment in the investment fund. The look through approach mentioned above did not apply to ETF funds, of which ETFs in the portfolios of PZU Group insurance companies in Lithuania and Latvia, including under ULs, constituted a significant position. In the next few years, the PZU Group will endeavor to include ETF funds under the look through approach.

Where the PZU Group invests in investment funds (UCITS or AFI), the look through approach is planned to continue

to be applied, while a solution in which turnover-based and CapEx-based KPIs of the asset manager that manages that UCITS or AIF would be used to calculate its own KPIs is not planned.

After applying the look through approach criterion, the PZU Group had exposure to a large number of investee issuers, and for some issuers the share of issuer-issued instruments in PZU Group assets (using the look through approach criterion) was very low. It was assumed that the impact of the KPIs of such issuers on the value of the PZU Group's KPI was insignificant, and therefore it was determined that the KPIs of issuers with a value of PZU Group investment lower than PLN 25,000 would not be taken into account (assuming the look through approach criterion). Such a cut-off point was selected using an expert method, also taking into account the cost of obtaining market data. After taking this cut-off point into account, the issuers whose indicators have been omitted represent a total of about PLN 25 million, which is less than 0.15% of the PZU Group's assets covered by the KPI. For such exposures, it was assumed that their activities are not EU Taxonomy-eligible, so they are not EU Taxonomy-aligned either. This approach is in line with the European Sustainable Finance Platform's guidelines, according to which the Disclosures Delegated Act is silent on the application of materiality thresholds for eligible activities, so a company can always report a small activity as not EU Taxonomy-eligible.



Data sources

Disclosures regarding the investment activities of the PZU Group were prepared based on the following data sources:

- internal data from accounting systems and financial reports;
- data on the entities, in which an investment was made, obtained from external services, in particular Bloomberg;
- data on the entities, in which an investment was made, obtained directly from those entities;
- internal data on investment properties or data obtained from the managers of these properties. Data from external services, including Bloomberg, generally reflect data published by companies, but it cannot be ruled out that at the current stage of market and system development, data from external services may not fully reflect data published by companies. This can result in data discrepancies, for example, between data from a report under Annex X of the Disclosures Delegated Act and Annex XII to the Disclosures Delegated Act.

Disclosures of the PZU Group's investment activities for 2023 are published together with the PZU Group's consolidated activity report in the first quarter of 2024. At the same time, non-financial reports for 2023 of non-financial and financial undertakings, in which the PZU Group has made investments, will be published. Therefore, for the vast majority of investee undertakings

data for 2023 was not yet available at the stage of preparing this disclosure. Therefore, for the calculation of indicators for the investment activities of the PZU Group, the 2022 data for the investee undertakings was adopted. The goal was to ensure data consistency for all investee undertakings.

For investee undertakings that do not publish non-financial reports, but are part of a group that is subject to non-financial reporting and that are covered by the group report, the group indicators derived from the consolidated report were adopted. On the other hand, in cases where there is no substantive justification (e.g., a completely different activity than the group's leading activity, a project under construction, etc.) it is permissible not to include the group indicator.

According to the Disclosures Delegated Act, financial undertakings may use estimates for assessing the Taxonomy-alignment of their exposures to undertakings referred to in paragraph (6), points (e) and (f) [undertakings established in a third country], where those financial undertakings are able to demonstrate compliance with all criteria of Article 3 of Regulation (EU) 2020/852, except with the criteria laid down in Article 3, point (b) of that Regulation [does not cause serious harm to any of the environmental objectives set forth in Article 9 in accordance with Article 17]. Financial undertakings shall formalize, document and make public the methodology upon which such estimations are based, including the approach and research methodology, the main assumptions and precautionary principles used. However, the PZU Group has decided not to use such estimates. Therefore, only data provided by investee

undertakings were used for calculations. The estimates made by the Bloomberg service were also not used.

The PZU Group has decided not to individually contact the entities, in which it has made investments, to obtain data prior to official publication due to the costs associated with performing this task, given the scale of the PZU Group's operations. The PZU Group also decided not to make independent estimates of data for other entities due to the prudent approach adopted.

Investments (assets under management)

Pursuant to Annex IX to the Disclosures Delegated Act, investments shall mean all direct and indirect investments, including investments in collective investment undertakings and participations, loans and mortgages, property, plant and equipment, as well as, where relevant, intangibles.

The following asset items from the financial statements were considered investments:

- Property, plant and equipment (with only own properties included under this item);
- Investment property;
- Entities accounted for using the equity method;
- Assets pledged as collateral for liabilities;
- Assets held for sale (with only investment and own properties included under this item, while other types of assets are not included);

- Loan receivables from clients;
- Investment financial assets, except for cash and deposits;
- Derivative financial instruments (according to Article 7(2) of the Disclosures Delegated Act, they are included in the denominator, while they are excluded from the numerator).

The following asset items from the financial statements were assumed not to meet the definition of investments, and therefore were not included in the reporting framework:

- Goodwill
- Intangible assets
- Deferred tax assets
- Insurance contract assets
- Reinsurance contract assets
- Other assets
- Receivables
- Cash and cash equivalents.

Pursuant to Article 7(1) of the Disclosures Delegated Act, exposures to central governments, central banks and supranational issuers shall be excluded from the calculation of the numerator and denominator of key performance indicators of financial undertakings. Therefore, covered assets were assumed to be all investments made by the insurance company (total assets / total AuM), excluding investments in sovereign entities:



[covered assets (KPI)] = [all investments (total assets / total AuM) – [investments in sovereign entities (exposures to central governments, central banks and supranational issuers)]

Securities guaranteed or secured by the Stet Treasury, including bonds issued by Bank Gospodarstwa Krajowego and the Polish Development Fund, were also considered exposures to central governments. Among others, the European Investment Bank has been recognized as a supranational issuer.

Exposures to regional governments and to local government units were not considered to be exposures to central governments. The financial instruments they issue, such as municipal bonds, have been included in the denominator – the assets covered by the KPI – while they are excluded from the numerator. This approach was not applied to exposures to regional governments and local government units in the portfolios of investment funds in which the PZU Group made investments, to which the look through approach was applied. These exposures are excluded from the denominator, as are exposures to central governments. The PZU Group will endeavor to also include these exposures using the look through approach to the denominator – to the assets covered by the KPI – in future years.

Additional assumptions

Pursuant to Article 7(3) of the Disclosures Delegated Act, exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU shall be excluded from the numerator of key performance indicators. Accordingly, environmentally sustainable bonds of Small and Medium

Enterprises (“SMEs”) and financing of renewable energy projects (“RES”) (e.g., wind farms) were excluded from the KPI numerator, and loans to such entities were also excluded.

PZU Group voluntarily discloses the estimated green investment ratio (GIR) calculated as if the financing of RES projects was included in the KPI numerator. In this case, the GIR would be 0.84%. It should be emphasized that this is a voluntary disclosure and does not constitute a disclosure under the law.

Pursuant to Annex IX to the Disclosures Delegated Act, debt securities with the purpose of financing specific identified environmentally sustainable activities or projects or environmentally sustainable bonds issued by an investee undertaking have been included in the numerator up to the value of EU Taxonomy-aligned economic activities that the proceeds of those bonds and debt securities finance, on the basis of information provided by the investee undertaking.

The denominator (in the assets covered by the KPI) included derivatives recognized in assets in the financial statements, without offsetting with derivative liabilities.

According to Article 7(4) of the Disclosures Delegated Act, without prejudice to Article 7(1) of this Act, environmentally sustainable bonds or debt securities with the purpose of financing specific identified activities that are issued by an investee undertaking shall be included in the numerator of key performance indicators up to the full value of Taxonomy-aligned economic activities that the proceeds of those bonds and debt securities finance, on the basis of information provided by the investee undertaking. On the other

hand, as indicated above, if such information is not available, general indicators for the undertaking/group from the parent company’s non-financial report are adopted. Exposures whose purpose is not to finance specific identified activities are included in the weighted numerator of the issuer’s turnover KPI and capital expenditure KPI in accordance with the method set forth in Annexes III, V, VII and IX to the Disclosures Delegated Act. Where an investee undertaking has issued the environmentally sustainable bonds or debt securities with the purpose of financing specific identified activities, financial undertakings shall discount (correct) the KPI of the investee undertaking accordingly to avoid double counting.

It was assumed that since Article 7(4) of the Disclosures Delegated Act refers only to environmentally sustainable bonds or debt securities, the rules described in this provision should not be interpreted broadly to include other forms of investments, such as loans made for such purposes.

It was assumed that Article 7(4) of the Disclosures Delegated Act is not a special provision to Article 7(3) of the Act. Article 7(4) was assumed to apply to the situation where an undertaking subject to non-financial reporting (under Article 7(3)) issues environmentally sustainable bonds. In this case, their revenues were taken into account up to the full amount, rather than as an overall indicator of compliance with the EU Taxonomy for the undertaking’s activities.

In the case of investments in credit institutions, green asset ratios (GARs) were adopted in place of revenue (REVENUE) and capital expenditures (CAPEX) in the form of GAR_REVENUE and GAR_CAPEX indicators. For

investments in insurance companies, green investment ratios (GIRs) in the form of GIR_REVENUE and GIR_CAPEX ratios were adopted in place of revenue (REVENUE) and capital expenditures (CAPEX). In the absence of a GIR for a particular insurance company, the Green Underwriting Ratio (GUR) was adopted.

Financial undertakings are defined in Article 1(8) of the Disclosures Delegated Act. Undertakings that provide other financial services but meet the criteria in this definition were considered non-financial undertakings. The classification was made on the basis of the Bloomberg service, based on detailed subsectors within the Financials sector.

Undertakings covered by Articles 19a and 29a of Directive 2013/34/EU, i.e., those subject to non-financial reporting obligations, were determined based on data from external services. For undertakings in Poland, the InStrat Foundation database was used. For undertakings from other countries, the Bloomberg service was used, with





the assumption that an undertaking with more than 500 employees, according to the Bloomberg service, is covered by the non-financial reporting obligation. No additional verification was made in this regard.

In reporting the breakdown of the KPI numerator by environmental objective, transition and enabling activities were reported without the breakdown of climate objectives (climate change mitigation, CCM and climate change adaptation, CCA). The data comes from the Bloomberg service. The PZU Group works with ESG data providers regarding the completeness and quality of the data. The PZU Group will endeavor to report transition and enabling activities by climate and environmental objectives in the following years as part of the KPI numerator breakdown.

The data for the item Loans receivable from clients were prepared by the banks in the PZU Group included in the consolidated report. The data were prepared in accordance with the rules set forth in Annexes V–VI to the Disclosures Delegated Act.

The principle of minimum safeguards

For the purposes of calculating in their KPIs EU Taxonomy-aligned exposure to other undertakings, financial undertakings themselves do not have to comply with the minimum safeguards, due to the fact that financing activities are not EU Taxonomy-eligible. Each undertaking that the PZU Group invests in determines

and reports on its own whether it meets the minimum safeguards. An undertaking can only consider its activities to be EU Taxonomy-aligned if it meets the minimum safeguards. If an undertaking reports that a certain percentage of its activities is EU Taxonomy-aligned, it means that it meets the minimum safeguards. PZU SA Group does not perform any additional verification.

Unit - linked products

In accordance with Annex IX to the Disclosures Delegated Act, the additional disclosures distinguished the proportion of the investments held in respect of life insurance contracts where the investment risk is borne by the policy holders and the proportion of remaining investments. The investments held in respect of life insurance contracts where the investment risk is borne by the policyholders include unit-linked products („UL”).

As indicated above, the look through approach was applied, taking into account all investments held in the portfolios of investment funds whose participation titles or units are held in the portfolios of ULs.

Investments in real estate

As indicated above, real estate, which is included in the following asset items on the balance sheet, was analyzed for alignment with the EU Taxonomy:

- property, plant and equipment;
- assets held for sale.

It has been assumed that real estate-specific indicators will be used to assess real estate alignment with the EU Taxonomy, rather than revenue (REVENUE) or capital expenditures (CAPEX), which real estate does not have. Real estate has its own criteria and indicators for alignment with the EU Taxonomy. Investments are shown on a look-through approach basis, so the relevant investments are real estate (buildings) that are owned by individual companies in the PZU Group, including special purpose vehicles owned by the PZU FIZAN Sektor Nieruchomości 2 fund.

The EU Taxonomy alignment rate calculated for the real estate is shown under both revenue (REVENUE) and capital expenditures (CAPEX) items.

In the absence of currently formed standards for analyzing the EU Taxonomy, it was decided to test alignment with the EU Taxonomy only for existing buildings. Buildings under construction were found to be not EU Taxonomy-aligned.

In the criteria that refer to the erection of buildings before or after 31.12.2020, the date of submission of the building permit application was considered the “date of construction.”

Only those buildings that have already obtained an occupancy permit or other decision with similar effect were evaluated, even if it applies only to a small part of the building. Warehouse parks were similarly assessed. It was also conservatively assumed that if even one of

the buildings in the warehouse park did not meet the requirements of the EU Taxonomy, the entire warehouse park was assessed as not EU Taxonomy-aligned.

The following guidelines and assumptions were adopted for the analysis of the energy demand criterion for buildings constructed before 31.12.2020. In Poland, energy demand classes are not used in energy certificates, so this criterion is checked before answering the question “Does the building belong to the 15% of the most efficient buildings (residential or non-residential, respectively, for buildings constructed before 31.12.2020) in the country in terms of primary energy demand (PED)?”. For all types of real estate, including office, warehouse and retail buildings erected before 31 December 2020, this criterion is met:

- up to 15% of the most efficient buildings (criterion for Objective 1 – climate change mitigation) if PED (EP) < 118.26 kWh/m² per year.
- up to 30% of the most efficient buildings (criterion for Objective 2 – climate change adaptation), if PED (EP) < 155 kWh/m² per year.

In a situation where a building has several energy certificates associated with different tenants, for example, such a building will meet the primary energy requirements if each of its parts meets the requirements.

The following guidelines and assumptions were adopted for the analysis of the energy demand criterion for buildings constructed after 31 December 2020. For all types of real estate, including office, warehouse and retail buildings erected after 31 December 2020, this criterion is met:



- at least 10% less than the threshold (criterion for Objective 1 – climate change mitigation) if PED (EP) < 108 kWh/m² per year.
- does not exceed the threshold (criterion for Objective 2 – climate change adaptation) if PED (EP) < 120 kWh/m² per year.

For buildings larger than 5,000 m²:

- Has the building undergone air leakage and thermal integrity testing by a certified company? And Have the results of these tests been shared with clients/tenants?
- Has the global warming factor been calculated?

The following guidelines and assumptions were made for the criterion on building management systems. The issue applies only to large non-residential buildings equipped with heating systems, ventilation systems, air-conditioning systems with an effective rated of more than 290 kW. For these buildings, it is determined whether they have evidence of efficient operation, e.g., there is a building automation and control system in place or there is an energy efficiency improvement contract. It was assumed that a building meets this criterion if it has a modern BMS (Building Management System). “Modern BMS” was identified as that defined by CBRE standards as Class A.

Energy efficiency improvement is understood as any action that systemically reduces energy consumption, e.g. replacing lighting with LEDs, introducing motion sensors, increasing insulation in facades. Such improvement must be carried out every year for this criterion to be considered met in a given year.

The following guidelines and assumptions were adopted for the criterion on adaptation of real estate to climate change. To meet this criterion, it is necessary to confirm that the real estate is located not in a floodplain. If the due diligence report on the real estate or the local spatial development plan indicates that the real estate is located in a floodplain, the criterion is not met. When analyzing whether the real estate is located in a floodplain, flood maps available from the PZU Risk Department or available on a geoportal and records of local plans may also be used, if such factors are indicated.

The following guidelines and assumptions for the fossil fuel criterion were adopted. It was analyzed whether the real estate was specifically built/prepared for fossil fuel storage or fossil fuel energy production for further sale to end users. If that were the case, it could not be considered EU Taxonomy-aligned. The storage of fuels processed from fossil fuels, e.g., diesel fuel, does not make the real estate not EU Taxonomy-eligible. The decisive factor is whether the fuel in question is fossil and occurs naturally in that form in the environment. The storage of fossil fuels for the undertaking’s own activities does not preclude the real estate’s alignment with the EU Taxonomy, provided that the warehouse/building in which these fossil fuels are stored was not built exclusively for such purposes. In the event that it was built solely for such a purpose and not for any other purpose, then it cannot be considered EU Taxonomy-aligned. On the other hand, such a facility where there may be a need to store fuels, e.g., to ensure the operation of on-site energy generation equipment (e.g., for heating or operation of fire systems), was considered EU Taxonomy-eligible.

The following approach was adopted in terms of minimum safeguards in the study of real-estate alignment with the EU Taxonomy. For the evaluation of the EU Taxonomy’s criterion on human rights due diligence process, it was based on the acquired information and declarations in this regard from the manager of the real estate in question. In the case of the EU Taxonomy’s criterion on preventing corruption, fair competition and preventing violations of tax law, the information was obtained from the real estate owner, which is a PZU Group company.

[\[ESRS E1-3\]](#)

Financing of renewable energy sources

PZU, PZU Życie and closed-end investment funds managed by PZU TFI, of which PZU and PZU Życie are the only participants (PZU FIZAN BIS 1 and PZU FIZAN BIS 2), as part of their investment activities, finance through loans or debt purchases external entities that build wind farms or other RES installations. Loans are granted at the level of special purpose vehicles (“SPVs”) established for a given investment.

The entities making the RES investment in question were asked whether they meet the technical screening criteria (TSC) for RES energy production and the minimum safeguards for this activity. The question was based on a breakdown of EU Taxonomy-aligned, EU Taxonomy-eligible and not EU Taxonomy-eligible activities, according to applicable non-financial reporting standards.

To assess the fulfillment of the principle of minimum safeguards, a rule derived from the “Final Report on Minimum Safeguards” of the Platform on Sustainable Finance was adopted, according to which, in the case where one of the shareholders has at least a 50% stake, in order for an investment to be considered EU Taxonomy-aligned, this shareholder must fulfill the principle of minimum safeguards. In contrast, if no shareholder had at least a 50% stake, then the SPV itself should fulfill the principle of minimum safeguards.

Most of the SPVs are part of groups that are not covered by Articles 19a and 29a of Directive 2013/34/EU, i.e., they do not prepare non-financial statements and they do not publish data on the alignment of their activities with the EU Taxonomy. Most SPVs did not provide the PZU Group with data in this regard. For those who provided data, with regard to the SPV’s compliance with technical screening criteria and minimum safeguards, the statements of the entities were relied upon and no additional verification was performed.

As stated above, the estimated green investment ratio (GIR) calculated as if the financing of RES projects was included in the KPI numerator was disclosed on a voluntary basis, including those entities that provided data.

Banks

Banks (credit institutions) within the PZU Group disclose in their non-financial statements the green asset ratio

(GAR) calculated in accordance with Annexes V–VI to the Disclosures Delegated Act. These ratios were published in the banks’ reports.

As indicated above, according to the consolidation method adopted for the purpose of fulfilling the obligations under the Disclosures Delegated Act, companies subject to consolidation are treated as “transparent.” This also applies to Bank Pekao and Alior Bank. Therefore, the banks’ investments are shown in the GIR for the PZU Group. The data for the calculations were provided by the banks in accordance with Annexes IX–X to the Disclosures Delegated Act, in order to effectively carry out the process of consolidating the data into a single GIR. Data on banks – the item of loan receivable from clients – have been included as part of the GIR at the consolidated level.

Private Equity

PZU and PZU Życie are making investments in private equity funds based abroad. Private equity funds, for the most part, are not covered by Articles 19a and 29a of Directive 2013/34/EU, i.e., they are not required to carry out non-financial reporting, and they do not publish data on the alignment of their activities with the EU Taxonomy.

The private equity funds did not use the look through approach. This is justified by the fact that the companies in which these funds make investments are also, for the most part, not required to carry out non-financial

reporting. A large portion of both funds and portfolio companies are based outside the EU. Some funds report selected ESG data on a voluntary basis, while, due to the nature of the asset class and PZU’s broad investment mandate, there is a great deal of variation among portfolio funds in reporting, data quality and the level of implementation of ESG policies. Portfolio funds differ significantly in the scale of their activities, and consequently have significantly different budgets that can be allocated for ESG monitoring and policy implementation purposes. Nevertheless, the topic of ESG reporting and implementation of best practices is an important issue that the private equity market is slowly beginning to grapple with. The scale of the fund’s activities has a direct impact on the pace of changes and new procedures in the ESG area. Currently, there are no clear guidelines by which an objective assessment can be made of which fund is doing a better job of ESG reporting. In addition, the private equity portfolio has a relatively small exposure in PZU’s investment asset structure. The PZU Group hopes to improve data quality in the years to come.

Nuclear and fossil gas related activities

The ratios for the PZU Group’s nuclear and fossil gas related activities are shown separately for turnover (REVENUE) and separately for capital expenditures (CAPEX). This way of presenting data is due to the fact that non-financial undertakings in which the PZU Group makes investments have also presented their data according to this template.

[\[ESRS E3-1\]](#) [\[ESRS E5-1\]](#)

Eligibility for the EU Taxonomy for the four environmental objectives

Due to the lack of available data on eligibility for the EU Taxonomy for the four environmental goals of the specific percentage of turnover and capital expenditures of individual investee undertakings, the following approach was adopted for 2023 reporting.

The following information was verified to determine whether the investee undertaking’s activities are EU Taxonomy-eligible for each of the four environmental objectives:

- whether the issuer is subject to Articles 19a and 29a of Directive 2013/34/EU, i.e. whether it is required to report non-financial information,
- whether the issuer conducts its economic activities in the European Economic Area,
- what is the leading NACE code (according to the statistical classification of economic activities in the EU) for the issuer’s activities.

If the issuer is subject Articles 19a and 29a of Directive 2013/34/EU, i.e. it is required to report non-financial information, conducts its economic activities in the European Economic Area and the leading NACE code is listed in:

- Annex I to the Environmental Delegated Act for the environmental objective of sustainable use and protection of water and marine resources;

- Annex II to the Environmental Delegated Act for the environmental objective of transitioning to a circular economy;
- Annex III to the Environmental Delegated Act for the environmental objective of pollution prevention and control;
- Annex IV to the Environmental Delegated Act on for the environmental objective of protecting and restoring biodiversity and ecosystems;

a given investee undertaking was deemed 100% eligible for a given environmental objective. Due to the lack of relevant data in Bloomberg service, a simplification has been made by assuming that for entities with NACE codes eligible for the EU Taxonomy, all of the PZU Group’s exposure is eligible for the EU Taxonomy for a given environmental objective.

For issuers that are not subject to Articles 19a and 29a of Directive 2013/34/EU, i.e. not required to report non-financial information, it was assumed that their activities are not eligible for the EU Taxonomy for the four environmental objectives.

For issuers conducting economic activities outside the European Economic Area, it was assumed that their activities are not eligible for the EU Taxonomy for the four environmental objectives.

Where the NACE code for an issuer’s leading activity is not listed in Annexes I, II, III and IV to the Environmental Delegated Act, it was assumed that its activities are not

eligible for the EU Taxonomy for the four environmental objectives.

Reported eligibility for a given environmental objective is the quotient of exposure to all investee undertakings eligible for a given environmental objective and assets under management covered by the KPI.

Eligibility for the EU Taxonomy for new activities under the two climate objectives

In their 2023 reports, financial undertakings must report the eligibility of a certain activity for the EU Taxonomy for the new activities that were added to the Climate Delegated Act by Regulation 2023/2485.

This was calculated in a manner analogous to determining eligibility for the four environmental objectives, as described above.

Eligibility for the EU Taxonomy for the new activities listed in the Climate Delegated Act by Regulation 2023/2485, was calculated based on the leading NACE codes of the individual investee entities and the exposure to each economic activity. Due to the lack of relevant data in Bloomberg service, a simplification has been made by assuming that for entities with NACE codes eligible for the EU Taxonomy, all of the PZU Group's exposure is eligible for the EU Taxonomy for a given climate objective.

[ESRS E1-3]

8.2.2.2. Explanations of the nature and objectives of Taxonomy-aligned economic activities and the evolution of the Taxonomy-aligned economic activities over time, starting from the second year of implementation, distinguishing between business-related and methodological and data-related elements

PZU Group companies are engaged in investment activities, in the case of certain regulated companies subject to the restrictions provided by law.

The PZU Group has not imposed any restrictions on financing any specific sector, including strategic sectors, or any specific economic entities, including SMEs. Therefore, these specific sectors and entities also continue to be funded by PZU Group companies.

In a concluded unil-linked life insurance contract, the policyholder selects the product in which they want to invest the funds from the insurance premium.

[ESRS E1-4]

8.2.2.3. Description of the compliance with Regulation (EU) 2020/852 in the financial undertaking's business strategy, product design processes and engagement with clients and counterparties

Taking into account the growing importance of the topic of sustainability and climate change, as well as their relevance to the financial industry, PZU and PZU Życie have adopted the "Balanced Growth" ESG strategy for 2021–2024, which sets a course of action to ensure sustainable economic growth of PZU and PZU Życie with respect to social, environmental and corporate governance issues.

One of the key actions supporting the objectives of the "Balanced Growth" ESG strategy was the development and adoption of a Sustainable Investment Policy.

PZU Życie does not offer financial products that promote environmental or social aspects or aim at sustainable investments. PZU Życie does not rule out introducing and offering such products in the future.

PZU Życie offers life insurance with an insurance equity fund (financial products with investment variants), the funds of which may be invested in participation units and titles of investment funds, among which may be funds that are financial products promoting environmental or social aspects or funds that are financial products aimed at sustainable investments.

The PZU Group expects its suppliers to adhere to the standards and principles it itself applies in its business activity. The Code of Conduct and ESG Best Practices for PZU Group's Suppliers is a collection of principles for the PZU Group and all of its suppliers. Doing business in accordance with this Code and promoting its values are an important criterion in the classification and assessment of prospective suppliers.

8.2.2.4. Additional or complementary information in support of the financial undertaking's strategies and the weight of the financing of Taxonomy-aligned economic activities in their overall activity

One of the elements of the "Balanced Growth" ESG strategy is an increased commitment to investments that support the climate and energy transition. Since the announcement of the ESG strategy in 2021, the PZU Group has become involved in a number of large onshore wind projects, having already committed a total of around PLN 420 million to their financing. Annual production of wind farms financed by the PZU Group should provide green electricity for over 800,000 households in Poland.


8.3. PZU Group’s climate impact

1 [GRI 3-3] [GRI 2-23] [GRI 2-24] [ESRS SBM-3][ESRS E1-2] [ESRS E5-2]

8.3.1. Direct environmental impact

The PZU Group monitors the consumption of resources (energy, fuel, water, paper) and takes efforts to curtail their consumption. One of the commitments in the ESG Strategy is achieving climate neutrality in our own business by 2024. PZU is implementing the commitment to buy the bulk of its energy from renewable sources, curtail other emissions, and whenever that is not possible offset them.

At PZU, the Management Board Environmental Protection Plenipotentiary is responsible for reduction of the direct environmental footprint of the PZU Group and ensuring compliance with prevailing provisions of law.

 The key regulations in this area are the PZU Group’s Environmental Policy, PZU Green Standard, “Balanced Growth” ESG Strategy

Environmental Policy

The key document regarding environmental impact is the PZU Group’s Environmental Policy adopted in 2021 which provides for the framework of management over the impact that the companies’ operations have on the natural environment. The aim of the Environmental Policy in the PZU Group is to manage the environmental footprint of its activity effectively by minimization of the direct impact on the environment

and climate and minimization of the indirect impact on the environment and climate in connection with the offered products and services. The document provides for relations with internal and external stakeholders, including clients, business partners and suppliers. The policy was created taking into account the assumptions of key documents, including: Paris Agreement, National Energy and Climate Plan 2021-2030 and Energy Policy of Poland until 2040. The implementation of the Policy is monitored in accordance with the reporting principles of the ESG Strategy „Balanced Growth.” The Policy was adopted under relevant resolutions by the Management Boards of the PZU Group companies. In 2023, the Environmental Policy was updated, and the Management Board Environmental Protection Plenipotentiary oversees its implementation.

„Green PZU” Standard

Additionally, the PZU Group’s Green PZU Standard has been in operation since 2018. It was rolled out to ensure legal and more complete care for reducing the adverse environmental impact in direct business. The PZU Group’s environmental standard defines the key assumptions pertaining to its governance approach to environmental issues. This document refers to the principles of sustainable development, adhering to the level of environmental protection, applying the principle of prudence and prediction of the possible adverse impacts of actions and partnership – the requirement for all PZU Group entities to take joint environmental protection actions.

Implementing suitable procedures and governance systems allows the PZU Group to meet all the environmental formal and legal requirements.

All of the international insurance companies have also implemented the PZU Group’s Green PZU Standard, thereby taking into consideration the public interests and aspects related to environmental protection in their action strategies. They also have formalized environmental protection policies describing environmental protection principles and defining the framework within which each one of the companies is required to adhere to these principles and thus achieve the intended objectives. They have also rolled out their policy pertaining to the PZU Group’s sustainable development.

ISO 14001 Standard

Lietuvos Draudimas has implemented the certified ISO 14001 Environment Management System. The system was also introduced in medical centers of the PZU Zdrowie POLMEDIC Radom branch. Additionally, selected subsidiaries and branches of PZU Zdrowie implemented and certified their Quality Governance System ISO 9001:2015. They also have in place a waste management procedure which defines, in particular, the rules for dealing with hazardous medical waste in all medical centers.

Armatura Kraków has adopted a comprehensive “Quality Policy” which covers, among other issues, the principles for reducing the company’s adverse environmental impact. KFA Armatura’s Strategy in 2021–2025 includes environmental objectives. Activities supporting their execution include, among others, investments in a photovoltaic farm and implementing innovating and ergonomic product solutions, such as already implemented tap with the water filtration function and the launched R&D project co-financed by the European Union from the European Regional Development Fund

under Measure 1.1 “R&D projects of enterprises”, Sub-measure 1.1.1 “Industrial research and development work implemented by enterprises” of the Smart Growth Operational Programme 2014-2020. The Project is implemented in the framework of the competition held by the National Center for Research and Development 1/1.1.1/2021 POIR Quick Path for developing an innovative and energy-efficient heater.

In 2023, the Company installed a new extraction and filtration system with a dust collection system in the radiator machining department. The new unit has state-of-the-art filtration and safety features for aluminum processing operations. The filtration level is respectively:






- for particles of 0.5 microns: 99.999%;
- for particles of 0.3 microns: 99.997%

The replaced system filtered at 98.5%. This change will significantly reduce the amount of dust emitted into the atmosphere. The system also has a flameless FLEX-type explosion release device, which provides a very high level of safety for people and property.

The title of “Sustainable Production Leader” earned in 2023 shows that the initiatives carried out have been recognized by an external panel of experts at the Sustainable Economy Summit and the Sustainable Economy Diamonds 2023 competition.

In addition to the adoption of various documents, the Group also makes efforts to minimize adverse environmental impact in its day-to-day business.

Direct environmental footprint of the Group:

water consumption	
energy consumption	
paper consumption	
waste generation	
air pollution emissions	

Ecological plan at PZU and PZU Życie:

- curtailing the consumption of utilities;
- conducting rational waste management;
- installing air conditioning with an ecological refrigerant;
- preferring environmental and social aspects when choosing space for rent.

Activities in the administration area aimed at reducing adverse environmental impact:

- curtailing the consumption of office supplies and equipment;
- reducing the volume of hard-copy documentation;
- recycling of used assets;
- collaboration in the area of asset disposal with companies that have adopted the highest environmental protection standards;

- environmentally friendly activities in the car fleet management policy;
- conducting rational waste management;
- changing the way drinking water is distributed;
- running educational campaigns among employees in terms of pro-environmental behaviors.

The program is a form of an environmental management system providing for the regular deployment of environmentally friendly solutions to the PZU Group’s operations.

[\[GRI 307-1\]](#)

Penalties for breaches of environmental laws

In 2023, the PZU/PZU Życie recorded no breaches of any environmental laws or regulations and incurred no environmental penalties

[\[ESRS E5-4\]](#)

8.3.2. Consumption of raw materials

PZU takes initiatives to reduce consumption of raw materials, i.e. water and paper in particular. The second aspect of environmental initiatives is the proper disposal of equipment set for decommissioning.

8.3.2.1. Paper

PZU takes measures to switch from paper communication to electronic one. The visible benefits of such activities

are particularly noticeable in the process of sending motor and agricultural insurance renewals. In 2023, almost one in three clients had already received renewal correspondence electronically, and the rate of consent obtained for contact by this means increased by another 4.24% compared to 2022.

This approach brings real savings, which in the past year amounted to PLN 6.9 million in material costs, printing and shipping services.

[\[GRI 301-1\]](#)

Total consumption of paper in the PZU Group

PZU Group	2022	2023
Paper [t]	1,678	1,327

In 2023, the commitment to have at least 50% of the insurance forms in terms of the weight prepared on certified paper, was continued. In connection with this commitment, in 2023, 71% of insurance forms were made on certified paper. All new printing devices have the Blue Angel certificate are equipped with an automatic two-sided printing (duplex) module – wherever the specific nature of work permits two-sided printing, it is set as the default printing option.

PZU and PZU Życie systematically reduce the purchase and consumption of office supplies, including paper, and constantly reduce the number of printers used. In 2023, paper was purchased from a paper mill located in Poland, minimizing the carbon footprint of its transport. Additionally, the Discovery paper is produced from the Tasmanian Blue Gum eucalyptus tree which, thanks to

[GRI 301-1]

Total consumption of raw materials at PZU and PZU Życie

	PZU		PZU Życie	
	2022	2023	2022	2023
Paper [t]	114	114	85	85

a different fiber structure, makes it possible to reach a ca. 37% reduction of the wood used in relation to the commonly used trees, such as maritime pine or paper birch.

Reduction of the number of printers at PZU and PZU Życie

PZU and PZU Życie apply a sustainable and responsible approach to disposal and reuse of assets following the “5 R” principle. This principle encourages us to use resources responsibly, renew and repair older things to extend the time of their operation:

- Reduce;
- Reuse;
- Recycle;
- Recover;
- Renew.

Paper consumption at PZU and PZU Życie

Year	Paper (in tons)	Change
2018	277	(4.6)%
2019	276	(0.3)%
2020	204	(26.1)%
2021	197	(3.4)%
2022	199	+1.0%
2023	199	0%

Reduction of the number of printers at PZU and PZU Życie

Year	Number of printing devices remaining in operation at the end of the calendar year in question	Reduction
2018	4,750	5.0%
2019	4,600	3.2%
2020	4,540	1.3%
2021	4,420	2.6%
2022	4,290	2.9%
2023	4,180	2.6%

The volume of used mobile phones and modems to be recycled and sold to company employees

Year	Quantity (units)
2018	2,602
2019	up to 2,030
2020	over 3,000
2021	1,703
2022	1,046
2023	1,224

Best practices of subsidiaries

The PZU Group companies cooperate with firms offering the highest waste management standards, confirmed by pertinent environmental certificates. PZU and PZU Życie set their goal to increase recycling in the total number of liquidated assets. In 2024, there is a plan to continue recycling in the total number of liquidated assets should increase again. This ratio is achieved by promoting the sale of assets to employees, external clients or by donating them. Additionally, collections of used mobile phones are held regularly and the devices are sold to a specialized company (recycling).

[ESRS E3-4]

8.3.2.2. Water

Reduction initiatives

The warming of the climate and the increasingly frequent occurrence of droughts in Poland shows what an extremely valuable natural resource water is. Poland is among the countries with scarce water resources, so the PZU Group recognizes its role in protecting water from pollution and unnecessary losses. In addition, it is aware that the risk of a water crisis and loss of biodiversity is closely linked to climate change because rising temperatures are disrupting rainfall patterns and water cycles. Water saving activities are associated largely with

[GRI 303-5]

Total consumption of water separately for PZU and PZU Życie

	PZU		PZU Życie	
	2022	2023	2022	2023
Water [m3]	38,815	43,289	16,012	19,276

Total consumption of water in the PZU Group

PZU Group	2022	2023
Water [m3]	285,117	292,878

distribution of potable water. Since 2018, PZU has been implementing a change in the distribution of water in big plastic bottles to a more sustainable system. Installation of water dispensers using water from the water supply system, use of running water filters or consumption of water directly from the tap in places where water is good to drink, not only optimizes the use of water but also reduces the number of plastic bottles on the market, reduces carbon emissions by eliminating transport and reduces the energy and raw materials needed to manufacture plastic bottles.

Since Q3 2022, Armatura Kraków has been using an efficient system for cooling the water circuit in preparation for painting a radiator, using a chilled water system (chiller). The new solution will save an average of 4,000 m³ of water per year. Water consumption savings depend on weather conditions of the year and air temperatures.

The offer of KFA Armatura also covers faucet series with reduced water consumption (down to a level of 5-6 l/min). In 2023, nearly 20,000 units were sold. Traditional kitchen and sink faucets consume 12 l/min. Water-saving faucets were sold, including those from the Moza, Logon, Mokait, Abasha collections.

The company's portfolio also includes the Mungo Faucet with water filtration function. The Mungo Faucet supports users' ecological attitudes and influences the reduction of the use of plastic water bottles. The filter cartridge for the faucet is installed directly under the sink, and one filter lasts for 6,000 liters of water or a period of 6 months. In 2023, 281 units were sold, which will translate into an estimated reduction in plastic consumption of 112,000 kg in 2024.

The KFA Armatura brand is conducting an extensive educational project on water conservation. In 2023, its green communication activities reached 500,000 users.

Planned reduction in the number of water dispensers and big water bottles¹

Year (end)	Number of big bottle dispensers	Number of big bottles	Change in the number of dispensers (y/y)
2018	1,145	4,665	-
2019	916	3,732	(20.0)%
2020	733	2,986	(20.0)%
2021 ²	738	3,533	+0.7%
2022 ³	117	1,353	(84.15)%
2023	105	1,192	(10.25)%

- 1) In PZU locations in which the technical conditions allow for that, running water dispensers are successively installed. In the dispensers water from the water supply system is treated in a multi-level filtration process, after which it can be collected as cold, room temperature or hot water. At the front-office we install dispensers without hot water.
- 2) The increase in the number of big bottle dispensers by 5 units from 2020 is due to increased demand for water as employees returned to stationary work and tap dispenser failures. Starting on 1 April 2022, there has been a gradual replacement of big bottle dispensers with tap water dispensers.
- 3) A tender procedure for tap water dispensers was commenced in 2021 throughout the entire country at the same time. A new agreement for dispensers was concluded. After the implementation of the agreement, the big bottle dispenser remained only in the facilities where they could not be connected to the water system due to technical or ownership reasons.

[ESRS E5-5]

8.3.2.3. Assets for decommissioning

In 2022, 15.2 thousand assets (including telephones) set for decommissioning were resold (to employees and external clients), which accounts for more than 53% of liquidated assets. More than one thousand items were donated to schools, foundations, fire departments and others in need, including telephones, white goods - coffee makers, refrigerators, dishwashers, microwaves, LCD TVs, LCD large format displays/monitors, shredders, projectors, small office equipment. In 2023, these

activities continued by increasing the recycling of decommissioned assets. In 2023, 79% of the furniture in PZU and PZU Życie was recycled (of which 78% was sold and 22% was donated). In addition, 50% of liquidated household appliances were sold.

PZU conducts a number of activities to support recycling of computer equipment. By forming responsible attitudes among employees in caring for entrusted assets, some of the decommissioned equipment use can be reused in other areas, resold or donated to

	2022		2023	
	Quantity (units)	% share	Quantity (units)	% share
Disposal	12,480	43.4%	4,677	27.2%
Sale	15,249	53.1%	10,426	60.8%
Donation	1,009	3.5%	2,057	12.0%
Total decommissioning	28,738	100.0%	17,160	100.0%

Information on the volume of decommissioned computers

	Information on the volume of decommissioned computers – the number of all computers recalled in the period from 1 January 2022 to 31 December 2022 accounts for 3,113 units, including:		Information on the volume of decommissioned computers – the number of all computers recalled in the period from 1 January 2023 to 31 December 2023 accounts for 4,358 units, including:	
Disposal	2,872 units	average age 7.5 years	3,257 units	average age 6.7 years
Donation	138 units	average age 6.5 years	309 units	average age 6.3 years
Resale	103 units	average age 5 years	792 units	average age 6 years

	2022	2023
Share of donated computers – indicator reporting the percentage of computers donated	4.4%	7.1%
Share of resold computers – indicator informing about the percentage of computers resold in internal and external processes	3.3%	18.2%

public benefit institutions. In 2023, this accounted for an average of 25% of the decommissioned equipment. This increases the efficiency of equipment use and minimizes the environmental cost of producing these devices. Decommissioned equipment is withdrawn on the basis of dedicated agreements with companies implementing handling recycling of equipment and its components. In 2024, PZU plans to continue its work in the above area.



At Alior Bank, all documents, bulky waste, unused computer equipment and other electro-waste are disposed of by companies specialized for this purpose. Waste is collected according to the schedule (non-archival documents) or on order (household appliances, furniture, computer media):

- the paper is ground and used in the paper industry,
- computer media, furniture, and white and brown goods are recycled and prepared for reuse as raw materials or alternative fuel.

In addition, for several years, working but unused computer equipment and cell phones have been periodically donated for resale to employees. This reduces the amount of electro-waste generated by Alior Bank.

In the ongoing operations of the Pekao Group and the Bank, measures are being implemented to significantly reduce paper consumption. Starting in 2021, Bank Pekao has stepped up efforts to reduce paper correspondence. Among the most important elements of these activities are combining correspondence sent to the same address and promoting electronic receipt of information such as bank statements and regulations. As a result, it was possible to reduce the number of clients using traditional mail by 450,000 people, including 160,000 in 2023, and

the number of letters sent in 2023 was reduced by 2 million per year. In the case of bulk mail, the y/y decline in paper consumption was 23.1%, and in envelopes by 26.7%. In addition, only paper with certificates such as FSC, EU Ecolabel, PEFC, among others, is used in daily work, including printouts to clients

[ESRS E1-5]

8.3.3. Energy consumption

In 2023, the main companies of the PZU Group: PZU and PZU Życie saw a 5.8% increase in energy consumption. The total consumption of energy purchased and produced, representing 50% of total energy consumption increased by 4.3%. The reason was mainly the higher use of real estate by Group companies. Higher employee attendance at central offices translated into higher energy consumption.

Fuel consumption increased by 7.3% y/y, this was particularly evident in gasoline and LPG consumption. The changes are due to expansion and changes in the fleet structure – a growing share of gasoline cars and hybrid cars.

[GRI 302-1]

PZU and PZU Życie’s total consumption of energy from non-renewable fuels

Table A'	PZU		PZU Życie	
	2022	2023	2022	2023
Natural gas [GJ] ¹	23,212	22,652	10,627	10,143
Fuel oil [GJ] ²	1,312	940	425	409
Gasoline [GJ] ³	65,127	72,584	21,762	25,193
Diesel fuel [GJ] ⁴	716	243	6	33
Total consumption [GJ]	90,367	96,419	32,821	35,777

1) Calorific value for natural gas at 36.65 MJ/m3 for 2023 and 36.56 MJ/m3 for 2022
 2) Calorific value for value for fuel oil at 43 MJ/kg for 2023 and 2022
 3) Calorific value for gasoline at 44.3 MJ/kg for 2023 and 2022
 4) Calorific value for diesel fuel at 43 MJ/kg for 2023 and 2022

[GRI 302-1]

Total consumption of energy purchased and produced in PZU and PZU Życie

Table B'	PZU		PZU Życie	
	2022	2023	2022	2023
Electricity [GJ]	46,346	44,540	15,515	18,980
– including energy from renewable sources	39,472	34,292	10,519	15,804
– share in electricity (%)	85%	77%	68%	83%
– including energy from non-renewable sources	6,874	10,247	4,995	3,176
Heat energy [GJ]	48,491	49,190	18,727	21,934
Total consumption [GJ]	94,837	93,730	34,242	40,914

[GRI 302-1]

PZU and PZU Życie’s total consumption of energy from non-renewable fuels as well as purchased and produced energy

Table A' + B'	PZU		PZU Życie	
	2022	2023	2022	2023
Total energy consumption [GJ]	185,203	190,149	67,062	76,691

Electricity from renewable sources

W In 2023, 77% of the electricity purchased by PZU and 83% of the electricity purchased by PZU Życie came from renewable sources (RES¹⁴). In locations covered by direct contracts with energy companies, app. 80% of the purchased electricity originated from renewable sources.

Additionally, in 2023, in 5 properties PZU and PZU Życie installed photovoltaic panels – their total power was 77.78 kWp¹⁵.

The use of electricity from RES, in addition to the economic aspect, has an important impact on climate protection through reduction of CO2 and other greenhouse gas emissions. It leads to reduction of scope 2 emissions through reducing the demand for energy and, as a consequence, reduction of the use of fossil fuels for production of energy from high-emission sources. The cost savings regarding the electricity consumed for 41 properties in which photovoltaic panels were installed are in the range of 26%.

Thanks to the purchase of electricity with certificates of origin by PZU and PZU Życie, its share in total energy consumption (energy purchased, produced and energy from fuels) by these companies amounted to 18% and 21%, respectively. In the years to come, further use of RES and increase in the share of green energy, subject to its availability in the market, is planned.

14) RES – total resources used for production of electricity and heat whose long-term use does not cause a significant deficit or which are renewed over a short time. These sources include: wind power, solar radiation power, geothermal power, hydropower, wave power, tidal power, salt gradient and flow power, power obtained from biomass, biogas and biofuels

15) kWp – defines the efficiency that can be achieved by photovoltaic panels if they work in standard measurement conditions – how much electricity (1 kWh) the given panel or the whole photovoltaic installation is able to produce.

On the other hand, the companies continued to focus on optimizing and reducing their consumption of fuel, electricity and thermal energy. The decrease in raw material consumption is due to fewer facilities, building thermal upgrades, changes in heating methods and weather conditions, among other factors. Due to higher temperatures in 2023, building temperatures have been reduced, resulting in lower heat use in buildings.

W celu przeliczenia paliw na energię dla wszystkich spółek Grupy zostały zastosowane wartości opałowe za KOBIZE (Krajowy Ośrodek Bilansowania i Zarządzania Emisjami).

The conversion of fuels into energy for all Group companies is based on the calorific values published by KOBIZE (National Centre for Emissions Management).

Lietuvos Draudimas aims to reduce CO2 emissions released from its operations by more than 10% by 2024 compared to 2019. To this end, Lietuvos Draudimas has chosen two main directions for analysis and further implementation: renewable energy and fleet electrification. The company uses green certified electricity at its headquarters and branches, currently purchased from UAB Elektrum. In June 2023, a contract was signed for the purchase of 350 kW of solar panels, which provides about 30% of current electricity consumption. Construction of the solar power plant has been completed. The plant is expected to be operational by March 2024 at the latest. In 2023, the first fast charging stations for electric cars were installed at the new Lietuvos Draudimas site. Four fast-charging stations provide the ability to charge eight cars simultaneously.

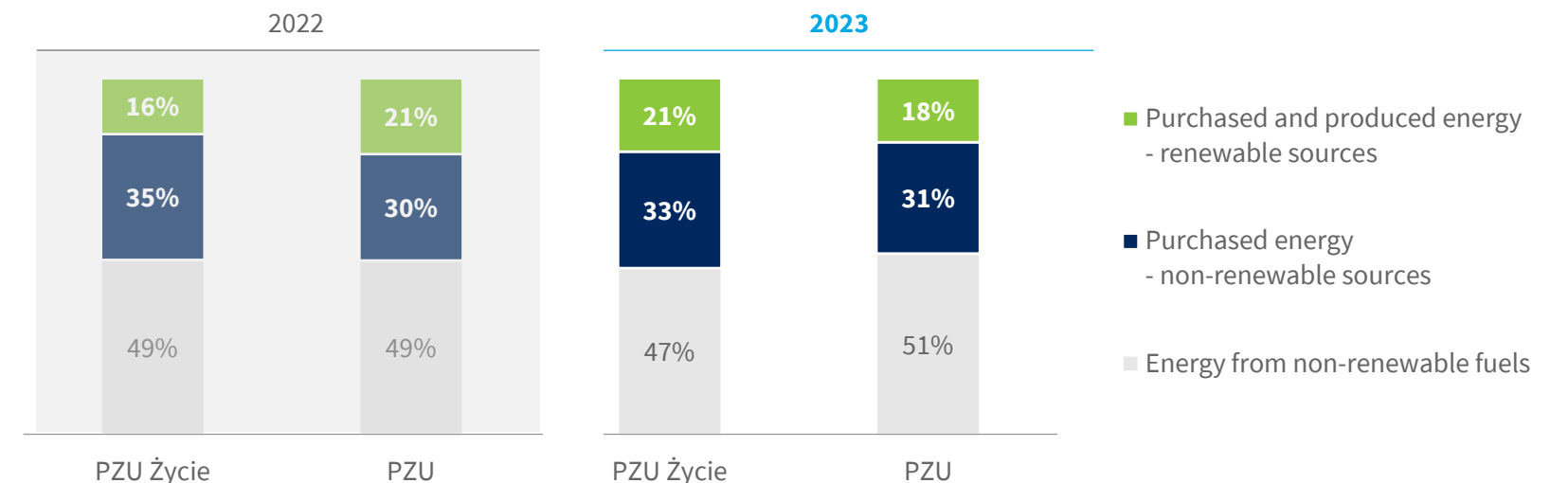
In 2023, consumption of energy, both produced and purchased, increased by 0.2% in the entire PZU Group. The main drivers of the change in consumption were decreases in electricity (-3.6% y/y), natural gas (-14.8% y/y), fuel oil (-25.4% y/y), while the key contributor to the increases was increased LPG and gasoline consumption. In 2023, fleet utilization was on the rise as there was a return to full operational mode in the use of the vehicle fleet resulting in an increase in purchased and fuel-derived energy consumption. On the other hand, the companies continued to focus on optimizing and reducing their consumption of fuel, electricity and thermal energy. The decrease in raw material consumption is due to fewer facilities, building thermal upgrades, changes in heating methods and weather conditions, among other factors. Due to higher temperatures in 2023, building temperatures have been reduced, resulting in lower heat use in buildings.

The conversion of fuels into energy for all Group companies is based on the calorific values published by KOBIZE (National Centre for Emissions Management).

ESG strategy indicator: Reduction in electricity consumption of PZU and PZU Życie from 3% to 10% by 2024 relative to 2019

Level of implementation 2023: Reduction in electricity consumption of PZU and PZU Życie by 13.6% relative to 2019

The share of renewable sources in total energy consumption at PZU and PZU Życie



[GRI 302-1]

PZU Group's total consumption of energy from non-renewable fuels

Table A	2022	2023
Natural gas [GJ]	162,599	138,535
Fuel oil [GJ]	11,950	8,910
Gasoline [GJ]	193,899	217,032
Diesel fuel [GJ]	14,118	14,504
LPG [GJ] ¹	13,712	26,716
Total consumption [GJ]	396,276	405,697

1) Calorific value for LPG at 47.3 MJ/kg for 2023 and 2022

[GRI 302-1]

PZU Group's total consumption of purchased and produced energy

Table B	2022	2023
Electricity [GJ]	421,492	406,465
Heat energy [GJ]	354,318	357,693
Total consumption [GJ]	775,810	764,158

[GRI 302-1]

PZU Group's total consumption of energy from non-renewable fuels and purchased and produced energy

Table A + B	2022	2023
Total energy consumption (GJ)	1,172,086	1,169,855

Energy consumption limitation – headquarters of PZU and PZU Życie

The building in the center of Warsaw is powered by green energy, which allows for a significant reduction in CO2 emissions. The building uses environmentally friendly technologies, such as a grey water and rainwater recovery system that allows for a significant reduction in water intake.

In 2023, the percentage of gray water recycled and reused in PZU Park was 8.3% for PZU and PZU Życie combined. In addition, PZU Park has, among others, a ventilation system with high-end filters that provides 30% more fresh air. Adiabatic humidifiers ensure its proper humidity. Appropriate filters minimize the risk of allergies. The building's water is tested for about 30 chemical compounds. Employees have access to adequate daylight. Employees are provided with 187 bicycle spaces and several charging stations for electric cars. Air conditioning based on a chilled beam system is quiet and guarantees comfortable temperatures and energy efficiency. Issues of employee well-being are also very important in WELL certification. Subdued colors, natural materials used for furnishings, a green terrace on the 35th floor, or pergolas overgrown with vegetation facilitate concentration and stimulate creativity. The lobby of the office building features a 15-meter-long 330 m2 square-meter green wall with more than six thousand plants. The oxygen they produce in a day would be enough for 150 people.

As part of the process of reducing electricity consumption in the PZU Park building in 2023:

1. Capacitor batteries for capacitive reactive power compensation were installed;

2. The contractual power for electrical connections has been reduced;
3. The lighting times of the building's exterior lighting have been shortened.



At Alior Bank, an agreement has been finalized for the construction of a photovoltaic installation at the IT central office in Kraków in 2023. Two installations of 96.9 kWp based on the CARPORT structure using parking spaces were built. In the next stage (2024), it is planned to expand the installation by 100.35 kWp using the green areas and the remaining parking spaces based on the standard and CARPORT ground structure. The photovoltaic installation allowed for partial use of renewable energy sources in the operation of the central.



In 2023, Bank Pekao completed major consolidation projects:

- **Light Project** – Consolidation of Warsaw units of the bank's headquarters in one modern location;
- The bank's headquarters have been moved to the Pekao Tower headquarters in the Forest complex at ul. Żubra 1 in Warsaw. The new headquarters provides employees with a high standard of work and modern office solutions. The Forest complex is a state-of-the-art building that provides very good natural light and air quality in the interiors, thanks to the use of an innovative energy-efficient façade that promotes the reduction of the carbon footprint and consumption of raw materials. Confirmed by BREEAM and WELL environmental certificates, the design by HRA Architekci promotes a reduced carbon footprint and consumption of raw materials, including allowing the reuse of rainwater. 400 trees and shrubs have been

planted in the open courtyard, recreational terraces and roof of the building. The excellent location is conducive to reducing car traffic for commuting. The location provides excellent connections to every part of the city. Near the building there are: a bike path, bus stops, tram stops and light rail stops (Warszawa Powązki), and within a 10-minute walk, the Dworzec Gdański subway station;

- **Multi-Branch-Poland project** – the aim of the project is to consolidate in one location the Units managing customer portfolios in different segments by establishing Multi-Branch branches in major Polish cities: Łódź – React, Lublin, Gdańsk – Olivia Star, Kraków – Fabryczna Office Park, Katowice – Face2Face.

In 2023, Bank Pekao continued to implement environment-friendly solutions, with special focus on those which limit electricity consumption and reduce the negative impact on the environment. These included:

- gradual replacement of older-type lighting with energy-efficient LED lighting;
- optimization of energy consumption (reduction of the so-called contracted power);
- replacement of UPSs with new ones with higher maximum efficiency;
- liquidation of redundant back-up power supply;
- installation of energy-efficient air conditioning systems;

Best practices of PZU and PZU Życie +

[GRI 302-4]

Initiative: Achieving climate neutrality by reducing emissions, purchasing green energy and compensating

In 2023, the PZU and PZU Życie Real Estate Department continued its endeavors focused on reducing the consumption of heat and electricity, the emissions of gases in real properties owned or used by PZU and PZU Życie. Completed activities:

- thermal modernization of 2 PZU and PZU Życie properties was carried out;
- power compensators were installed in 20 properties;
- the contracted power in 59 points of electricity consumption was reduced;
- the contracted power in 7 property was reduced;
- applications were submitted to reduce contracted power in 3 points of gaseous fuel consumption;
- internal LED lighting was installed in 90 properties;
- 10 depleted heating boilers were replaced with modern and highly efficient devices, which conserve electricity and heat, offer an option to adjust their operation to weather conditions (through weather controllers) and reduce emission of gases to the atmosphere;
- 44 air conditioning devices using the environmentally friendly refrigerant R32 were installed and are scheduled for installation for the current year;
- 67 air-conditioning units with an energy efficiency EER of at least 3.2, including 27 with a seasonal energy efficiency SEER of at least 6.9 were installed and are scheduled for installation for the current year;
- training was provided to air-conditioning users of the new equipment on the proper use and optimum utilization of the systems;
- 5 photovoltaic installations with the total capacity of 77,78 kWp was installed.

- analyses leading to installation of devices compensating the reactive power (leading to elimination of unnecessary energy expenditures);
- switching electronic devices in the evening to standby mode.

In comprehensive modernizations of its properties the Bank uses modern solutions, e.g. energy-saving LED lighting systems or faucet aerators, leading to reduction of water consumption.

In 2023, Bank Pekao continued the measures from previous years by successively reducing emissions into the atmosphere. The Bank's Management Board has approved the leasing of 35 hybrid cars and 145 reduced-emission cars to replace high-emission cars.

Armatura Kraków obtained white certificates from the Regulatory Authority, which are confirmation of upgrades to improve energy efficiency and result in energy savings. The value of the Energy Efficiency Certificate obtained is: 705.641 toe, i.e. 29 544 GJ per year. The project was completed in October 2020, with the resulting benefits becoming fully visible in 2021, and will have a positive environmental impact for years to come, at least until 2026. This will translate into CO2e emission reductions by 1.6 thousand tons CO2 going forward.

A new casting machine was put into operation at the beginning of 2022, and the continuous overhaul and modernization of existing machinery, associated with the replacement of the drive and automation, is improving production rates and further energy efficiency. The

upgraded machine consumes about 30 kWh less per hour, which generates annual savings of about 230,400 kWh.

As part of increasing the share of energy from renewable sources, an important element in the use of energy from RES is the construction of a photovoltaic farm with a capacity of nearly 1,800,000 Wp. In August 2023, energy production was launched. In the period from August to October, it produced 473.11 MWh of which 383.22 MWh was consumed for its own use and the remaining surplus amount was sold back to the grid. Estimated projections indicate that thanks to the operation of the farm, Armatura Kraków will reduce CO2 emissions by about 1,300 tons per full calendar year. The above is simulated using data from Our World In Data – it shows that in Poland in 2021, producing 1 MWh meant emitting 657 kg of CO2 into the atmosphere.

A new mechanical line for processing the radiator was installed in November 2023. It will not only improve the quality of the radiator and improve production capacity, but will also increase energy efficiency with the potential to obtain an energy efficiency certificate of 10–16 toe.

2 [GRI 3-3] [ESRS E1-6]

8.3.4. Carbon footprint

Measuring and reduction of greenhouse gas emissions

PZU is aware of the importance of the risks associated with failure to mitigate climate change and is taking measures to counteract it, and is in line with Polish and European climate policies in its commitments.

Despite the fact that the PZU Group is an insurance and financial services organization, it is aware that measures to reduce its carbon footprint are essential. Achieving climate neutrality has become one of its strategic commitments. The PZU Group is an active participant of energy transition and by 2024 it plans to fully utilize energy from renewable sources and offset emissions from own sources. Within the time horizon of the strategy, PZU and PZU Życie should become climate-neutral in scope 1 and 2.

In order to monitor this commitment, the PZU Group has been measuring its direct and indirect emissions since 2018. Every year, the measurement process is improved and its scope extended. The emissions calculation is independently verified by a certified verifier.

In 2023 the PZU Group continued multidirectional measures aimed at reduction of its emissions in scope 1 and 2, among others through purchase of energy from renewable sources, installing own installations for renewable energy production (photovoltaic panels) and purchase of energy from suppliers characterized by lower emission rates.

ESG strategy indicator: Reduction in CO2 emissions of PZU SA and PZU Życie from 3 % to 10% by 2024 relative to 2019

Level of implementation 2023: Reduction of CO2 emissions by 23% relative to 2019 (location-based method) and by 49% (market-based method)

Below are the data on the total direct and indirect emissions for the whole PZU Group and for the main insurance companies: PZU and PZU Życie. The calculations of the carbon footprint were made in accordance with the international GHG Protocol Corporate Accounting and Reporting Standard. 2018 was selected as the base year. To fully illustrate the impact of the reduction measures on the group's total emissions, indirect emissions (Scope 2) are calculated using two methods. The market-based method more fully captures the effects of the actions taken by using emission factors specific to the electricity sellers in question and taking into account the guarantee of origin of the electricity purchased.

[GRI 305-1]

Total direct emissions (scope 1) in the PZU Group

Mg CO2e ¹	2018				2022				2023			
	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies
Scope 1	31 400	9 229	2 322	19 849	26 296	6 095	2 276	17 925	26 817	6 508	2 384	17 925
Refrigerants	1 945	1 919	26	-	1 066	147	148	770	650	132	42	475
Fuels ²	29 454	7 310	2 295	19 849	25 231	5 948	2 128	17 155	26 167	6 376	2 342	17 449

- CO2e – carbon dioxide equivalent, a universal unit for measuring greenhouse gas emissions that reflects their different global warming potential. It determines the concentration of carbon dioxide, the emission of which into the atmosphere would have the same effect as a given concentration of a comparable greenhouse gas.
- The PZU Group collects data on consumption of the following fuels: gasoline, diesel, natural gas and fuel oil

Emissions (scope 1) 2023 vs. 2022

Total direct emissions in scope 1 in the PZU Group reached 26.8 thousand tons of CO2e, compared to 26.3 thousand tons of CO2e in 2022, a change of 2.0% (+0.5 thousand tons y/y). The increase compared to 2022 is due to higher fuel demand. Fuel emissions rose 3.7% y/y (+0.94 thous. tons of CO2e), with a noticeable increase in emissions from combustion of gasoline and LPG. With the decrease in emissions from the combustion of natural gas and fuel oil. Numerous initiatives aiming to reduce scope 1 emissions were continued; among others the installations were replaced and modernized.

In PZU, PZU Życie and Bank Pekao, the cars in the own fleet were replaced with models producing lower emissions. In 2022, PZU and PZU Życie changed the

address of the head office. As a result, refrigerant-related emissions fell in 2023 by 39.0% (-416 tons y/y).

Emissions (scope 1) 2023 vs. 2018

Total scope 1 emissions dropped by 14.6% relative to the base year (2018), including fuel-related emissions down 11.2%, while refrigerant leakage emissions were 66.6% lower, compared to the base year. As in the report for previous years, the calculations were made for the facilities where consumptions are measured. In the case of consumption of natural gas by PZU and PZU Życie (total), they pertain to nearly 90% of the surface of the properties used by these companies.

Emissions (scope 2 – market-based) 2023 vs. 2022

Market-based indirect scope 2 emissions reached 74.5 thousand tons of CO2e in 2023 compared to 73.4

thousand tons in 2022, which signifies an increase by 1.6% y/y (+1.1 thousand tons). Electricity-related emissions increased by 3.3% (+1.2 thous. tons), while those related to thermal energy dropped by 0.2% (-0.1 thous. tons).

The increase in electricity-related emissions was mainly due to higher emission factors for purchased electricity. PZU, PZU Życie, Ogrodowa Inwestycje, Bank Pekao and Lietuvos Draudimas are constantly increasing their use of energy with certificates of origin.

Emissions associated with heat dropped by 0.2% (-0.1 thousand tons y/y), mainly due to reductions in floor space and the number of properties through changes of headquarters, among other factors.

Additionally, the above trends were driven by the reduction initiatives undertaken by the Group in the area of own properties and such efforts as, for example, thermal modernizations and optimization of energy consumption through changes in heating methods. Electricity and heat consumption remained limited as operations are still remote and/or hybrid.

Emissions (scope 2 – market-based) 2023 vs. 2018

Total scope 2 emissions calculated using the market-based method dropped 55.8% relative to the base year (2018), including emissions associated with supply of heat were 44.3% lower, and emissions associated with electricity dropped by 62.7 % compared to the base year. Calculations were made for facilities where consumptions are measured.

In the case of PZU and PZU Życie (total) they pertain to approx. 90% of the surface of the properties used by these companies for electricity consumption and nearly 80% for heat consumption.

Emissions (scope 2 – location-based) 2023 vs. 2022

Location-based indirect scope 2 emissions reached They reached 107.8 thousand tons of CO2e in 2023 compared to 112.2 thousand tons in 2022, which signifies a decrease by 4.0% y/y (-4.5 thousand tons). The location-based method does not take into account certificates of origin or differences in the emission rates of individual suppliers.

The reduction of scope 2 emissions measured with the location-based method was attributable to reduced emissions associated with the lower heat consumption

(-0.1 thousand tons CO2e) and the decreased emissions related to the consumption of electricity (-4.4 thousand tons CO2e). In the case of heat energy and electricity, the decrease in emissions (and consumption) was mainly due to the optimization of energy consumption, renovations or investments made, and the reduction of floor space and the number of properties through, among other things, changes of headquarters.

Emissions (scope 2 – location-based) 2023 vs. 2018

Total scope 2 emissions calculated using the location-based method dropped 31.0% relative to the base year (2018), including emissions associated with supply of heat were 44.3% lower, and emissions associated with electricity dropped – by 21.8% compared to the base year.

[GRI 305-2]

Total indirect emissions (scope 2) in the PZU Group – market-based method

Mg CO2e	2018				2022				2023			
	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies
Scope 2 – market-based	168,573	21,760	7,324	139,490	73,422	6,219	2,835	64,367	74,571	6,817	2,780	64,974
Supplied heat energy	63,665	8,755	3,789	51,122	35,541	4,947	1,911	28,682	35,455	4,945	2,205	28,306
Supplied electricity – market-based	104,908	13,005	3,535	88,368	37,881	1,272	924	35,685	39,116	1,872	575	36,669

[GRI 305-2]

Total indirect emissions (scope 2) in the PZU Group – location-based method

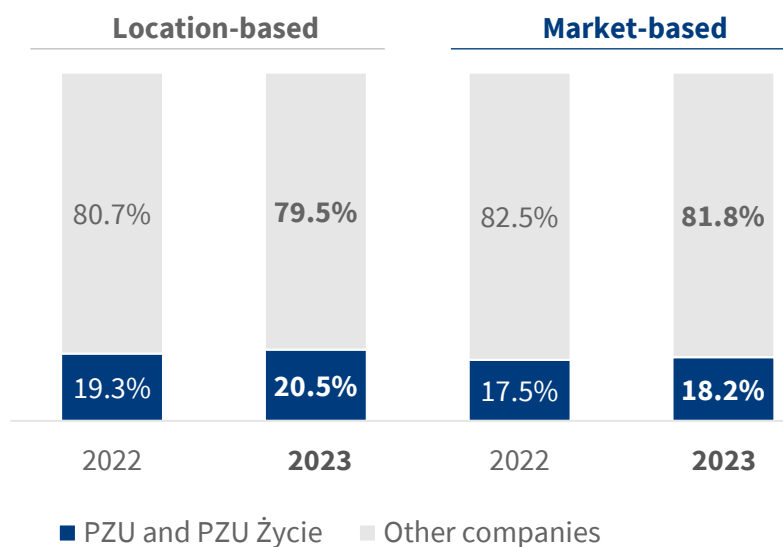
Mg CO2e	2018				2022				2023			
	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies
Scope 2 – location-based	156,091	21,098	7,109	127,884	112,237	13,522	4,781	93,935	107,775	12,996	5,636	89,142
Supplied heat energy	63,665	8,755	3,789	51,121	35,541	4,947	1,911	28,682	35,455	4,945	2,205	28,306
Supplied electricity – location-based	92,426	12,343	3,320	76,763	76,697	8,574	2,870	65,252	72,320	8,052	3,431	60,837

Emissions 2023 (scope) – location-based vs. market-based

Comparing the results obtained using the location-based and the market-based method, one can see the management approach to selection of suppliers due to emission rates and purchase of energy from renewable sources. In PZU and PZU Życie, total scope 2 emissions (calculated using the market-based method) in 2023 stood at 9.6 thousand tons CO2e, which is over two times lower than the result achieved without taking into account the emission rates of the suppliers and the energy from RES (location-based). Total scope 2 emissions (calculated using the market-based method) in other Group companies in 2023 were lower by 27% than those calculated with the location-based method.

The share of PZU and PZU Życie in the Group’s total scope 1 and 2 emissions (calculated using the market-based method) was 18% in 2023.

The share of PZU and PZU Życie in the Group’s emissions of greenhouse gas (Scope 1 and 2)



Emissions (scope 3) 2023 vs. 2022

Scope 3 (indirect) emissions in categories 1, 3, 5 and 6 (listed in the table below) by the PZU Group reached in 2023 19.5 thousand tons of CO2e compared to 20.9 thousand tons in 2022 (-6.8% y/y or -1.4 thousand tons). The drop was mainly seen in emissions associated with energy and fuels not covered by scope 1 and 2. In contrast, there was an increase in travel-related emissions.

Emissions (scope 3) 2023 vs. 2018

Scope 3 (indirect) emissions in selected categories dropped by 21.9%, or 5.5 tons relative to the base year (2018). The biggest impact was exerted by the drop in emissions associated with energy and fuels not covered by scope 1 and 2, mostly due to the purchase of energy with certificates of origin. Changes to the fleet policy brought about a decrease in emissions associated with diesel consumption, and an increase in those associated with gasoline, however, with a negative balance, i.e., the total WTT emissions associated with the consumption of these two fuels decreased in 2023 compared to the base year.

Calculation methodology

For the calculation of emissions in accordance with the GHG Protocol standard, for fuels, electricity (consumed in Poland), emission indicators or data from the National Center for Emissions Balancing and Management were used, while for heat (consumed in Poland) the indicator of the Energy Regulatory Office was used (based on the publication “Heating Energy in Numbers 2022”). The emission indicators for electricity consumed in foreign companies for 2023 were obtained from data published

[GRI 305-3]

Total other indirect emissions (scope 3) in the PZU Group

thous. tons of CO2e	2018				2022				2023			
	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies
Scope 3	24,936	4,372	1,293	19,270	20,893	2,440	1,077	17,376	19,475	2,573	973	15,929
Emissions associated with energy and fuels not covered by scope 1 and 2	22,944	3,977	1,130	17,836	18,718	1,927	795	15,996	17,551	2,123	751	14,677
Purchased raw materials and services (paper, water, sewage treatment)	1,736	202	99	1,434	1,361	101	70	1,190	1,080	100	69	911
Waste generated in the course of operations	2	1	1	-	555	353	202	-	424	286	139	-
Business travel (plane, train, taxi)	255	192	63	-	260	60	10	190	419	65	14	341

by the European Environment Agency (in previous years from the International Energy Agency), while those for heat energy were obtained from the UK Government’s Department of the Environment, Food and Rural Affairs (DEFRA) database. For scope 2 emissions calculated

according to the location-based method, average emission ratios for the respective countries were used.

The indicators for electricity from a given supplier (market-based method) were derived from websites of

energy providers (for instance, Enea, Energa, PGE, Innogy Polska, Tauron Sprzedaż, Tauron Sprzedaż GZE, Tauron Polska Energia, PKN Orlen, ENGIE Zielona Energia).

The emission indicators for energy in the scope of WTT (well to tank) (scope 3), business trips, purchased raw materials and services, waste management and GWP for refrigerants were obtained from the DEFRA database. No biogenic greenhouse gas emissions were identified.

[\[GRI 305-4\]](#)

The following data sources were used: data on fuel, electricity and heat consumption came from the invoices for the facilities where the consumption is measured (on the basis of invoices in PZU and PZU Życie; this pertained to electricity in 90% facilities, for natural gas in nearly 90% facilities and for heat in nearly 80% facilities). Consumption of raw materials, refrigerants, waste volumes and business travel was determined on the basis of internal registers. Data that are not collected from the remaining companies were marked in the table with a dash.

Intensity of greenhouse gas emissions

	2018	2022	2023
Number of employees	41,742	37,937	38,783
Consolidated assets (PLN million)	328,554	429,186	467,893
Emissions (scope 1 and 2) per employee (Mg CO2e / employee)	4.79	2.63	2.61
Emissions (scope 1 and 2) per PLN million of consolidated assets (Mg CO2e / 1 million of consolidated assets)	0.61	0.23	0.22

The greenhouse gas described in the emission indicators for fuels, electricity and heat in Poland is CO2. The other indicators included CO2, CH4 and N2O emissions as well as refrigerant gases. The volume of emissions released by each company was consolidated at the PZU Group level according to the operational control criterion.

Below are presented the greenhouse gas emissions taking into account the consolidated assets and number of employees.

As a result of the actions taken to reduce emission rates, reduce energy and fuel consumption and emission rates in Poland, the intensity of scope 1 and 2 emissions using the market-based method per employee dropped from 4.79 in the base year and 2.63 in 2022 to 2.61 tons CO2e in 2023. Emissions per million zloty of consolidated assets dropped from 0.61 in the base year and 0.23 in 2022 to 0.22 tons CO2e in 2023.

[\[GRI 305-5\]](#)

Reduction of greenhouse gas emissions

PZU and PZU Życie took actions aimed at reducing scope 1 greenhouse gas emissions associated with combustion of fuels.

To this end, the companies have expanded their fleet in 2023 by 43 cars, i.e., 5 electric cars and 38 hybrid cars.

Actions that contribute to further reduction of indirect emissions continued in 2023:

- development of the sustainable business travel model,
- cooperation with hotels that offer high environmental standards. A list of features of “sustainable hotels” was prepared, setting out the environmental standards that a hotel should meet. It will be considered as a positive factor impacting the choice of service providers.

In 2023, there was no tender conducted to allow for verification of hotels for “sustainable hotel” features. Nonetheless, business travel providers (airlines, hotels) and users are paying greater attention to this aspect.

Similarly, PTE PZU has a fleet of mostly hybrid-powered cars and intends to reduce fuel and paper consumption by 10% in the horizon to 2024, and also develop remote and hybrid working tools.

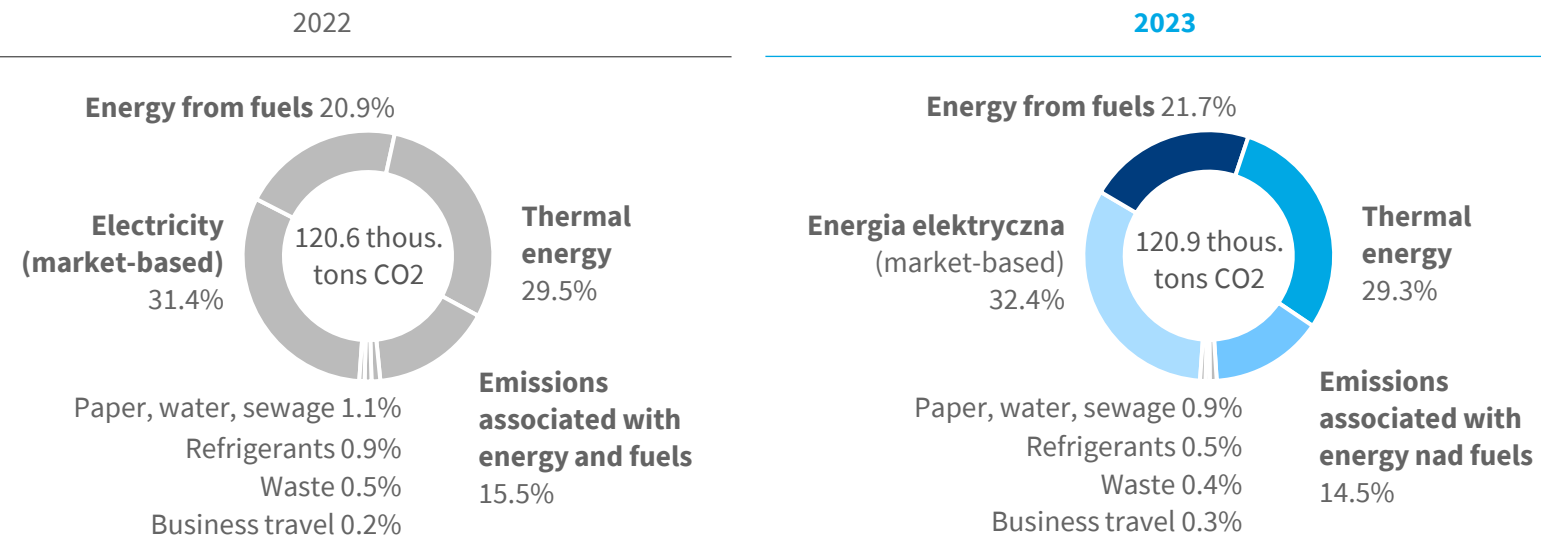
In line with the commitment made in the ESG Strategy, PZU and PZU Życie carried out the offset of the CO2 emissions to which they contributed in 2022. These emissions were offset by purchasing certified offset credits, CERs, made available by the UN Carbon Offset

Platform. As part of offsetting the environment for emissions generated in 2022, the funds were allocated to wind power development in India. The companies purchased offset units equivalent to emissions for PZU and PZU Życie of 17,425 Mg of CO2. PTE PZU (purchased units equivalent to 36 Mg of CO2) and TUV PZUW (92 Mg of CO2) also joined the effort. The funds from the CERs purchased by TUV PZUW have been earmarked for the development of a hydroelectric complex – hydroelectric plants on the Jordão River in Brazil. In addition to the CO2 offset made, TUV PZUW has purchased 1,040 CDUs (carbon dioxide units) from the State Forests. CDUs represent 1 ton of CO2 that will be accumulated in the forest stand and soil as a result of additional activities. The purchase of CDUs represents TUV PZUW’s contribution to mitigating the negative effects of climate change in Poland.

ESG strategy indicator: Achieving CO2-neutrality from its own operations (scope 1 and 2) by 2024 through emissions reductions, purchase of green energy certificates and emissions offsets

Level of implementation 2023: Reducing carbon emissions from own sources by 23% (location-based method). 79% of electricity coming from the contracted and purchased RES. Compensation for emissions of 17,425 Mg of CO2 for 2022.

Total CO2 emissions (Scope 1, 2 and 3) in PZU Capital Group by emissions sources





9. Society (S)

- 9.1. Employees
- 9.2. Clients
- 9.3. Communities



9.1. Employees

[ESRS S1-4] [ESRS S1-5]

9.1.1. Employees – approach to management

PZU wants to create an inspiring and engaging workplace. PZU listens carefully to the employees’ voices – their needs, ambitions and difficulties. The voice of employees and their needs determine the directions of the organization’s management. PZU’s employee management culture remains true to the principles: think creatively, use new technologies, be open to continuous learning, inspire others, experiment and don’t be afraid to talk about your ideas. In pursuit of its business goals, PZU cares about the well-being of its employees, their positive experiences and provides conditions for development. PZU supports volunteerism, promotes development and health campaigns. Employees are encouraged to enjoy the benefits of a diverse and inclusive work environment, as well as work-life balance.

PZU takes a holistic approach to defining initiatives and projects undertaken for the benefit of employees. It includes both external trends, observed social and economic changes, business calls and internal needs analysis. With such a broad picture, it is possible to create and deliver initiatives that are both effective and attractive to employees. In designing company-wide development activities for 2023, the results of the engagement survey and the PZU Pulse, current trends and recommendations from external experts, as well as the development needs most often identified in specific business areas, were taken into account.

In 2023, the Employee Experience Management – “EXM” approach was implemented so as to provide support in the area of commitment building in the PZU Group. The survey analysis helps to assess the overall mood in the workplace, as well as identify key factors that have an impact on engagement. The results of employee satisfaction surveys are an important source of management data and the basis for many organizational decisions. In this way, PZU strengthens the sense of empowerment among its employees to shape working conditions by taking into account current needs and expectations.



The fundamental document regulating the issue of managing employee matters is the Human Capital Management Policy in the PZU Group adopted in 2018. In particular, it aims to support the implementation of the PZU Group’s strategy by securing the business needs of human capital management and providing integrated human capital management principles. The measures implemented in this regard allow to reduce risks associated with the difficulty of acquiring a skilled workforce with unique competencies. In communication targeted at candidates, various advantages of PZU are emphasized, including: stability of employment, vast professional development opportunities, bonus systems, serious approach to a healthy work-life balance, introduction of hybrid forms of work, care for the well-being of staff (pursuit of the #DobryStan (#Well-being) strategy). Tools for communicating with the labor market include PZU’s presence as an employer in social media and employer branding campaigns in specific target groups online and offline. Candidates are sought through various sources, including social media and industry portals.

In addition, topics related to managing employee issues have been captured in the Best Practices of the PZU Group that define:

- common values and rules for ethical management;
- working conditions (among others remuneration policy, non-financial benefits);
- competence development;
- occupational safety and health.

PZU’s ambition – defined in the strategy for 2021–2024, is to be the employer of first choice in the markets covered by the Group’s business. PZU’s intention is to achieve a friendly and inspiring workplace that will prove attractive to committed and motivated professional workforce. To make this possible, 6 main strategic initiatives have been launched with a view to developing the potential of PZU employees:

- **#OnePZU (JednoPZU)** – development of effective cooperation between business areas, increasing the speed of actions and the quality of solutions implemented;
- **#CompetencesOfTheFuture (KompetencjePrzyszłości)** – development of a culture of innovation and of the ability to quickly respond to challenges and create market trends;
- **#TopTalents (TopTalenty)** – retaining employees with key competences and attracting the best talent on the market thanks to our image of being a desirable employer;
- **#PotentialOfTeams (PotencjałZespołów)** – effective use of the potential brought to the organization by its diverse teams;
- **#EmployeeEngagement (ZaangażowaniePracowników)** – continuation of an effective dialog with employees with a view to building an engaging working environment together;
- **#Well-being (Dobrostan)** – taking care of the broadly construed well-being of staff and preventing declines in their performance or efficiency.

31 [GRI 3-3] [GRI 2-7] [ESRS S1-6]

9.1.2. Employment structure

At the end of 2023, the PZU Group employed 38,800 people (full-time equivalent).

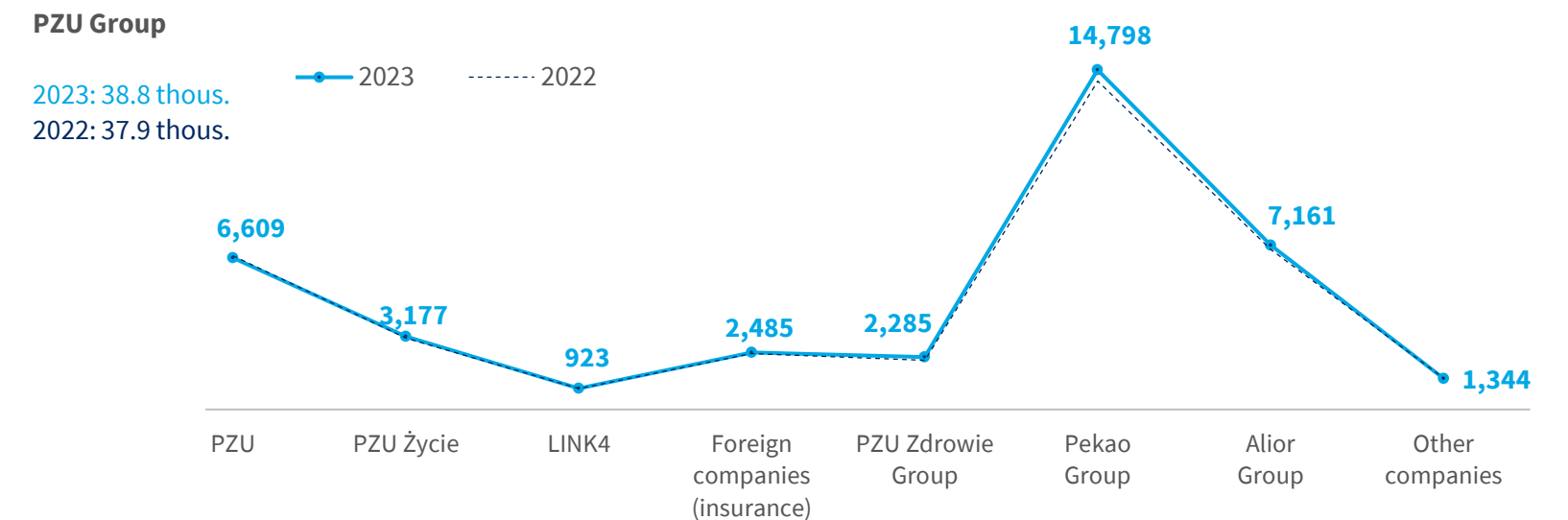
Employment in the PZU Group – in FTEs	2022	2023	change y/y
PZU Group	37.9 thousand	38.8 thousand	+0.8 thousand
PZU	17.6%	17.0%	-0.6 p.p.
PZU Życie	8.2%	8.2%	0.0 p.p.
LINK4	2.4%	2.4%	0.0 p.p.
PZU’s foreign insurance companies	6.4%	6.4%	0.0 p.p.
PZU Zdrowie Group	5.7%	5.9%	+0.2 p.p.
Pekao Group	37.7%	38.2%	+0.5 p.p.
Alior Group	18.4%	18.5%	+0.1 p.p.
Other entities	3.6%	3.5%	-0.1 p.p.

Comments to 2023: PZU Group employment remained stable. There were no significant changes in PZU or the PZU Group as a whole.

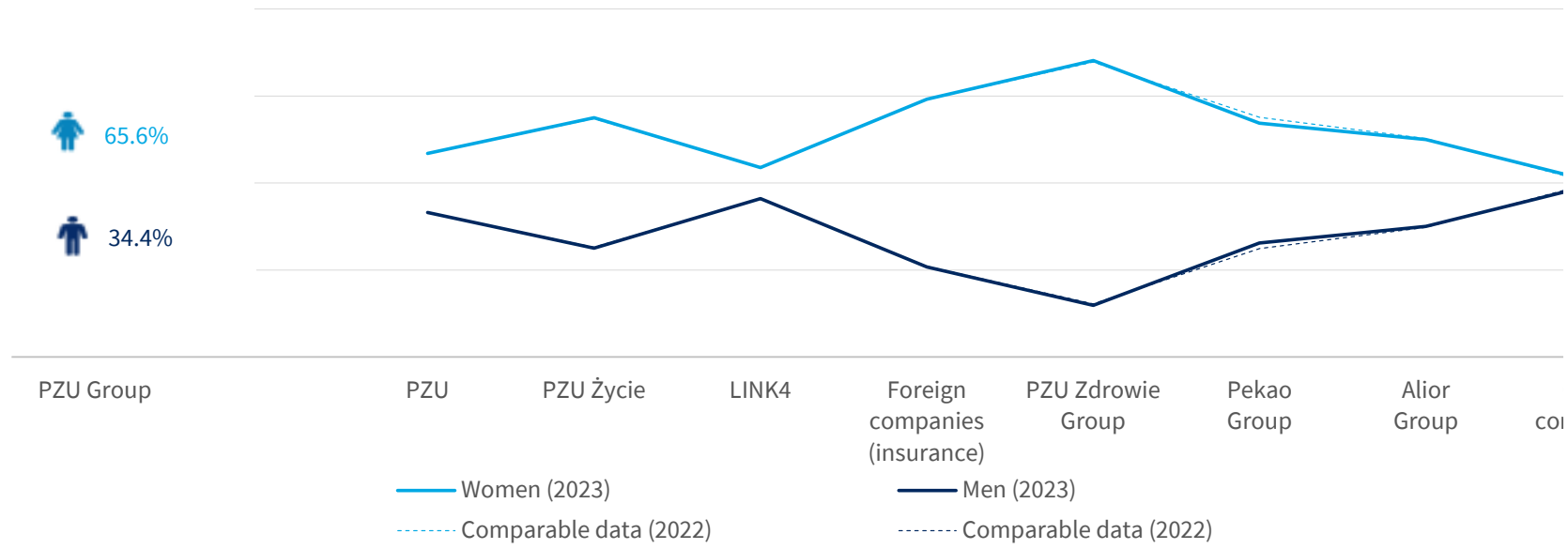
Number of employees in countries where PZU Group conducts its business

Number of employees (converted into FTEs) by geographic structure (in thousands)	2022			2023		
	Women	Men	Total	Women	Men	Total
PZU Group, including:	25.07	12.87	37.94	25.44	13.34	38.78
• Poland	23.27	12.23	35.5	23.6	12.7	36.3
• Lithuania	0.75	0.23	0.98	0.76	0.23	0.99
• Latvia	0.45	0.14	0.59	0.47	0.14	0.61
• Estonia	0.11	0.05	0.16	0.11	0.04	0.16
• Ukraine	0.49	0.22	0.71	0.50	0.23	0.73

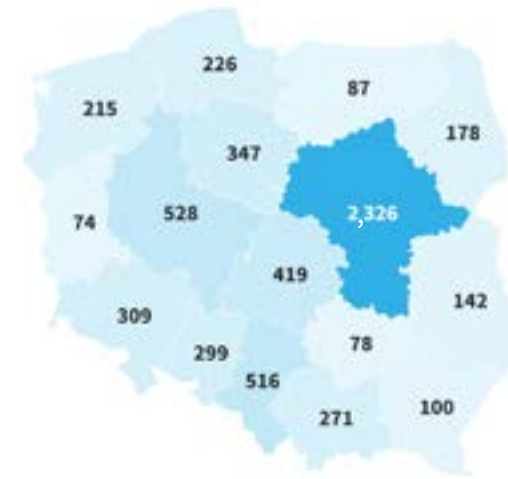
Total number of employees (converted into FTEs)



Total number of PZU Group employees by gender (converted into FTEs):



Number of women in PZU and PZU Życie (data in persons; 2022)



Number of women in PZU and PZU Życie (data in persons; 2023)



Number of men in PZU and PZU Życie (data in persons; 2022)

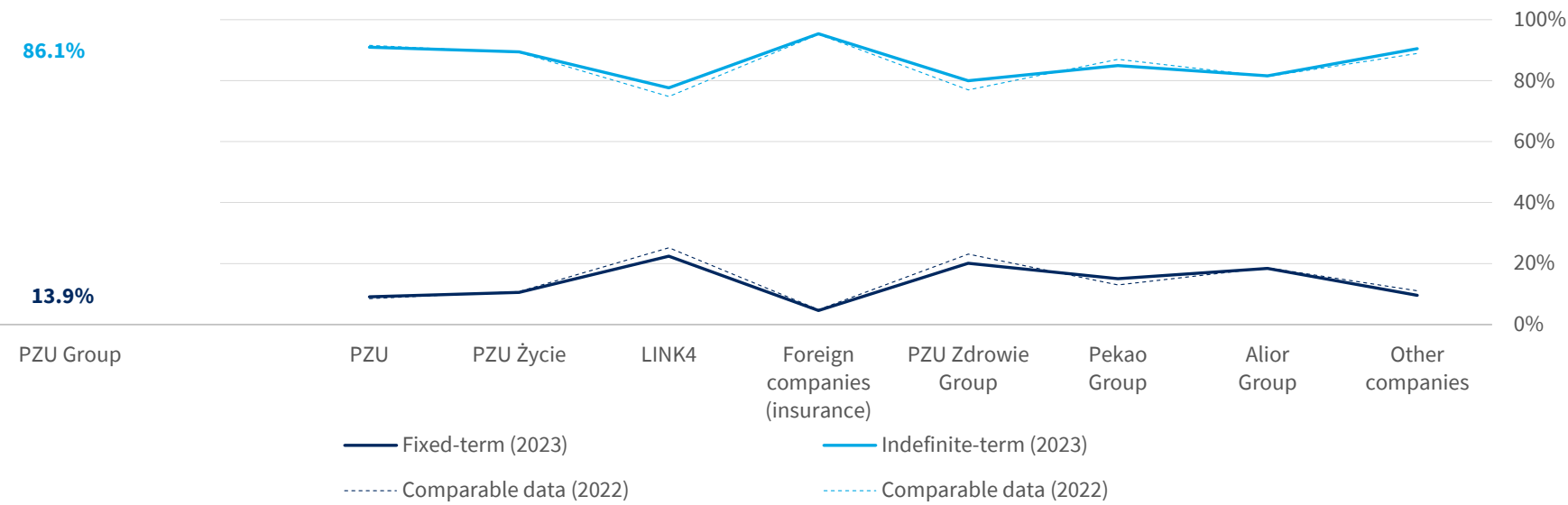


Number of men in PZU and PZU Życie (data in persons; 2023)



Comments to 2023: across the PZU Group, women accounted for the largest share of employees (65.6%). There were no significant changes in 2023.

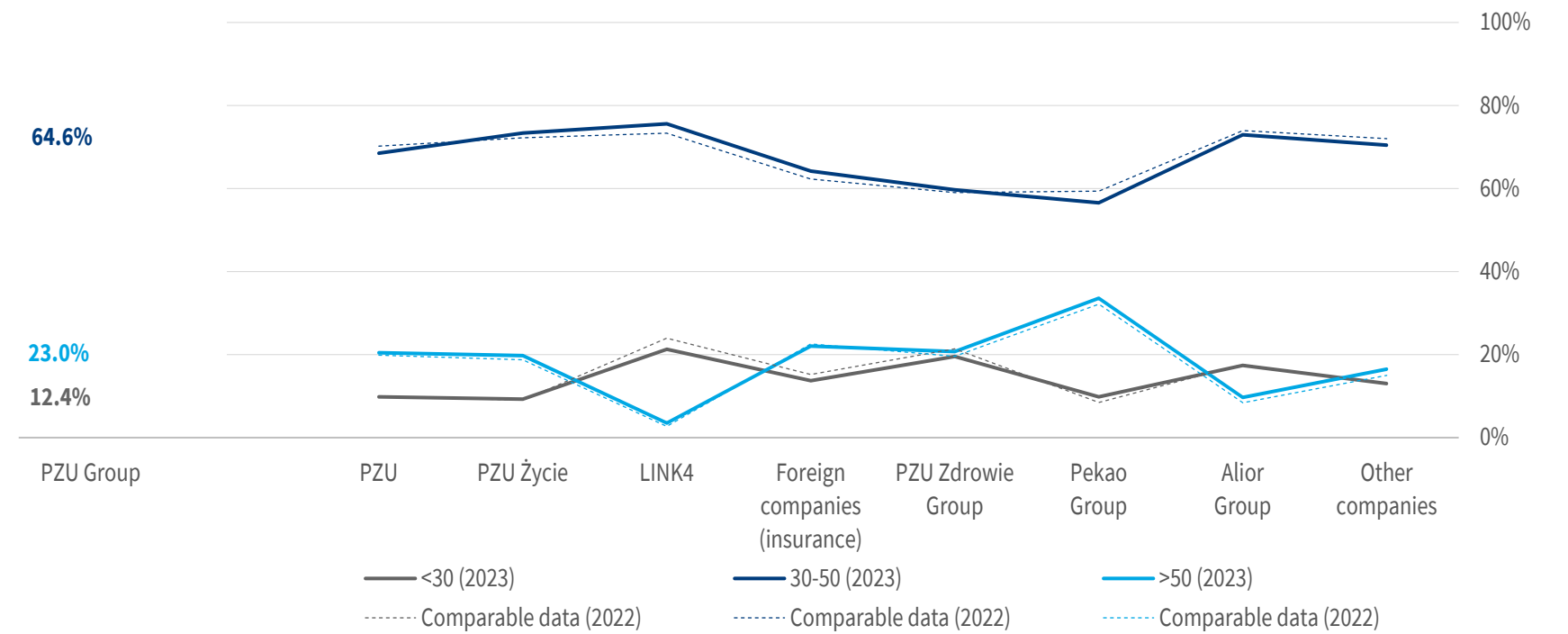
Total number of PZU Group employees by the type of contract (converted into FTEs)



Comments to 2023: in the PZU Group, 86.1% of employees work under employment contracts executed for an indefinite term. The highest percentage of staff (converted into FTEs) who work under employment contracts for an indefinite term was in PZU (90.9%), and the lowest is in LINK4 (77.6%). There were no significant changes in 2023.

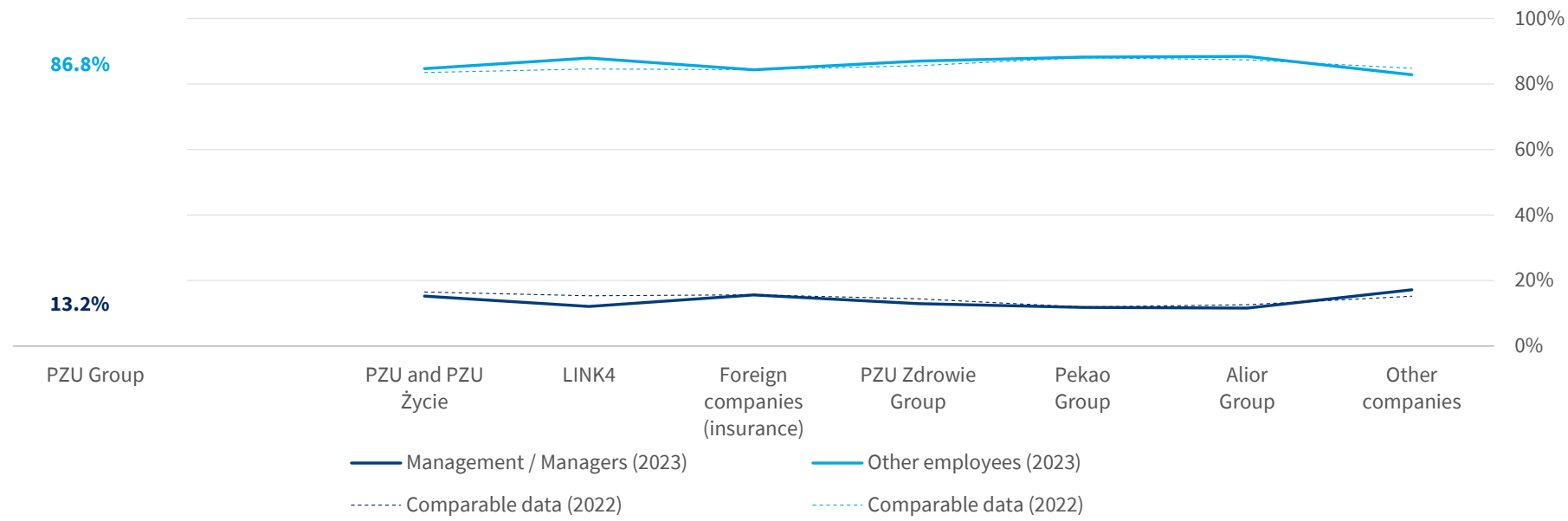
[ESRS S1-9]

Total number of employees by age group (converted into FTEs)



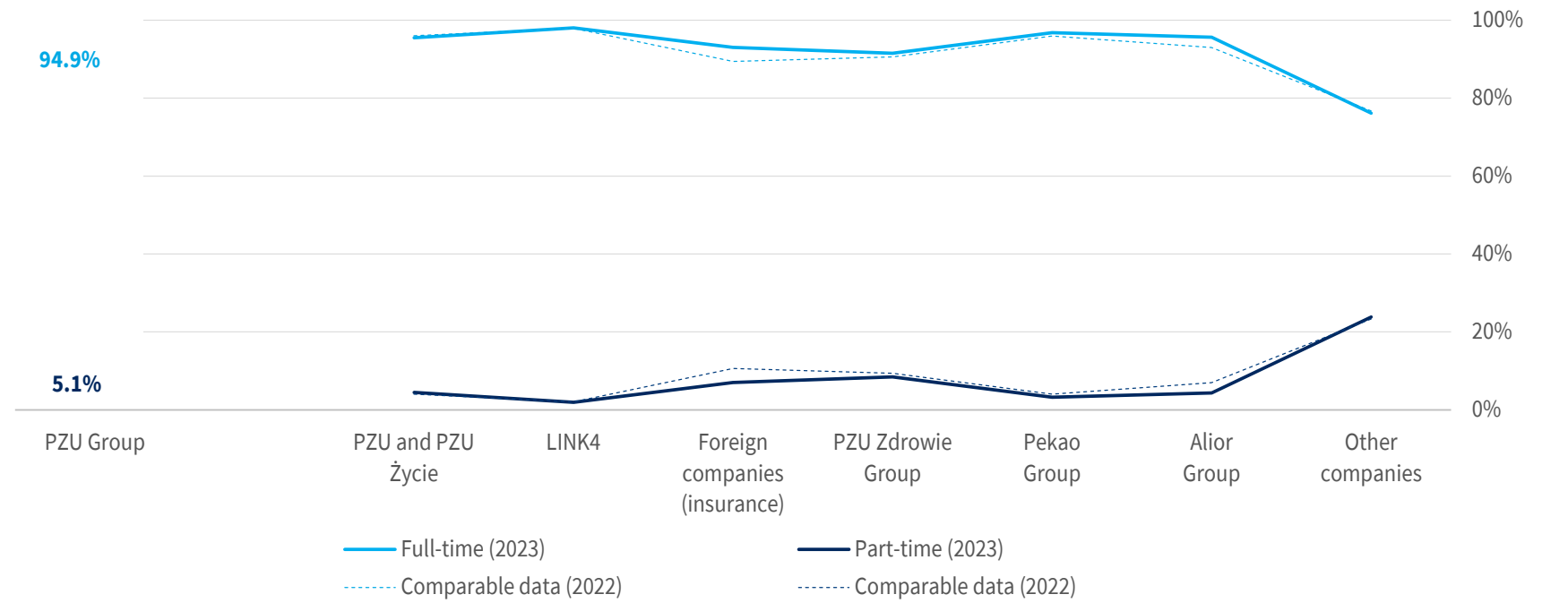
Comments to 2023: the largest group of employees was those between the ages of 30 and 50, comprising 64.6% of employees. The largest share of PZU Group employees under the age of 30 was at LINK4 (21.3%), and those over the age of 50 were at the Pekao Group (33.6%). There were no significant changes in 2023.

Breakdown of employees by contract type (converted into persons)



Comments to 2023: in the PZU Group, those employed in managerial positions accounted for 13.2%. Other companies had the largest percentage of persons holding managerial positions relative to the total number of staff (17.2%). The lowest percentage was in the Alior Group (11.6%). There were no significant changes in 2023.

Breakdown of employees by form of employment: full-time vs. part-time (converted into persons)



Comments to 2023: in the PZU Group, most people were employed full-time (94.9%). The highest percentage of the staff were employed on such terms in LINK4 (98.1%), the lowest in other companies (76.1%). There were no significant changes in 2023.

[GRI 2-8] [ESRS S1-7]

Number of persons employed on the basis of a mandate agreement	2022		2023	
	Women	Men	Women	Men
PZU Group, including:	7,809	3,047	7,842	2,965
• PZU and PZU Życie	1,237	847	1,283	898
• LINK4	31	13	30	14
• PZU's foreign insurance companies	73	24	68	32
• PZU Zdrowie Group	2,457	709	2,664	706
• Pekao Group	78	62	69	75
• Alior Group	956	455	1,003	292
• Other companies	2,977	937	2,725	948

[GRI 2-8]

Number of collaborators	2022			2023		
	Women	Men	Total	Women	Men	Total
Agents (insurance companies)	306	89	395	276	153	429
Employed on the basis of civil law contracts (agreement for the performance of a specific work and mandate agreement)	7,809	3,047	10,856	7,842	2,965	10,807
Employed under a trainee contract	10	8	18	10	15	25
Self-employed	858	645	1,503	665	672	1,337
Sum:	8,983	3,789	12,772	8,793	3,805	12,598

[GRI 401-1]

9.1.2.1. Total number of newly-hired employees by gender and age

[ESRS S1-9]

Total number of newly-hired employees (converted into FTEs) by gender

PZU						
Total number of employees by:	2022			2023		
	Number of employees	Number of newly-hired employees	Percentage of newly-hired employees	Number of employees	Number of newly-hired employees	Percentage of newly-hired employees
Women	3,914	288	7.4%	3,867	311	8.0%
Men	2,776	214	7.7%	2,742	246	9.0%
Sum:	6,690	502	7.5%	6,609	557	8.4%

Total number of newly-hired employees (converted into FTEs) by age

PZU						
Total number of employees by age:	2022			2023		
	Number of employees	Number of newly-hired employees	Percentage of newly-hired employees	Number of employees	Number of newly-hired employees	Percentage of newly-hired employees
<30	665	226	33.9%	656	250	38.0%
30-50	4,698	260	5.5%	4,583	287	6.3%
>50	1,327	17	1.3%	1,370	20	1.5%
Sum:	6,690	502	7.5%	6,609	557	8.4%

PZU Życie						
Total number of employees by:	2022			2023		
	Number of employees	Number of newly-hired employees	Percentage of newly-hired employees	Number of employees	Number of newly-hired employees	Percentage of newly-hired employees
Women	2,125	182	8.5%	2,184	216	9.9%
Men	979	100	10.2%	993	104	10.5%
Sum:	3,104	282	9.1%	3,177	320	10.1%

PZU Życie						
Total number of employees by age:	2022			2023		
	Number of employees	Number of newly-hired employees	Percentage of newly-hired employees	Number of employees	Number of newly-hired employees	Percentage of newly-hired employees
<30	280	109	38.9%	288	125	43.2%
30-50	2,242	163	7.3%	2,276	188	8.3%
>50	582	10	1.7%	613	7	1.2%
Sum:	3,104	282	9.1%	3,177	320	10.1%

[GRI 401-1]

9.1.2.2. Number of voluntary terminations and dismissals by gender and age

[ESRS S1-6]

Rate of voluntary terminations and dismissals of employees (converted into FTEs) by gender

PZU						
Total number of employees by:	2022			2023		
	Number of employees	Number of voluntary terminations and dismissals	Rate of voluntary terminations and dismissals	Number of employees	Number of voluntary terminations and dismissals	Rate of voluntary terminations and dismissals
Women	3,914	392	10.0%	3,867	321	8.3%
Men	2,776	305	11.0%	2,742	264	9.6%
Sum:	6,690	698	10.4%	6,609	584	8.8%

Rate of voluntary terminations and dismissals of employees (converted into FTEs) by age

PZU						
Total number of employees by age:	2022			2023		
	Number of employees	Number of voluntary terminations and dismissals	Rate of voluntary terminations and dismissals	Number of employees	Number of voluntary terminations and dismissals	Rate of voluntary terminations and dismissals
<30	665	143	21.5%	656	120	18.3%
30-50	4,698	410	8.7%	4,583	330	7.2%
>50	1,327	144	10.9%	1,370	134	9.8%
Sum:	6,690	698	10.4%	6,609	584	8.8%

PZU Życie						
Total number of employees by:	2022			2023		
	Number of employees	Number of voluntary terminations and dismissals	Rate of voluntary terminations and dismissals	Number of employees	Number of voluntary terminations and dismissals	Rate of voluntary terminations and dismissals
Women	2,125	208	9.8%	2,184	181	8.3%
Men	979	115	11.7%	993	88	8.9%
Sum:	3,104	323	10.4%	3,177	269	8.5%

PZU Życie						
Total number of employees by age:	2022			2023		
	Number of employees	Number of voluntary terminations and dismissals	Rate of voluntary terminations and dismissals	Number of employees	Number of voluntary terminations and dismissals	Rate of voluntary terminations and dismissals
<30	280	73	26.1%	288	57	19.8%
30-50	2,242	187	8.3%	2,276	160	7.0%
>50	582	63	10.9%	613	53	8.6%
Sum:	3,104	323	10.4%	3,177	269	8.5%

Total number of **voluntary terminations** and dismissals converted into FTEs in **the PZU Capital Group**:

- **in 2022: 6,456;**
- **in 2023: 4,883.**

Index **of voluntary terminations and dismissals**¹ for all employees **PZU Capital Group** employed under employment contracts:

- **in 2022: 17.0%;**
- **in 2023: 12.6%.**

1) The indicator also includes internal rotation between PZU/PZU Życie and other companies of the PZU Group.

In 2023 **the rate of voluntary terminations and dismissals** for all contracted employees in the PZU Capital Group **decreased by**

4.4 p.p. y/y

In PZU and PZU Życie, the ratios **fell by**

1.6 p.p. y/y and 1.9 p.p. y/y

The results of an engagement survey conducted at 12 PZU Group entities show that employees are **less inclined to change employers**, and **both engagement and overall job satisfaction are increasing** in the organization

Compared to 2022, two questions on **employee loyalty** (stay attitude) recorded a 5 p.p. increase in positive perception

In the PZU Group, with the aim of, among other things, decreasing turnover, various measures are being taken in individual business areas and centrally, such as, for example, a broad development offer, measures to support employee well-being and a sense of being informed.

9.1.3. Work environment

PZU Group companies offer their staff a friendly work environment coupled with equal development opportunities for all. Employees' work-life balance is held in high regard by PZU. The company provides safe forms of employment, discharges on a timely basis its financial liabilities to employees and applies clear principles in the operation of our organization. Employees of Group companies make a contribution to streamlining the operation of the company. The PZU Group provides employees with equal opportunities for development by providing the right conditions for effective work – individual and team, thereby increasing the chances of success.

Hybrid work model

In May 2022, the New Work Model was implemented at PZU involving changes in three areas: the introduction of a hybrid work model, the implementation of group work tools that support it, and the change of headquarters. The New Work Model allows us to achieve our strategic goals of creating an inspiring place that provides conditions for high performance of employees and teams, and increasing the agility and flexibility of the organization. By introducing solutions that support the development of creative work methods, PZU provides good conditions for the development of innovation and building positive employee experiences.

The PZU **hybrid model** has given employees more freedom to choose their place of work, tailored to the nature of their current tasks, so that they can work more autonomously, focusing on results. The functionalities of the available **group work tools** increase the efficiency of collaboration within teams and between units in different locations across the country – making it easier to manage knowledge and achieve synergies. A **flexible work environment** promotes teamwork, facilitates collaboration between areas of the organization, and provides space for informal interactions and relationship building, as well as places to work with focus. In 2023, PZU continued its activities to support smooth operation in the New Work Model.

PZU is committed to ensuring that the shared work space provides comfort for every employee regardless of work style preferences and promotes teamwork. Therefore, it carefully analyzes employees' opinions on how to use the available office functionalities and provides expert guidance on healthy and efficient work in shared space, as well as on work ergonomics.

In 2023, the campaign „**Let's Create a Friendly Work Environment Together**” („**Razem twórzmy przyjazne środowisko pracy**”) was conducted. It was dedicated to raising awareness of the diversity of employees' needs (based on the opinions collected) and the factors and ways to increase comfort and efficiency in the office.



New Work Model		
Hybrid work model	Group Work Tools	PZU Park – PZU headquarters
<p>In areas where this is possible due to the nature of the work – remote work of up to 2 days a week is possible.</p> <p>The hybrid model allows you to choose the optimal place to perform your current professional tasks.</p> <p>With hybrid work, it is easier to reconcile different roles and responsibilities, plan time for family and leisure.</p>	<p>All employees have access to a suite of tools based on the integrated Microsoft Office 365 environment.</p> <p>Tools are used for organizing creative meetings, rapid exchange of information and knowledge (e.g., including document sharing), building knowledge resources, managing tasks.</p> <p>The tools allow you to communicate effectively and securely in a hybrid model and maintain the efficiency of your daily work.</p>	<p>The arrangement of the office includes numerous additional spaces with various functionalities (e.g., co-work, relaxation rooms, focus rooms).</p> <p>The comfort of using the space is supported by technological solutions (e.g. desk reservation system, video conferencing systems, interactive whiteboards).</p> <p>A flexible office allows rapid adaptation to change, fosters different work styles, removes barriers between employees, and facilitates networking.</p>

Best practices of the PZU Group +

Study of the effectiveness of work and cooperation in the New Work Model

PZU conducts periodic employee opinion surveys – an annual engagement survey and an organization pulse check survey. The results of the survey are a source of important management information used to make decisions and consciously shape working and cooperation conditions. In 2023, for the first time, PZU conducted a survey concerning the effectiveness of work and collaboration in the New Work Model. All PZU Group managers – more than 1,470 people were invited to participate in the survey.

The purpose of the survey was for managers to summarize the effects of implementing the New Work Model to date in five areas, such as the implementation of goals and tasks, cooperation, work organization and availability of resources, team atmosphere and relations, and the functioning of the leader in the new work model. Managers who participated in the survey received individual reports that allowed them to relate their findings to those of the relevant group, i.e. their office or division. Most of the effects of implementing the new work model in the PZU Group indicated by the leaders were positive, such as high work flexibility and greater work-life balance. Leaders pointed to employee satisfaction with hybrid work, thus better work efficiency, time savings and related greater opportunities to motivate employees.

[ESRS S1-4]

9.1.4. Organizational culture

PZU is focused on developing employee autonomy, strengthening different work styles, as well as shaping conditions conducive to effective cooperation (including inter-area) and caring for employee well-being. Activities aimed at shaping the desired changes in the area of organizational culture refer to the company's enduring values – which, despite changes, remain relevant, and the transformation expands the ways in which they are realized.

Corporate Values in the New Model of Work

Stability	Responsibility	Integrity	Innovation
<ul style="list-style-type: none"> Combining remote and office work provides balance in life. Optimizing work styles, promoting practices that positively impact long-term performance and employee well-being. 	<ul style="list-style-type: none"> Full responsibility for the organization and quality of its work. Applying habits that promote efficiency, including the ability to flexibly select the workplace to suit the type of tasks being performed. Responsibility for one's own development. 	<ul style="list-style-type: none"> Lack of control over whether and how the employees work remotely. Appreciating autonomy and focusing on the goals and results of one's own work. Building a friendly and engaging work environment together by ensuring that shared spaces are comfortable and resources are optimized. 	<ul style="list-style-type: none"> The constant search for effective methods of cooperation, the use of modern tools for group work. Inter-area cooperation and knowledge sharing. Being open to change, seeking new solutions and experimenting.

Best practices of PZU and PZU Życie +

Effective meetings

An important part of shaping a friendly work environment at PZU is an initiative dedicated to optimizing the number and improving the quality of internal meetings. The results of the PZU Group Engagement Survey showed that excess meetings are one of the main factors contributing to employee fatigue levels. Based on a survey of PZU Group managers together with external experts, a set of key principles for effective meetings was developed ready for practical application by employees. Their implementation reduces the number of meetings and their duration, allowing employees to regain space for other responsibilities or development activities. The implementation of the "Top 10 Effective Meetings" was carried out using a company-wide educational campaign on the intranet and social media, which included short instructional videos and a series of articles, as well as webinars in which people from different areas of the company shared their experience in applying the selected principles.

Best practices of PZU and PZU Życie +

Hybrid Work Best Practice Cards

PZU develops employees' autonomy and promotes teamwork by emphasizing their influence in shaping the ways of working and achieving the set results. The cafeteria of Best Practices of Hybrid Work in the form of cards encourages leaders and employees to review their daily work routines, and provides tips to ensure individual and team effectiveness but also comfort in the new working environment and hybrid reality. The whole is an open catalog of over 150 recommendations related to hybrid working, teamwork, use of tools and building employee well-being. The cards are used in team workshops, where the leader and the team work out a contract for healthy teamwork and cooperation. The form of an open and flexible catalog encourages employees to experiment and test new ways of working, to find new sources of efficiency, and ways of strengthening relationships. In 2023, a supplement to the catalog was developed, i.e., new charters were created referring to currently important issues such as supporting a diverse work environment and inter-area cooperation. The decision to choose the theme of the supplement was based on the results of the engagement survey and the strategic directions taken.

[GRI 404-2]

The role of managers in shaping organizational culture

In shaping organizational culture, PZU pays special attention to the role of managers, especially in the context of their responsibility for the company's transformation in connection with the New Work Model

implemented. The role of every manager is to initiate and actively implement change, reinforce good hybrid work practices and build commitment in their teams, foster cooperation and exchange of experiences, including between teams, listen to the needs of employees, and ensure that no one feels excluded and ignored. To facilitate this role, PZU ensures that every manager has access to up-to-date knowledge, market trends

and management practices. A platform for sharing knowledge, gaining information and acquiring practical skills is the **PZU Leader's Path**. This is a practical guide, a tool to support managers in the process of implementing the New Work Model and digital transformation of the organization. As part of the Path, managers have access to a package of knowledge, practical tips and to-do tasks on optimizing work styles, best work practices and hybrid collaboration, broken down into a sequence of six steps.

In June 2023, the first edition of the „**Summer School of Well-being**” program was held, which was dedicated to introducing techniques and methods of emotion regulation, mental regeneration in daily life and task management. This was an open workshop for PZU employees who are interested in developing their knowledge and skills in the field of well-being.

During the World Mental Health Day in October, all employees were invited to participate in three webinars and discussions on building mental resilience and developing skills to create a work-life balance. Two of the webinars were aimed at employees who are parents, during which experts imparted knowledge on how to support children in coping with difficulties in daily functioning and how to create healthy relationships with children.

The culmination of educational and promotional activities in 2023 was a series of hybrid events in the regions organized under the slogan #JesieńPełnaDobrejEnergii (#AutumnFullOfGoodEnergy), which responded to the needs of employees reported in the engagement survey. Employees from offices in Wrocław, Rzeszów and Opole, among others, were invited to participate in the events. During the workshop, physical therapists, nutritionists and psychologists gave advice on how to care for yourself, what to do to gain energy and to make healthy eating and physical activity a lifestyle.

The #DobryStan (#Well-being) strategy inspires the entire organization to take into account the idea of well-being and develop practical solutions that improve the quality of working conditions and promote health and good relationships. The ideas of the #dobrystan (#well-being) strategy were incorporated, for example, in the implementation project of the New Work Model.

Best practices of PZU and PZU Życie +

Effective meetings

To support the building of a desirable organizational culture, activities for leaders are organized around the ROLE OF LEADERS, defined in terms of their responsibility for the company's transformation.

- **MEANING AND CREDIBILITY.** I know the assumptions and principles of the New Work Model. I explain the meaning and benefits of working in the new model.
- **COMMITMENT AND AUTONOMY.** I give employees the right amount of autonomy. I build their responsibility and commitment by focusing on monitoring results instead of controlling people.
- **COOPERATION AND FLEXIBILITY.** I promote cooperation and sharing of experience, including between teams. I act flexibly, giving myself and others space to test new solutions and learn.
- **GOOD GOVERNANCE AND BEST PRACTICES.** I know and act in accordance with Best Practices for Hybrid Work. I encourage others to develop ways to improve efficiency and comfort at work. I take care of my own well-being and that of people in the team.
- **INNOVATION.** I know and use Group Work Tools at work. I am an ambassador of digital transformation and promoter of innovative solutions. I manage information and knowledge in the organization.
- **SUPPORT AND INCLUSIVENESS.** I support employees in the transformation process, explain the direction of change. I stay in touch with people, listen to their needs, show empathy and understanding. I take care ensure that no one feels excluded or ignored.

35 [GRI 3-3] [GRI 403-6]

Well-being

The well-being strategy promotes a healthy lifestyle, an optimal work style, as well as inspires and encourages employees to implement habits that improve efficiency and quality of functioning on a daily basis. Moreover, it suggests how to effectively combine professional and private roles: as an employee, parent, carer. It uses modern technology and knowledge of neuroscience to support employees in staying physically and mentally fit. PZU has seen a gradual increase in employee interest in the topic of well-being, as well as an increase in the percentage of employees who take advantage of the available program offerings.

ESG strategy indicator: 70% of employees covered by the #dobrostan (#well-being) program.

Level of implementation 2023: 55.70% of employees use the #DobryStan (#Well-being) offer

In 2023, employees were able to benefit from a range of educational activities and support, as described in the table below.

Activities	Detailed scope of activities
<p>Education</p> <p>The goal is to provide employees with proven and practical knowledge and develop necessary skills in the following areas:</p> <ul style="list-style-type: none"> • Taking care of one’s health; • Mental resilience; • Optimizing work style. 	<ul style="list-style-type: none"> • Webinar series, trainings and workshops on topics such as: building good habits, developing emotional intelligence, creating healthy relationships with loved ones, counteracting fatigue and overload, optimizing work style (fighting distractions, deep work), taking care of healthy and restorative sleep, building mental resilience based on training of positive neural pathways; • Access to an online training platform; • Meetings with experts (in a hybrid format) who presented proven knowledge in the prevention of musculoskeletal diseases. Conducted lectures, group workshops and individual consultations with experts focused on healthy habits in the areas of ergonomics behind the wheel, healthy and active breaks at the office, proper posture at the desk, principles of proper nutrition and personal energy management; • Numerous information campaigns to promote healthy habits and lifestyles, regular age- and gender-appropriate preventive examinations, vaccinations, healthy eating, healthy exercise, and cancer prevention.
<p>Support</p> <p>The goal is to offer systemic, permanent solutions when an employee or his or her loved ones find themselves in a more difficult life and work situation.</p>	<ul style="list-style-type: none"> • Employee Assistance Program (EAP) #rozmawiajMY (#let’sTalk), through which they can get help with a variety of difficult professional and personal situations (e.g., stress, insomnia or lowered self-confidence). The skills of EAP staff are adapted to the current situation, and all individuals have been prepared to provide crisis support. • A free, fully anonymous psychological hotline. Employees (anonymously) benefit from psychological counseling and support provided by PZU Zdrowie psychologists.

Wellbeing – subsidiaries

Other group companies and foreign companies also prioritize concern for employee well-being. At Lietuvos Draudimas, the „**Jaučiuosi gerai**” (I Feel Good) program, launched in 2021, was continued in 2023 with the goal of providing employees with knowledge about emotional and physical well-being, as well as encouraging employees to take personal initiative to create their own well-being program. In 2023, an online lecture series was launched on cooperation between different generations, volunteering, giving feedback, resolving conflict situations and strengthening relationships at the same time, working in an open space office, and the importance of mental health. A walking tour was organized in the spring, with 200 employees participating. The personal development page on the intranet also integrates well-being information (podcasts, recommended literature and apps).

In 2023, BALTA introduced changes to its employee well-being program – including dividing the program into four seasons, each devoted to a separate dimension of well-being. The spring season was dedicated to physical well-being, summer to social well-being, fall to the emotional dimension, and the end of the year to the digital dimension. Employees spent more than 3,600 hours on welfare-related activities.

LINK4 has a well-being program called „**Harmony of Life**”, which allows the company’s employees to benefit from various physical and mental health initiatives and a range of sports activities.

[ESRS S1-1] [ESRS S2-1]

9.1.5. Respect for human rights and diversity in relations with employees

PZU employs best practices promulgating diversity and it cares about equal treatment for employees. PZU applies objective and fair criteria for evaluating employee performance and provides equal conditions for professional development, and wants to build an inclusive workplace. PZU believes that the diversity of roles, of character traits and personalities builds the long-term success of the entire organization, as it is the foundation of creativity, innovation and efficiency and enables the transfer of knowledge. The PZU Group builds relationships with employees in accordance with the principles of equal treatment and counteracts any discrimination in the workplace.

PZU confirmed its readiness to follow the diversity policy already in 2013 by joining the signatories of the Charter of Diversity – an international initiative under the patronage of the European Commission. In 2021, the PZU Group adopted a Human Rights Policy that is in line with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. One of the main goals of the Policy was to create an organization that supports diversity. Respecting human rights is assigned special significance in the pursued organizational culture policy. This involves counteracting mobbing and discrimination, offering equal opportunities to all employees regardless of their professional position in the PZU Group, sex, age, disability, race, religion, nationality, political convictions, union membership, ethnic origin, ethnic origin, denomination, sexual orientation, form of employment – for a specified or unspecified term, on a full-time or part-time basis while simultaneously respecting the right

of assembly and the right to strike as well as the right to privacy and freedom of expression and opinion. In addition, the PZU Group respects and protects human rights in accordance with the Principles and Rights set forth in the eight fundamental conventions indicated in the Declaration on Fundamental Principles and Rights at Work and the principles and rights set forth in the International Bill of Human Rights. In 2023, the cafeteria of Best Practices of Hybrid Work was also supplemented with cards containing tips to encourage employees to clearly communicate and respect each other’s needs, as well as to open up to others and embrace diversity.

Respecting the personal dignity of employees is an important aspect of organizational culture. “Best Practices of the PZU Group”, which are a code of ethics for all employees, promote mutual respect, cooperation and equal treatment, taking into account diversity of roles, character and personality traits.

In order to maintain respect for individuality, equal treatment and anti-discrimination, procedures have been adopted and initiatives taken, as described in more detail in section [„Ład korporacyjny”](#).

Counteracting mobbing and discrimination

Key procedures to prevent client rights violations at PZU / PZU Życie:

- PZU Group’s Human Rights Policy;
- Whistleblowing Procedure in PZU SA and PZU Życie SA;
- Procedure for counteracting undesirable behavior in the work environment – mobbing and discrimination in PZU SA and PZU Życie SA;
- Occupational Safety and Health Policy;
- Human resource management policy in the PZU Group;
- Procedures and principles related to planning and organization of training and all development activities for employees, in particular: PZU and PZU Życie employee training procedure, Rules for the organization and financing of training and development activities, Procedure for co-financing postgraduate programs and specialist forms of professional development for PZU and PZU Życie employees;
- Work Regulations.

Harnessing the potential of diversity

PZU is developing the competence to use the potential of diverse teams effectively. It is just one of a number of initiatives aimed at supporting diversified growth and building an inspiring and accountable workplace (#potential_within_teams). Diversity applies not only to gender, age or origin, but also to individual styles of action, communication and work. Since 2021, a diversity management module is an important element of the training for all newly appointed PZU managers. The e-learning course “Collaboration in Diversity” is available for all employees, the purpose of which is to improve the participants’ understanding of interpersonal differences, especially between generations, in order to be able to engage in effective collaboration within diverse teams. PZU sees great development potential in diversity and at the same time understands the need to raise awareness regarding the aspects of diversity employees may encounter and to educate them on building an inclusive working environment together.

In 2023, webinars on intergenerational collaboration and neurodiversity were organized for employees to introduce them to issues of human differences and to better understand the perspective and needs of other colleagues. The cafeteria of Best Practices of Hybrid Work was also supplemented with tips to encourage employees to communicate clearly and respect each other’s needs, as well as to be open to others and embrace diversity.

Promoting diversity

PZU provides its employees equal opportunities for development to enhance their skills, being promoted and compensation, while having regard for employees' individual potential, their accomplishments and work performance.

[GRI 405-1]

Employees by gender, age and other diversity factors converted into FTEs

The percentage of employees in each category in relation to the total number of PZU employees				
Employees by age and diversity	2022		2023	
	Women	Men	Women	Men
< 30 years of age	5.8%	4.1%	5.8%	4.1%
30-50 years	42.6%	27.7%	41.9%	27.4%
> 50 years of age	10.1%	9.7%	10.7%	10.0%
Total number per sex	58.5%	41.5%	58.5%	41.5%
Foreigners	0.11%	0.08%	0.14%	0.09%

The percentage of employees in each category in relation to the total number of PZU Życie employees				
Employees by age and diversity	2022		2023	
	Women	Men	Women	Men
< 30 years of age	5.8%	3.2%	5.9%	3.2%
30-50 years	49.7%	22.5%	49.7%	22.0%
> 50 years of age	13.0%	5.8%	13.2%	6.1%
Total number per sex	68.5%	31.5%	68.7%	31.3%
Foreigners	0.10%	0.05%	0.11%	0.08%

The percentage of employees in each category in relation to the total number of PZU employees				
Employees by structure of employment	2022		2023	
	Women	Men	Women	Men
Management position	8.6%	7.3%	7.9%	6.4%
Other employees	49.9%	34.2%	50.6%	35.1%
Total number per sex	58.5%	41.5%	58.5%	41.5%

The percentage of employees in each category in relation to the total number of PZU Życie employees				
Employees by structure of employment	2022		2023	
	Women	Men	Women	Men
Management position	10.0%	6.7%	9.9%	6.5%
Other employees	58.5%	24.8%	58.9%	24.8%
Total number per sex	68.5%	31.5%	68.7%	31.3%

The percentage of employees in each category in relation to the total number of PZU employees						
Total number of employees by age	2022			2023		
	< 30 years of age	30-50 years	> 50 years of age	< 30 years of age	30-50 years	> 50 years of age
Management position	0.3%	12.7%	2.9%	0.3%	11.1%	2.8%
Other employees	9.6%	57.5%	16.9%	9.6%	58.2%	17.9%

Odsetek pracowników w każdej z kategorii w stosunku do łącznej liczby pracowników w PZU Życie						
Łączna liczba pracowników w podziale na wiek	2022			2023		
	< 30 years of age	30-50 years	> 50 years of age	< 30 years of age	30-50 years	> 50 years of age
Management position	0.2%	13.4%	3.2%	0.3%	12.7%	3.3%
Other employees	8.8%	58.8%	15.6%	8.8%	58.9%	15.9%

Principles supporting diversity and equal treatment span all career stages in the company, starting from the recruitment process to the duration of the employment relationship (employment terms, access to training and development-, opportunities to be promoted) to the termination of cooperation. Under focused recruitment in recruitment processes PZU observes principles of equal access to work for all. The rules of not discriminating on account of gender, age, disability, country of origin or other reasons are observed. Recruitment in PZU relies on the best possible match of candidates' profiles to the requirements defined in the job description. Similarly, the very same principles are upheld in the Apprenticeship and Internship Program, with all parties enjoying equal access and treated in the very same manner.

Taking care of the diverse needs of employees in the work environment

Headquarters – PZU Park

PZU, as a modern and socially responsible organization, when implementing changes in the work environment, takes into account the diversity of employees' needs, as well as ensures the optimal use of available resources,

which is part of the sustainable development strategy. The PZU headquarters office building provides comfortable and functional work space in a hybrid model, while incorporating eco-friendly solutions. PZU Park is a diverse space for meetings, focused work, collaboration, training, workshops and relaxation. To make better use of space in hybrid work, a desk-sharing system has been introduced and infrastructure has been adapted to meet the needs of hybrid meetings, e.g., more than half of the meeting rooms have been equipped with video-conferencing sets integrated with MS Teams. The headquarters is also a barrier-free facility, which means that people with different needs, such as those with disabilities, can move around and use it without any restrictions. PZU carefully analyzes employees' opinions regarding the use of available office functionalities and provides expert guidance on working in a healthy and effective way in a shared space, as well as on work ergonomics. In 2023, a campaign „Let's Create a Friendly Work Environment Together” („Razem twórzmy przyjazne środowisko pracy” was conducted. It was dedicated to raising awareness of the diversity of employees' needs and the factors and ways to increase comfort and efficiency in the office.

[ESRS S1-12]

People with disabilities

PZU participates in professional activation of people with disabilities by creating safe working conditions that are adopted to accommodate their degree of disability. At the end of 2023, PZU and PZU Życie employed a total of 149 people with a confirmed disability.



Employees with certified disabilities	PZU		PZU Życie	
	2022	2023	2022	2023
Number of people employed in the company with a certified disability (in FTEs)	94	97	49	49
Rate of people employed by the company with a certified disability	1.40%	1.47%	1.59%	1.55%

Best practices of PZU and PZU Życie

Barrier-free facility

PZU's headquarters – PZU Park at Daszyńskiego Roundabout – received the “Barrier Free Facility” certificate awarded by the “Integracja” Foundation and a distinction in the “Accessibility Leader” competition, organized by the Foundation together with the Society of Polish Urban Planners, under the patronage of the President of Poland. This confirms that the building is fully architecturally adapted for use by everyone, including people with disabilities, limited mobility, parents with children or the elderly.

[ESRS S1-15]

PZU promotes creating family relationships and taking care of emotional health. In late May and early June, the „Dwie godziny dla rodziny [Two hours for the family]” initiative is being promoted. Employees are encouraged to shorten their chosen workday and spend time with loved ones or pursuing their passions.

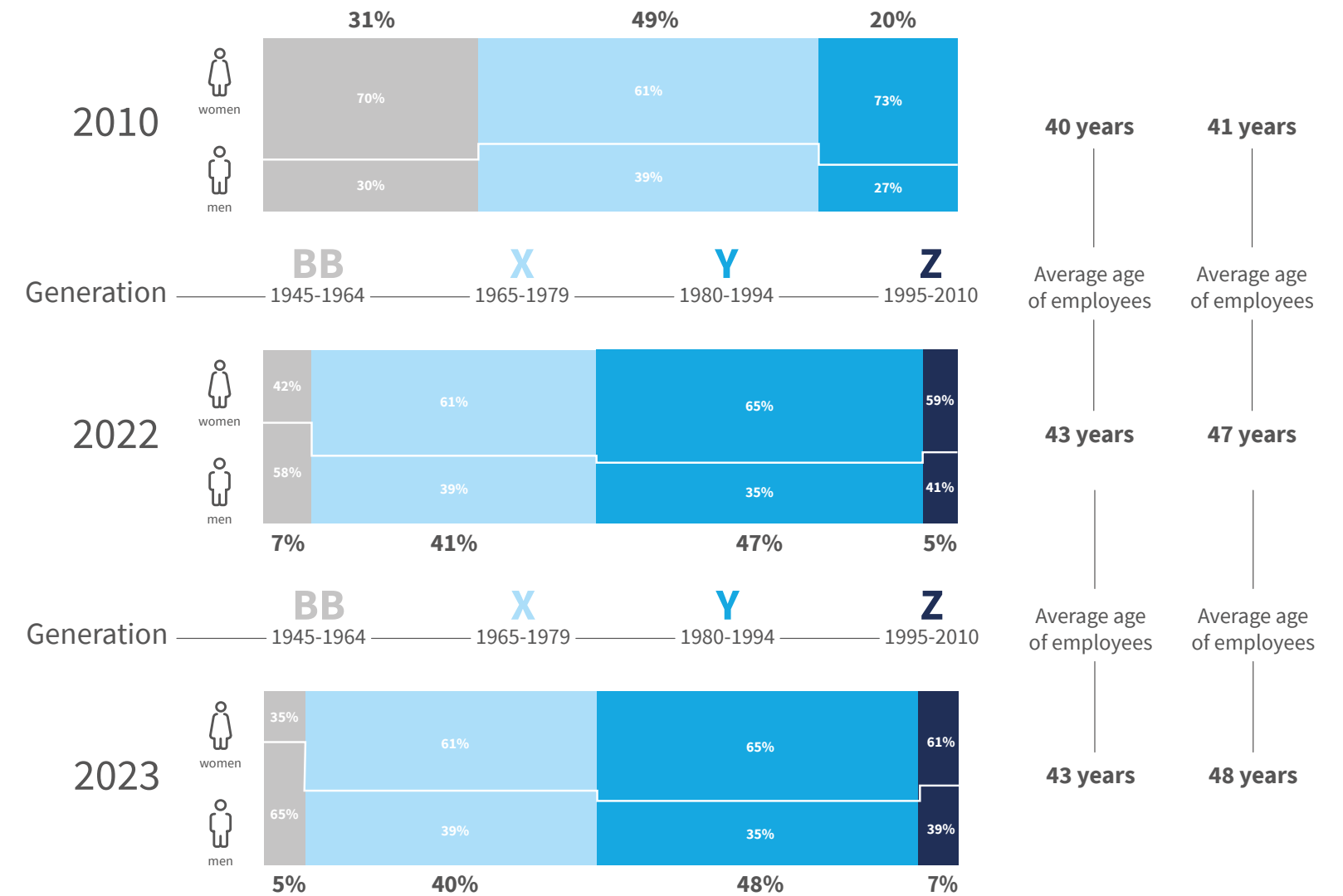
PZU emphasizes providing employment stability for employees returning after maternity and paternity leaves, and seeks to actively support their reintegration. As part of the intranet, PZU employees have access

to a dedicated **Parents in PZU** page, where they can find all the most important information concerning: mothers, starting from pregnancy, and fathers. There are downloadable attachments, guides containing, among other things, information on the entitlements parents can use, the most common questions with answers, and an email for direct contact. The tables below show the number of people who were on maternity leave, paternity leave, parental leave and caregiver leave (entitled to 5 days to care for or support a person who is a family member or resides in the same household and who requires care or support for serious medical reasons).



PZU/ PZU Życie				
Employees who have taken from maternity leave, paternity leave, parental leave, guardianship leave	2022		2023	
	Number of people	Percentage of people	Number of people	Percentage of people
Women	476	7.7%	420	6.9%
Men	187	4.8%	190	5.0%
Sum	663	6.6%	610	6.2%

PZU and PZU Życie employees in generational breakdown



Source: HR Controlling Report

PZU, aiming to achieve the long-term success of the organization, creating innovative solutions and building an inclusive organizational culture, also applies a diversity policy to members of the management and supervisory bodies in terms of, among other things, gender, age, field of education. Detailed information on the applied Diversity

Policy with regard to supervisory, management and administrative bodies is described in chapter [7.5.3. Diversity policy](#).

[Diversity policy](#)

9.1.6. Engagement surveys, dialog and trade unions

For years, PZU has placed a high value on maintaining a dialog with employees and the social side, which allows us to look at the organization from different perspectives. Recognizing that developing the ability to conduct dialog in the broadest sense supports the effectiveness of the entire organization, a variety of activities are being carried out in the PZU Group to listen to the voice of employees and give it due prominence.

[ESRS S1-2]

9.1.6.1. Engagement survey

Employee opinion surveys

PZU conducts periodic employee opinion surveys – an annual engagement survey and an organization Puls type survey. The long-term goal of collecting and analyzing the opinions of employees is to create a work

A very high attendance is achieved each year in the engagement survey

in **2023**

the attendance was **81%**

environment where people are willing to take initiatives and collaborate across areas, feel they have a real say in how they work, and take full responsibility for their own and their team’s work. The engagement survey is being conducted in cooperation with an external partner – the Kincentric company.

PZU, through its organized surveys, gives all employees the opportunity to make a safe, confidential statement about their work environment. This is an encouragement for a joint dialog so that all employees can influence the direction of PZU’s development.

Surveys make it possible to measure many aspects that create employee engagement and job satisfaction. The results of the survey are a source of important management information used to make decisions and consciously shape working conditions in the organization.

Results of the 2023 engagement survey at PZU Group

The engagement survey has been conducted simultaneously at 12 PZU Group entities for years: PZU, PZU Życie, PZU CO, PZU Zdrowie, TUW PZUW, TFI PZU, PTE PZU, PZU Pomoc, PZU Finanse, PZU CASH, Tower Inwestycje, Ogrodowa Inwestycje.

The engagement index represents the percentage of employees who feel motivated by the organization to display three attitudes: speaking positively about the company, tying their future to it and making an extra effort for its success. Among other things, the results of the survey provide insight into what employees value most about working for the PZU Group. The aspects they rated highest in the latest survey were cooperation within the team (sharing knowledge, achieving common goals) and direct superiors (including showing empathy, support in daily work, setting clear expectations and appreciation for achievements) and an atmosphere full of openness and acceptance. Among the distinguishing features of the PZU Group as an employer, they most often indicated: a recognizable brand, stability of the organization, a hybrid work model, but also reasonable working hours and coworkers.

Comparing the PZU Group’s performance to the market, PZU’s strong advantages include: the perception of the company as a very good place to work, opportunities to develop skills and gain diverse experience, supervisor support necessary for effective work and the ability to share knowledge with colleagues, and an atmosphere of openness and acceptance of differences.

PZU has adopted an approach that assumes that building an engaging work environment requires action

at various levels (company, manager, team, individual), and is based on a thorough analysis of the survey results, drawing conclusions and creating an action plan for specific areas of the organization. That’s why the results of the survey are discussed in teams to work out the best solutions together with people to build the best employee experience.


In 2023, as part of the implementation of the Employee Experience Management (EXM) approach, PZU mapped the employee experience across the organization’s life cycle (from recruitment to offboarding). The implementation of the EXM approach is taking employee engagement to the next level. By analyzing experience measurements that are linked to specific moments on the employee journey map, PZU will make optimal business decisions about the working environment.



Methodology for calculating engagement rate according to Kincentric [GRI 2-30] [ESRS S1-8]

- According to the adopted methodology, the engagement index represents the percentage of employees who feel motivated by the organization to display three attitudes that are key to engagement: speaking positively about the company, tying their future to it and making an extra effort for its success.
- For each respondent, an individual arithmetic mean of the answers to the six diagnostic questions (referring to the three attitudes mentioned) is calculated – if it is equal to or higher than the accepted cutoff point, the respondent is classified as “engaged by the Employer.” The engagement rate is calculated as the number of all employees classified as “engaged” divided by the total number of respondents.
- The indicator measures the percentage of engaged employees, not how engaged they are in their work. Engagement is not the result of an employee’s personal qualities, e.g., hard-working. It is not equivalent to motivation or job satisfaction. Satisfaction with various aspects of the job affects employee engagement, but with varying degrees of strength.

9.1.6.2. Dialog with trade unions

 At PZU and PZU Życie, there is a continuous and cyclical dialog with all labor unions and the right of employees to freely organize and strike is respected. The employer organizes meetings of the social partners, which are held according to the needs of both sides of the social dialogue. Trade unions also initiate group or individual meetings with employer representatives. Social dialog – run by a section specially appointed for this purpose in the HR Office – is inscribed into the company’s organizational culture and forms one of the tools for strategic management.

The trade union organizations represent employees in collective relationships (i.a. concluding agreements on working, pay and social conditions and approving rules and regulations) and individual matters (e.g. consulting employment contract termination, appealing against the imposed disciplinary penalty).

Results of the engagement survey in the PZU Group	2022	2023
Attendance	78%	81%
Engagement rate	46%	50%*
Overall job satisfaction	64%	69%**

* indicator calculated according to Kincentric methodology
 **percentage of employees who are definitely satisfied and satisfied with their work at the company (based on responses on a six-point scale)

Trade unions in PZU and PZU Życie	2022		2023	
	PZU	PZU Życie	PZU	PZU Życie
Number of trade unions	12	8	13	10
Number of unionized employees ¹	1,941	910	2,106	918
% number of unionized employees in relation to the total number of employees in the company	21.3%	13.2%	23.0%	13.1%


Comments to 2023: there were 14 trade unions in PZU and PZU Życie, of which 13 were in PZU and 10 in PZU Życie. The numbers of trade union organizations should not be added up, as nine organizations are active in both PZU and PZU Życie (i.e., they are inter-company). Agreements with trade unions vary in terms of their subjective scope. The largest group of eligible persons can be found in Employee Pension Scheme agreements or social agreements (Company Social Benefit Fund), since they cover all employees.

At PZU and PZU Życie, employees are not covered by the Collective Bargaining Agreement. Remuneration conditions are regulated in individual employment contracts. Bonuses and rewards, on the other hand, are regulated in separate documents.

The types of internal acts that need to be agreed upon: work regulations, remuneration and bonus rules, regulations determining the use of the company’s social benefits fund.

¹) In accordance with Article 25¹ of the Trade Union Act

Trade unions in subsidiaries

 Alior Bank respects the freedom of association and does not take any action to prevent its staff from becoming trade union members.

Six trade unions operate within Alior Bank’s structures, including two in-company and four inter-company trade unions.

Eight trade union organizations operated in Bank Pekao in 2023. Bank Pekao’s cooperation with trade unions in the fields of consultations, negotiations and arrangements was conducted in the manner and shape consistent with the requirements of labor law, in consideration of the interests of the parties and the principles of social dialogue.

31 [GRI 3-3]

9.1.7. Remuneration and benefits

The PZU Group’s remuneration and benefits system provides employees with equal treatment in shaping remuneration, guided by employees’ individual potential, achievements and performance. The basis for determining an employee’s base salary is the evaluation of the job in question, the competences held by the employee and, in respect of variable components of employee compensation, his or her performance appraisal.

One of the risks of the PZU Group’s operations is the risk of exceeding the personnel budget, i.e. the risk of needing to hire an employee for more than the budgeted amount due to the lack of qualified employees in the labor market and raising salaries for employees with similar competencies and unbudgeted hiring of employees. In order to mitigate this risk, the PZU Group has implemented a financial planning procedure in the PZU Group. As part of this procedure, reserve financing to fund this type of hiring is used, or, as a last resort, the central budget reserve is used. Due to its limited size, there is a risk of overrunning the budget.

Remuneration policy

PZU SA and PZU Życie have adopted the PZU SA and PZU Życie Compensation Policy, which sets out the rules for remunerating employees. PZU and PZU Życie adopted the “Compensation Policies” which are subjected to annual reviews and, if needed, updated accordingly. Above all, the purpose of this document is to ensure that our employee compensation systems are in line with the company’s risk profile, that we achieve our intended business result and that we attain our business objectives

within the framework of the risk limits prescribed by the Management Boards. It is also important to motivate employees to enhance their work efficiency constantly and ramp up their commitment while simultaneously linking their pay to the performance of the companies, organizational cells or units in which they are employed.

In the PZU Group entities, employee compensation policies or rules and regulations have been implemented in order to lay down the guidelines and principles for calculating the value of employee remuneration in a

manner consistent with the strategy of the respective entity, conducive to the attainment of goals and boosting the Group’s competitiveness on the labor market. PZU Group companies have in force rules and regulations pertaining to bonuses and bonuses and commissions. The high quality of the work done by people employed in the Group is therefore additionally rewarded.

The adopted policies and documents provide equal opportunities to employees for development, improvement of skills and promotions. The remuneration system depends on the type of the work performed, the value of the position for the company, the employees’ competences, required skills, job appraisal and market remuneration levels. This allows to prevent discretion as regards remuneration, among others through setting transparent, non-discriminatory fixed compensation levels for the same type of work or work with the same value, reflecting primarily appropriate professional experience and organizational responsibility defined in the job description.

[GRI 404-3] [ESRS S1-13]

Performance assessment

All employees (100%) of PZU and PZU Życie to whom bonus systems apply undergo regular job quality and performance assessments (annually or quarterly). This applies to both management and all staff.

Regular assessment of the level of attaining objectives and the quality of work makes it possible to verify developmental needs and the action plans focused on developing specialist knowledge to help employees achieve their business objectives, and also allows to plan promotions or career paths.

Best practices of PZU and PZU Życie

Total Rewards Statement (TRS)

The employees of PZU and PZU Życie and selected other PZU Group entities receive a personalized Total Rewards Statement (TRS) at the beginning of each year. It presents their total remuneration for the previous calendar year. The individual statement presents all financial rewards that an employee received from the employer, including non-salary benefits used. The statement additionally contains information on other available benefits and forms of support from the employer.

[ESRS S1-10] [ESRS S1-16]

Gender Pay Gap

PZU conducts an equal pay analysis to monitor the difference between salaries received by men and women for the same work or work of equal value. Tracking the Gender Pay Gap indicator helps detect the wage gap between men and women. The value of the Gender Pay Gap ratio, showing the difference between salaries received by men and women, is a confirmation of PZU’s strive for equal treatment and the absence of discrimination based on gender. The slight pay gap among PZU and PZU Życie employees confirms PZU’s commitment to equal treatment and non-discrimination on the basis of gender.

[GRI 405-2]

Average base salary ratio of women to men - Gender Pay Gap (GPG)

Average base salary ratio of women to men*	2022**			2023		
	PZU	PZU Życie	PZU and PZU Życie	PZU	PZU Życie	PZU and PZU Życie
Senior management	9%	12%	10%	8%	10%	9%
Managerial positions	4%	3%	5%	6%	6%	5%
Expert positions	9%	7%	5%	9%	7%	3%
Specialist positions	7%	4%	7%	6%	6%	6%
All employees	7%	5%	6%	7%	6%	5%

[GRI 2-21]

PG (CEO) – the ratio of the total annual remuneration of the best-paid person to the average total annual remuneration of all employees (excluding the best-paid person) in 2023 at PZU was 20.1 (19.5 in 2022), while for PZU and PZU Życie combined it was 17.1 (16.7 in 2022)**.

GPG unadjusted – the unadjusted wage gap for PZU and PZU Życie in 2023 was 78% (77% in 2022).

*) population-weighted ratio of salaries in each group by location and valuation level

***) Data for 2022 adjusted, in accordance with Directive (EU) 2023/970 of 10 May 2023 to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms.

[ESRS S1-11]

Social protection

All PZU Group employees are entitled to social protection, which is guaranteed by law. Sick leave is paid at the rate prescribed by law. In addition, PZU SA and PZU Życie SA pay for medical insurance at the employee’s request and subsidize 100% of wages for certain illnesses. All parents are entitled to leave related to parenthood in the amount provided by the Labor Code. Injuries to employees that occur at the workplace or on the way

to or from the workplace are investigated in order to properly qualify the employee for potential accident insurance benefits. In addition, all employees are eligible for employer-sponsored medical insurance, which provides them with private medical care at PZU Health, which can also be extended to their loved ones for an additional fee on preferential terms. In the event of difficult life events (severe and prolonged

illness, fortuitous events), PZU employees and pensioners are entitled to receive financial assistance from the Company’s Social Benefits Fund.

Benefits



Most PZU Group entities have adopted the rules and regulations of the Company Social Benefit Fund.


The main benefits include:

- **Employee Pension Scheme** – a pooled investment program the purpose of which is to collect additional funds for the employees’ future retirement benefits; the employer’s contribution is equal to 7% of the employee’s salary;
- **benefits from the Company Social Benefit Fund**, which employees may adjust in accordance with their specific needs, include, in particular: co-funding of employee vacation options, holiday grants, financial assistance (for instance, in the form of renovation and modernization loans, non-returnable allowances) and a cafeteria system in which the funds granted may be spent on the purchase of various cultural, tourist or sports events or services;
- **health benefits** – comprehensive private medical care services provided by PZU Zdrowie which may also be provided to relatives, insurance for medicine and supplement of up to 100% of employee compensation in the case of special sickness absences (e.g. due to cancer),
- **group life insurance on preferential terms;**
- **special discount for employees on selected products offered by PZU;**
- **access to the PZU Cash platform**, an innovative platform for employees with offers of financial products including a low-interest loan for any purpose, a mini-loan that acts like an early payment consolidation loan, as well as a mortgage, a savings account, and a currency exchange office;
- **promotional terms for employees signing up for an individual pension security account** offered under the PZU Voluntary Pension Fund – exemption from fees that are normally charged on contributions for a period of 5 years from the date of enrollment;
- **management package for senior management,**
- **support for activities pursued by employees** outside their workplace, including by providing opportunities to participate in the sports activities of the PZU Sport Team and in employee volunteering initiatives, for which staff members may receive additional 2 days off.


PZU Group employees are covered by collective agreements, including the Company Pension Agreements.


Employee Capital Schemes have been implemented in entities where there was previously no Employee Pension Schemes to provide additional retirement security.

[GRI 401-2]

 PZU and PZU Życie offer their employees a broad range of fringe benefits tailored to their diverse needs.

Remuneration policy – banks

 At Alior Bank, the remuneration area is regulated by the Remuneration policy. The basic principles of the remuneration system are transparency and internal consistency in the process of determining remuneration, which takes into account the adopted strategy and the bank’s business environment, as well as the applied market practice in entities engaged in banking activities. Remuneration is subject to periodic review, at least once a year. In this regard, the Bank acts in compliance with the rules under the Labor Code regarding equal treatment in employment, the right to select and evaluate employees. Through the use of appropriate remuneration mechanisms, the Bank creates a work environment that embraces all forms of diversity and supports individual potential. The remuneration system is a factor in building and protecting the Bank’s reputation and creating sustainable value for all stakeholders.

 In Bank Pekao, the Remuneration policy of Bank Pekao is in force. It reflects the mission and values of Bank Pekao’s approach to employee remuneration systems. The primary objective of the Policy is to ensure the competitive level and effectiveness of remuneration, as well as transparency, internal fairness and compliance in terms of conduct and performance. The main assumptions that were fundamental in the construction of the Bank’s Remuneration Policy and are key elements of the Bank’s remuneration practice are a balanced remuneration structure and linking remuneration to performance (the Bank’s performance and the individual performance of employees) and supporting long-term shareholder value creation. Through the use of appropriate remuneration

mechanisms, the Bank creates a work environment that embraces all forms of diversity and supports and unleashes individual potential. The approach to remuneration is also designed to attract, retain and motivate highly qualified employees.

 [GRI 3-3]

9.1.8. Training and development


The PZU Group enables its employees to participate in a variety of development activities. Planned in annual cycles, they are strictly related to the strategic objectives

and business challenges, and are suited to the individual needs of the teams and employees. The PZU Group approaches the issue of development comprehensively, which entails organizing activities for all employees (across the company), specific groups of employees (such as managers), and specific employees individually.

PZU’s priority is to take care of effective knowledge management in the organization – maintain, share and utilize it across areas. That is why more and more frequently managers and specialists are engaged in internal development activities as authors of training programs, educational materials and as speakers or internal trainers.

Forms of development support available in PZU:

Company-wide – for all employees	Company-wide for groups of employees	Customized and tailored to the needs of the teams
<ul style="list-style-type: none"> • “Click for development” (supporting lifelong learning using modern technologies and new Group Work Tools) • #YouCreateTheFuture conference – inspirations on trends in science and technology, promotion of new working methods and effective personal and professional habits • digital training sessions and competence courses in technology and personal efficiency (list of over 800 sessions, e.g., Excel course, effective data presentations, data storytelling, webinars, podcasts, short films covering MS Office functionalities) • Well-Being well-being program #DobryStan (webinars and instructional videos) • English language courses on an educational platform • managerial and personal efficiency courses at IBA ICAN platform 	<ul style="list-style-type: none"> • onboarding sessions • managerial training (New manager) • coaching programs for middle and senior management • leader debates on key, valid topics (best practice sharing) • pool of digital training in the form of courses or cohorts • development diagnostics, e.g. preference and functioning style tests, 360 feedback, Development Center sessions 	<ul style="list-style-type: none"> • professional training (revalidation) • development necessary to perform duties and support workstation efficiency <ul style="list-style-type: none"> – individual activities implemented on the basis of development plans – activities for teams – based on identified needs – development programs, such as Purchase Academy for the Purchasing Department • development diagnostics – preference and functioning style tests, • reimbursement for postgraduate courses • other <ul style="list-style-type: none"> – knowledge exchange workshops (training sessions organized by internal specialists) – cooperation development workshops, creative solution-finding – team workshops based on results of studies on interunit cooperation and engagement surveys

 The procedures and policies that govern the planning and organization of training and all development activities for employees, in particular: PZU and PZU Życie employee training procedure, Rules for the organization and financing of training and development activities, Procedure for co-financing postgraduate programs and specialist forms of professional development for PZU and PZU Życie employees, and the Work Regulations.

[GRI 404-1] [ESRS S1-13]

Training hours and days

Average number of training days per employee hired under an employment contract **in the PZU Group was 3.3 in 2023 (0.1 days less than in 2022)**

in PZU and PZU Życie, the average number of training days decreased in 2023 when compared to the previous year, amounting to 3.5 (3.7 in 2022).

[GRI 404-2]

Szkolenia w Grupie PZU – kadra menedżerska

Dla osób obejmujących po raz pierwszy stanowiska kierownicze w Grupie PZU funkcjonuje program rozwojowy Nowy menedżer. Celem programu jest przekazanie uczestnikom oczekiwań stawianych kadrze menedżerskiej w PZU wobec stylu zarządzania i kompetencji. W czasie warsztatów kierownicy szkoleni są z kluczowych kompetencji menedżerskich, ds. udzielania konstruktywnej informacji zwrotnej, prowadzenia rozmów z podwładnymi, zarządzania zadaniami i planowania pracy zespołu, a także zarządzania zespołem pod kątem różnorodności pracowników. Program wspiera realizację strategii PZU w zakresie różnorodności. Program ten to nie tylko szkolenie, ale trwający kilka miesięcy proces rozwojowy. Dodatkowo menedżerowie mają możliwość uczestnictwa w warsztacie z użyciem okularów wirtualnej rzeczywistości. Jest to efektywny sposób wspierający wdrażanie nowych kompetencji przez ich wielokrotne ćwiczenie w zaaranżowanych warunkach.

Best practices of PZU and PZU Życie



Neuro-leadership Academy

In 2023, PZU invited senior executives to a new program aimed at developing leadership competencies.

Participants in the Neuro-leadership Academy gain knowledge of the latest scientific discoveries related to leadership, learn about the functioning of the brain in business relationships as well as the biology of engagement and related to understanding and assimilating information. Knowledge and practical tips help build trust and psychological safety in the organization, as well as reduce stress in everyday situations and counteract professional burnout.

Best practices of PZU and PZU Życie



HR over coffee

PZU has continued knowledge and best practices sharing sessions among managers since 2020. It organizes webinars and leadership debates on topics related to key management challenges (managing teams in a hybrid model, fostering innovation). Senior managers also meet at weekly online „**HR over coffee**” meetings that support ongoing exchange of information on people management topics, as well as sharing insights and ideas that serve to develop high standards of management and interdepartmental cooperation.

PZU and PZU Życie				
Average number of training hours per employee by gender*	2022		2023	
	Women	Men	Women	Men
Total training hours	183 420	110 617	165 072	109 254
Average training hours	30.0	28.8	27.3	29.3
Average training days	3.8	3.6	3.4	3.7

*) Data presented as FTEs.

Types of digital educational efforts

• Online courses

PZU provides ready-made online courses as well as internally prepared ones whenever a specific need arises, for instance to promote specific tools handy in everyday work. These courses most often take the shape of short videos and tasks to be performed. The topics of courses prepared internally respond to the needs raised by employees.

• Podcasts

With a view to promoting various forms of development, PZU records its own podcasts. Experts are interviewed, and they bring employees closer to the world of technologies that support online development.

• Virtual Reality (VR)

For several years, PZU has been using virtual reality technology in employee education. It improves employees' skills in first aid, building evacuation or damage handling. These are skills that could be dangerous for employees to practice in a real environment or very difficult to organize due to time, cost or location of employees. PZU is also using virtual reality in its program for new managers (applications newManager VR, Emotion Management) or in training in the area of cyber security (applications Cyber Security, Company UnHacked).

• Webinars and workshops

Webinars and workshops supporting the use of new technologies in development and day-to-day work, especially Microsoft 365 tools, are organized.

• Cohort courses

PZU in 2023 opened the first cohort course for employees on the topic "Scrum from the ground up." It's a learning style in which a group of students who have something in common (a common goal) and are making progress in learning at the same time. This method of learning, is much more engaging for the employee than traditional methods.

• English learning platform

In order to improve the linguistic competences of employees and show how effectively they may learn using online tools, PZU enables and promotes the learning of English on an educational platform. Employees are provided with support in using the platform's functionalities, their learning progress is monitored, and participants' opinions are also collected for development of the related solutions. By the end of 2023, 1,155 individuals, including 1,052 employees of PZU and PZU Życie and 103 employees of other companies benefited from English learning.

Best practices of PZU and PZU Życie 

The #YouCreateTheFuture (#TyTworzyszPrzyszłość) Conference

In October 2023, the 5th edition of the internal #TyTworzyszPrzyszłość [#YouCreateTheFuture] Conference was organized. The event was held in a hybrid format.

Conference theme: The mind of tomorrow inspired participants to think about operating in a changing world and the sources to draw from to develop the competences of tomorrow. Speakers offered tips on ways to stay one step ahead, so that technology and change do not take us by surprise, but drive us forward into a new reality. Experts zoomed in on the trends that have and will have the greatest impact on future work and daily life. Issues such as looking after personal wellbeing, including relationships in particular, were raised.

Over 1,000 employees took part in the conference online, while 150 participants attended the conference in person.

34 [GRI 3-3]

Employees' education in sustainable development

The PZU Group is one of the largest employers in Poland. Shaping responsible employee attitudes contributes also to reduction of the negative environmental impact. Therefore, educating employees in sustainability is one of the commitments under the "Balanced Growth" ESG Strategy. By 2024, 60% of employees will be included in the educational activities. Relevant level of knowledge and awareness of employees make it possible to introduce solutions in line with the ESG in each and every aspect of the business operations.

In 2023, PZU intensified its educational efforts. During the onboarding training, PZU employees receive basic ESG knowledge. An e-learning course available to all PZU employees was launched in 2023. During this training, employees not only learn about the ESG activities carried out at PZU, they can also check the sustainability of their daily habits and share their ideas on sustainable living. There is also an internal educational portal on ESG available to employees, including recordings of webinars on topics ranging from changes in ESG regulations to the challenges of plastic pollution. The portal also provides employees with practical advice on organizing sustainable corporate events or reducing the environmental impact of new technologies.

ESG strategy indicator: 60% of employees trained in sustainability


Level of implementation 2023: 30% of employees trained in sustainability


As part of **European Sustainable Development Week** celebration, PZU employees could participate in two webinars: "Business and Human Rights – Challenges, Actions, Opportunities," and "Racing Against Time – How the Climate Crisis and Green Transformation Can Change Business." Within the framework of cooperation with the UNEP/GRID-Warsaw Center, an expert from the Climate Leadership program conducted a workshop for ESG leaders in subsidiaries, during which he discussed the integration of risks in the operations of financial institutions, in the context of key ESG regulations. Sustainability education was also part of the HR Office's regional events and the IT Division's annual conference.

Subsidiaries also conduct educational activities. BALTA has built a team of Sustainability Ambassadors as part of its ESG strategy. The Ambassador community connects like-minded people, where, at least quarterly, employees from different departments interested in ESG topics meet to not only create new sustainable solutions, but also gain new insights into the ESG field and gain


knowledge and inspiration to pass on to their teams. The ambassador program has produced 37 initiatives, of which 7 have been implemented and 8 are underway.


Types of educational activities in subsidiaries

 **LINK4** has a cafeteria in place, established in response to the development needs of employees and as a support tool for the pursuit of strategic goals. It is a series of workshops responding to the needs reported by employees and/or managers and addressing various current challenges faced by the organization. The workshop schedule is announced twice a quarter and is addressed to all managers and independent staff members. The purpose of the workshops is to develop behavioral competences intended to improve the efficiency of work performed by managers and specialists. During the workshops, topics such as feedback, face-to-face talks, implementation of changes, assertive attitudes, the art of presentation, Excel, effective meetings, management by objectives, employee engagement, self-discipline, effective learning, stress management, simple language and labor law are covered.

 **TUW PZUW** implemented an onboarding process for newly hired employees.

Employees can take advantage of individual and group training offerings. The “Manager’s Academy” training program is being implemented – dedicated to Senior Executives and Middle Managers. In addition, employees have the opportunity to use an English language learning platform, as well as subsidized studies and specialized forms of professional development for employees.

 **Alior Bank** cares about genuine development of its staff and management. Alior Bank’s training and development policy provides its employees with opportunities of specialization in selected fields, development of competences related to their duties and aspirations, and those related to team management. The management system and the development model adopted by the Bank enable the setting of effective paths of improvement for specialists and the development of their careers. Employees are provided with training programs. The offering includes product, sales and service quality courses and interpersonal and managerial skills training.

 **The Pekao Group** and the Bank create educational opportunities and provide access to various forms of training for their staff. The Bank’s educational programs include local training and general development webinars, international training courses and programs, mentoring sessions, internal and external coaching, and certification training (among others, CFA/ACCA/CIA). The basic internal regulation

defining this area is the Policy for Training and Enhancement of Professional Qualifications of Pekao Bank Employees, adopted by the Bank’s Management Board. It defines procedures relating to the course of processes related to the participation of employees in various forms of professional qualification.

 [GRI 3-3] [GRI FS16]

9.1.9. Knowledge and experience sharing

The knowledge and experience of employees build the human capital of the PZU Group. Given the tremendous significance of this capital for society and economy, PZU is eager to participate in events and conferences to develop business, science, new technologies and financial education. One important example of expert knowledge sharing is programs addressed to the younger generation and cooperation with the academia. This is also a way to reach ambitious students who soon will find themselves on the labor market and will be able to launch their professional career with PZU precisely.

PZU initiatives – knowledge sharing

Programs for students

PZU has been supporting the academic community for years. PZU initiatives addressed towards this group are implemented under the banner of **PZU Student Talent**. These programs allow participants to gain practical knowledge and their first professional experience, and learn the organizational structure of a large corporation. These include a nationwide apprenticeship and internship program, Open Business Days, and the Ambassador program.

- **The Apprenticeship and Internship Program** ensures the inflow of young talents to the organization and build the image of the company as an attractive employer. In 2023, nearly 3,700 students and graduates applied to the program, from which 21 interns and 38 trainees were recruited. The program started in July: the term of the apprenticeships was three months and of the internships – six months. They were held in various business areas and locations. Additionally, the participants were involved in a two-day training cycle on strategic thinking, project management, innovation (VR), good communication and collaboration. After the program had ended, 74% of interns continued their cooperation with PZU. According to the results of the evaluation survey, 100% of the surveyed interns confirmed that the program met their expectations.

- **Open Business Days at PZU** is one of the flagship ventures of PZU in expert knowledge sharing. These are practical workshops for students all across Poland during which they face real business problems and learn about the nature of day-to-day challenges in their selected area. The 2023 project was carried out in the last week of November at PZU Park and covered areas such as: IT – Big Data/ Artificial Intelligence, Digital Marketing, Negotiation, ESG, Actuarial.

- **PZU Ambassadors** are a group of active students, who represent the PZU Group in their universities. They help engage the best students in the projects, cooperate with career offices, recommend student projects. The yearly cooperation with the PZU Ambassadors was started off with a two-day meeting in person at PZU Park. The Ambassadors participated in training on Personal Branding, Social Media, and Online and Offline Image Building. In the academic year 2023/2024, a total of 15 PZU Ambassadors have been active in the largest academic

centers in Poland. They provide very strong support for PZU during recruitment for flagship programs dedicated to students.


PZU undertakes partnerships that translate into the recognition of PZU as an employer among the younger generation in the labor market and the level of interest this group has in recruiting students, graduates and young professionals:

- **Partnership with Go4Poland – Choose Poland**
In 2023, PZU was the Main Partner of the 8th edition of the „Go4Poland – Wybierz Polskę [Choose Poland]!” program organized by the WSE Foundation. As part of it, the company has engaged in an internship program, a mentoring program, the Go4Poland Summer School and the „Twoja kariera – kierunek Polska [Your career – towards Poland]!” conference. In this edition, speeches by PZU experts were in the areas of HR and ESG;
- **SGH Career Day**
In 2023, PZU’s partnership with the SGH Warsaw School of Economics continued. Within its framework, PZU employees took part in the „SGH Career Day” job fair, SGH career consultations, and also regularly published materials promoting programs addressed to students at Gazeta SGH.

PZU is an employer that offers interesting work for professionals of varying seniority in many business areas and across the country. Wanting to strengthen its position in the 2023 labor market, it ran campaigns to promote its employer brand:

- **The employer branding campaign called „PZU - pasujemy profesjonalistom” („we match the professionals”)** showed how important it is to be able to combine professional responsibilities with interests and skills. PZU, thanks to its scale of operations and diversity, enables experts from different business fields to find a job that matches their competence. The campaign is aimed at active professionals with diverse seniority and specializations, such as insurance, finance, data analytics, IT, sales and customer service.
- **PZU IT job promotion campaign <<Silni w IT>> („Strong in IT”)** with the main goal of promoting the PZU brand as an attractive employer among IT experts.

In 2023, PZU TFI launched the first edition of the PZU TFI Academy as part of its educational efforts. It is a program aimed at students of economics or sciences, the purpose of which is to educate in the management of investment funds, analysis of financial instruments and the functioning of financial markets, as well as to popularize long-term investment using mutual funds and other collective investment products. Activities conducted within the Academy will continue in 2024.

Best practices of PZU and PZU Życie 

Co-Working Platform

A pilot of the Co-Working portal began in 2023. This is a new product to support employees and corporate clients of PZU Życie. The knowledge in the portal covers areas related to environmental regulations at work and good social practices that affect healthy living. The issues in the site directly address areas related to team management in promoting decent employment, equal opportunity policies and respect for employee rights. Of particular note is content discussing the occurrence of occupational health crisis in the form of chronic and occupational diseases. The issues discussed in the portal coincide with the area of human rights in the scope of the organization’s activities and is the realization of one of the goals of the ESG.

[ESRS S1-14]

9.1.10. Safety


Ensuring a safe and hygienic work environment and preventing workers’ exposure to occupational accidents is one of the priorities. To prevent accidents the PZU Group focuses on providing proper work conditions by implementing legal changes that come into force,

ongoing control and elimination of hazards that might lead to an accident. For the purpose of shaping and raising the awareness of hazards and safe employee behaviors, a broad range of methods is used, including, among others, classroom and e-learning courses, webinars with specialists, stationary meetings and campaigns promoting the importance of working conditions and the way work is done, courses and workshops in the field of rendering first aid. Scheduled and ongoing inspections of working conditions are conducted.

Some of the greatest work-related hazards that pose a risk of injury with serious consequences are the dangers associated with the use of company vehicles especially in bad weather conditions, and with the liquidation of property damage such as post-flood or requiring visual inspections associated with work at height. With the aim of minimizing and eliminating these risks, employees who may use company vehicles as part of their job duties are required, as part of their occupational health examinations, to undergo psycho-technical examinations before receiving a vehicle. Drones are being used in claims settlement to replace the need for work at height.

[GRI 403-2]

OCCUPATIONAL SAFETY AND HEALTH (OSH)

 Formally, occupational safety and health (OSH) management is regulated by a number of internal documents and instructions. PZU and PZU Życie have a Health and Safety Policy in place. PZU, PZU Życie and other PZU Group companies discharge their legal duties related to occupational safety and health (among others, conducting an assessment of

occupational risk on work stations, accident analysis, employee training).

This policy obligates the PZU Group’s OSH Team to do the following:

- prevent accidents and occupational diseases;
- strive to improve occupational safety and health constantly by conducting periodic inspections;
- deliver training on OSH, including on how to give first aid.

To streamline activities related to occupational safety and health, the PZU Group companies have teams that operate with the following tasks:

- conduct a review of working conditions;
- conduct a periodical assessment of the state of occupational safety and health;
- give an opinion on the means undertaken by the employer to prevent accidents at work and occupational diseases;
- articulate conclusions on improving working conditions and cooperating with the employer to discharge its duties relating to occupational safety and health.

In the remaining PZU Group companies, services in the field of occupational safety and health are provided by safety and health specialists or teams in compliance with internal regulations adapted to the type of business run by the company.

[GRI 403-5]

OSH management – training

Every newly-hired PZU employee goes through training courses related to occupational safety.

During initial training, employees are informed of the risks and ways to minimize risks, employees classified in higher risk groups periodically undergo periodic training to update their knowledge of, among other things, the safe way of performing work with protective measures. In accordance with current regulations, employees who work remotely have received the required periodic training.

Occupational safety and health (OSH) training for newly-hired employees	PZU and PZU Życie	
	2022	2023
Introductory	1,943	1,887
Periodic	192	524
Number of participants	1,093	5,819

Training – first aid

In 2023, the first aid training was conducted in the form of workshops, during which participants could learn about first aid regulations, principles and practice patterns. They practiced ways to provide aid using phantoms, practice AEDs, and commonly used dressing supplies. Starting in January 2023, newly hired employees of the Group’s Network Division will undergo a first aid workshop as part of their induction training.

796 persons participated in 56 training sessions.
226 first aid trainings were conducted using VR goggles.

[GRI 403-9]

Occupational health and safety – accidents

In 2023, in the PZU Group, 104 accidents at work were recorded in total (by 49 more accidents than in 2022, which, among other things, was due to the lifting of the epidemic emergency and a greater return of employees to the offices). Pekao Group (36), PZU (28), Alior Bank Group (21) recorded the most accidents.

Total number of accidents at work	2022	2023
PZU Group, including:	55	104
• PZU	13	28
• PZU Życie	2	4

Comment: in 2022 and 2023 in PZU and PZU Życie there were no fatal accidents at work.

[GRI 403-2]

Number of work-related accidents by gender	PZU				PZU Życie			
	2022		2023		2022		2023	
	Women	Men	Women	Men	Women	Men	Women	Men
Total number of accidents (incidents) at work	6	7	18	10	1	1	2	2
- including the number of fatal accidents	0	0	0	0	0	0	0	0
Total number of people injured in accidents	13		28		2		4	



[GRI 403-2]

Accident frequency rate by gender¹

PZU				PZU Życie			
2022		2023		2022		2023	
Women	Men	Women	Men	Women	Men	Women	Men
0.7	0.8	2.0	1.1	0.1	0.1	0.3	0.3

[GRI 403-2]

Accident severity rate by gender²

PZU				PZU Życie			
2022		2023		2022		2023	
Women	Men	Women	Men	Women	Men	Women	Men
5.3	29.5	21.2	19.7	15.5	5.5	2.5	11.5

[GRI 403-2]

Absenteeism rate³

PZU				PZU Życie			
2022		2023		2022		2023	
Women	Men	Women	Men	Women	Men	Women	Men
6.3%	3.6%	6.0	3.6	5.9%	2.7%	5.7%	2.7%

1) Ratio calculated per 1,000 employees using the equation: total number of persons injured in accidents / headcount * 1000

2) Rate calculated using the equation: number of days of inability to work because of an accident / number of accidents.

3) The absenteeism rate (AR) is calculated in accordance with the following formula: total number of days of absence from work resulting from sick leaves or accidents at work/number of days scheduled to be worked during the respective year

9.2. Clients

22 [GRI 3-3] [ESRS 2 SBM-3/S4] [ESRS S4-4]

PZU brings together all of the PZU Group’s activities and integrates them in a client-focused manner: life insurance, non-life insurance, health insurance, investments, pensions, health care, banking and assistance services, which exerts positive impact on the quality of client experience. The claims and benefits paid out by PZU help families to maintain financial stability in difficult situations, such as illness or death of a family member, loss of home due to fire, flooding. This offers additional protection, which provides the sense of stability and safety. Additionally, thanks to its products and investment funds, PZU supports its clients in accumulating savings and increases their awareness and knowledge of economy. In recent years, the PZU Group has been undergoing a transition from a collection of companies operating separately towards an offer of comprehensive products under one ecosystem.

The segmentation of market clients that PZU uses allows the brand to address the needs of different target groups present in the market and reach them adequately with communications and products. PZU also strives to respond to clients’ needs with their preferences in mind. Clients can take advantage of the offer in fixed-base locations (at branches, by contacting the agent), remotely via a sales hotline, or via the Internet (“myPZU” application/website). This allows PZU to meet the needs

of different generations and groups (including families, the youth, seniors, persons with disabilities, clients making use of various on-line tools and those who prefer face-to-face contact).

The principles of offering products and serving clients are described in Chapter [9.2. Clients](#).



PZU does not offer products that:

- are inherently harmful to humans or increase the risk of chronic diseases;
- potentially adversely affect clients’ rights to privacy, data protection, freedom of expression and non-discrimination;

and consumers who are:

- dependent on accurate and accessible information related to the product or service, such as user manuals and product labels, to avoid potentially harmful use of the product or service;
- particularly vulnerable to health or privacy impacts or the impact of marketing and sales strategies, such as children or the financially disadvantaged.

[ESRS S4-1]

9.2.1. Respect for human rights in relations with clients

Respect for human rights is the basis for building relationships with the key PZU Group's stakeholder groups. One of the stakeholder groups that the PZU Group has the most influence on is clients. The PZU Group has a PZU Group Human Rights Policy, which is in line with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. In addition, the PZU Group has a human rights due diligence process in line with these guidelines, which is reviewed annually. The PZU Group's Human Rights Policy ensures that in the PZU Group, in its relations with clients, the Group applies the highest standards of respect for human rights. Particular emphasis is placed on ensuring privacy, fair terms of non-life insurance and a high quality of healthcare services. The PZU Group builds its relations with clients based on the principle of their equal treatment, respecting their diversity, and none of the products or services offered by the PZU Group are discriminatory in nature. An extensive network of outlets, also located in smaller cities, provides easy access to financial services, contributes to the prevention of financial exclusion, and most of these services are also available through remote service channels, especially in myPZU. Some of the products offered by PZU are targeted at social groups that are especially vulnerable to breaches of human rights, such as the elderly, children or people with disabilities. Also when making investment decisions regarding exposure to various commercial undertakings, the Group takes

into consideration potential risks related to human rights violations. Relationships with clients and product design issues are also covered by the operational and compliance risk management system.



Key procedures to prevent client rights violations at PZU / PZU Życie:

- Complaint Procedure for clients Rules for receiving, registering and handling and reporting client complaints;
- Procedure before the Client Ombudsman (PZU SA and PZU Życie);
- Client Experience Management Policy in PZU SA and PZU Życie SA;
- Code of Ethics in Advertising PZU.

[GRI 2-23] [ESRS S4-5]

9.2.2. Responsible sales

The PZU Group is focused on providing the highest quality services and products. The PZU Group has transparent communication policies and commitments are kept. A key aspect of any offering is to ensure the full safety of clients. Aiming to minimize the occurrence of the risk of misselling – i.e., the risk associated with dishonestly informing clients about the PZU Group's offers by offering clients to purchase products that do not meet their needs or are offered in a manner inappropriate to their nature – the PZU Group has implemented policies to ensure the fair design and sale of financial products

and services. One of the procedures used is the Rules for the Product Management System in PZU and PZU Życie. In addition, according to the Act on Insurance Distribution, an analysis of the client needs is conducted before offering an insurance contract, based on which the client's needs are determined and products are recommended. Control mechanisms for this process were also implemented, including mystery shopping and sales observations.

[G4-FS15]

9.2.1.1. Product design

Policies for the fair design and sale of financial products and services

The PZU Group wants for its clients to insure themselves, invest and use financial services in a responsible manner – to make deliberate decisions with a grasp of the nature and mechanisms of the products they purchase.

All of the Group's services and products are carefully vetted by experts, including relevant legal and compliance units, for compliance with regulations and requirements to protect clients' interests and current case law on consumer rights before they are offered to clients.



The Group conducts its insurance product business in accordance with legal and supervisory requirements, in particular the provisions of the Act of 15 December 2017 on insurance

distribution, as amended, which implemented into the Polish legal order the Directives of the European Parliament and of the Council (EU) 2016/97 of 20 January 2016 on insurance distribution (IDD) and the EU Commission Delegated Regulation 2017/2358 supplementing the IDD with regard to product oversight and governance requirements for insurance undertakings and insurance distributors.



The above is further complemented by the requirements of the regulatory authority applicable in PZU, in particular the Recommendations of the Polish Financial Supervision Authority concerning the product management system.

All insurance companies of the PZU Group (to the extent appropriate to their operations) fully comply with the relevant standards, in particular those resulting from:

- Commission Implementing Regulation (EU) 2017/1469 of 11 August 2017 laying down a standardized presentation format for the insurance product information document – the so-called IPID (Insurance Product Information Document),
- Commission Delegated Regulation (EU) 2017/653 of 8 March 2017 laying down regulatory technical standards with regard to the presentation, content, review and revision of key information documents and the conditions for fulfilling the requirement to provide such documents. Consequently, the Key Information Document (KID) accompanies all products for which this is required according to the regulation, chiefly insurance-based investment products and life and endowment insurance policies.

As a result, clients are provided with information that is important to them in an understandable and synthetic format, which enables them to both understand and compare the products offered on the market. The documents are provided as part of the sales process and can also be found on the product websites of PZU Group companies (pzu.pl, link4.pl).

ESG issues in product design

Changes in ESG came into effect in 2022 under the Commission Delegated Regulation (EU) 2021/1257 of 21 April 2021 amending Delegated Regulations (EU) 2017/2358 and (EU) 2017/2359 as regards the integration of sustainability factors, risks and preferences into the product oversight and governance requirements for insurance undertakings and insurance distributors and into the rules on conduct of business and investment advice for insurance-based investment products. **Under this Regulation, PZU and PZU Życie need to consider sustainable development conditions when creating a new product or materially modifying existing ones.** Moreover, required changes were introduced to PZU Życie investment products in terms of client preference surveys on sustainable development.



[GRI 206-1]

Violations of principles of fair competition

 Market competition fosters entrepreneurship and productivity, and benefits entrepreneurs and consumers by providing lower prices, better quality products, more choice, innovation and broader economic development. Competition works best when each market competitor makes its economic decisions independently. PZU and PZU Życie make every effort to ensure that market activities conducted are in compliance with the competition laws of Poland and the European Union. The legal basis for assessing the compliance of business behavior with competition law standards is provided by, among others, the Competition Protection Act of February 16, 2007, the Treaty on the Functioning of the European Union and their implementing acts.

Internal regulations have been implemented at PZU and PZU Życie, regulating rules of conduct regarding the Companies' compliance with competition law. These regulations set out the rules of conduct in the context of fair market practices, in compliance with competition law; including, among other issues:

- cooperation between insurance companies and relations with other market players,
- abuse of dominant position and use of agreements restricting competition,
- application of prohibited contractual clauses,
- conduct communication and exchange of information, consistent with the principles of fair competition,
- reporting violations.

The number of proceedings underway against the Group in the reporting year pertaining to violations of principles of fair competition	2022	2023
PZU Group, including:	2	2
• PZU	0	0
• PZU Życie	0	0

[GRI 417-1]

Internal requirements concerning the labeling of products and services and information regarding them


All of the PZU Group products belonging to the four major product categories (life insurance, non-life insurance, health and investment products) satisfy the statutory requirements:

- **within the scope of general policy conditions** – the PZU Group directly applies the Insurance and Reinsurance Activity Act. Additionally, the product development procedures refer to a clause on the mandatory preparation of general terms and conditions of insurance;
- **with respect to KID** (Key Information Document) for investment insurance – the PZU Group directly applies the PRIIP regulation and the product development procedure;;
- **with respect to the Insurance Product Information Document** Document (IPID), for non-life insurance – the PZU Group directly applies the clauses of the Insurance Distribution Act as well as the principles regarding the product management system and the product development procedure.

[GRI 417-2] [GRI 417-3]


Since 2018, no failures to comply with regulations or codes concerning the labeling of products and services or marketing communication have been reported in PZU and PZU Życie.


Regulations in subsidiaries

 TUV PZUW regularly reviews its products to assess whether they benefit TUV PZUW's insured and eligible clients. Every year, it analyzes in detail any comments on the service and transparency of insurance contracts. Cyclical reviews and ongoing monitoring of products are the basis for preparing an assessment of adequacy and introducing increasingly better solutions. In addition, an annual analysis of complaints is conducted in terms of the quality of the product and service, as well as the procedures used, and conclusions and recommendations are reported to the Society's Board of Directors. Based on the reviews carried out, TUV PZUW develops and implements solutions for quality improvement on a regular and planned basis.


 All foreign companies also have in place appropriate procedures in the area of product development and sales. Lietuvos Draudimas, operating in Lithuania, in addition to the procedure for launching new services, applies an insurance product policy that defines the processes and basis for the development and modification of insurance products that should ensure the company's compliance with applicable laws and regulations. The Latvian company, AAS BALTA, has in place guidelines for communicating with clients, which are intended to define the general principles of communication with the company's current and prospective clients. It also applies policies for identifying client needs and managing product changes

and development. The companies in Ukraine implement corporate sales policies defining the business rules for providing insurance services to corporate clients, as well as direct sales policies describing the rules for organizing direct sales at all stages.

 Banks operating within the PZU Group make sure that the products and services they offer are available to people who genuinely need them and for whom they can be of real value. In accordance with generally applicable laws and regulations, both at Bank Pekao and at Pekao Group companies offering financial products and services, there is a number of regulations defining the business standard, as well as establishing rules of conduct in order to protect clients' interests, and to mitigate compliance and reputation risks connected with the sale of products and services to consumers. At Bank Pekao, this area is comprehensively regulated by the Policy for the Process of Implementing New Products at Bank Pekao and the Principles for Creating Marketing Communications of Bank Polska Kasa Opieki Spółka Akcyjna. The standards of offering and sales are further defined in: the Rules of selling credit and payment products to consumers in Bank Polska Kasa Opieki Spółka Akcyjna and the Policy for the sale of investment products. The risk of misleading a customer about a product's designation is managed ex ante through ongoing verification of product documentation and marketing materials by dedicated Second Line of Defense units, and in the case of investment products also ex post in the form of listening to investment calls, where the Bank identifies whether misselling or greenwashing has occurred. The process of providing opinions on marketing materials and business instructions is covered by the Bank's Internal Control System.

 Alior Bank applies the Policy of preventing dishonest sales to counteract the practice of misselling. The document lays down the rules that must be applied in the process of designing and distributing products. The product shelf has been limited, and the selected items from the offer may be distributed only through authorised channels (e.g. Private Banking) and by workforce holding appropriate knowledge and experience. The sales processes are subject to regular monitoring for the threat of misselling.

9.2.1.2. Advertising ethics

 PZU and PZU Życie are governed by the Code of Advertising Ethics and the Principles of Opinion on Marketing Activities and Internal and Corporate Communication Activities, in order to prevent the risk of non-compliance with generally applicable laws and guidelines of state bodies, as well as reputational risk. The Marketing Department uses the practice of verification of planned marketing messages prior to their publication in terms of their transparency, authenticity and accuracy of information contained therein with other PZU entities. The marketing activities are particularly consulted with the Legal Department and the Compliance Department (for compliance risk, including compliance with the law – risk of misleading the consumer, use of messages infringing the addressees' interests) and pertinent departments responsible for a given product (consistency of the message with the facts – risk of misleading consumers).

[GRI 417-1]

Code of Ethics in Advertising

The PZU Group attaches a lot of importance to proper shaping of the brand image and the advertising message

associated with the product offering. Consequently, it advertises its products and services responsibly, in accordance with the rules laid down in the PZU Code of Ethics in Advertising. The Code is a collection of additional standards, independent of the provisions of law and the guidelines of the Polish Financial Supervision Authority. All actions covered by the provisions of the Code should be compliant with the law and best practices, based on social responsibility, and consistent with the principles of fair competition.

The main rules in the Code:

- advertising does not contain discriminatory contents, respects human dignity and does not challenge animal rights,
- the message is not misleading and does not take advantage of the clients' lack of knowledge,
- data presented in advertising are true and documented.

The Code also regulates the event sponsoring rules. It clearly stipulates that they may not infringe best practices, expose facilities of historical or artistic importance to harm, or exert negative impact on the natural environment.

Responsible marketing communication is also supported by:

- **The Marketing Policy** which defines the aims, standards and principles of conducting marketing activity in the PZU Group. It focuses on ensuring consistency of all marketing activity and the message, as well as compliance with the prevailing provisions of law, in particular with the regulations on protection of competition and consumers and fighting unfair

Best practices of PZU and PZU Życie +

Agent Ad Generator – online platform offering templates of advertising materials

In an attempt to ensure consistency and correctness of its marketing message, PZU actively supports agents by providing them with tools that effectively enhance their work environment. One such tool is the Agent Ad Generator. This application contains ad templates (e.g., flyers, banners, billboards, print ads, posts intended for social media, etc.) that can be filled in by the agents with their contact details. The standardized advertising templates that cover a wide range of products and offer multiple formats. As a result, we ensure:

- high quality of materials used by the agents;
- consistent communication;
- compliance with the law;
- optimization of the material development process;
- time-saving and new opportunities for our agents.

Best practices of PZU and PZU Życie +

Tool to improve the experience of a visitor to the PZU website

The pzu.pl website is viewed an average of 20 million times a year. Clients want to find information quickly, therefore simple navigation and site readability are important. PZU implemented a solution that analyzes user behavior on the website and thus allows to implement changes to improve the visitor’s experience. The tool provides precise information on client behavior and helps optimize the product, sales and marketing content presented. The technology combines qualitative and quantitative data using neuromarketing and behavioral analysis. The solution also affects the site’s efficiency in the process of selling PZU products.

competition, as well as the guidelines of public authorities.

- **The Rules for giving opinions** on marketing activities and activities in internal and corporate communication, which regulate the procedure for issuing opinions by the Compliance Department on marketing materials in terms of compliance risk.

[\[GRI 206-1\]](#) [\[GRI 417-1\]](#) [\[GRI 417-2\]](#)

Advertising ethics in subsidiaries



In accordance with the applicable internal regulations, marketing and advertising activities carried out by Bank Pekao and Pekao Group take into account the provisions of generally applicable laws and guidelines of the regulatory authorities, the principles of fair trading in the financial market, best practices and clients’ declarations of will concerning such activities. Moreover, they are carried out in compliance with the Bank’s communication strategy, in keeping with the visual identity and image, the adopted internal regulations and with respect to the clarity of communication. The key regulations in this area in terms of assessing compliance risk are referred to in the Policy for new product deployment and the Rules for creating marketing communication, which were prepared in connection with the decision of the Bank’s Management Board to adopt the Corporate Governance Rules for Regulated Institutions issued by the Financial Supervision Commission. Among other things, the regulations will take into account the basic requirements for the content of marketing and advertising materials, taking into account the nature and specificity of the product in question.

In Alior Bank, the advertising ethics issues are covered by the Code of Conduct in Alior Bank. In accordance with the Code, the bank’s communication is open and transparent with a view to strengthening its reliability and clients’ trust. All promotional and advertising activities are in compliance with applicable laws, impeccable in ethical terms and in accordance with best market practices. The bank informs about its products and services in a reliable, unambiguous and impartial manner, and the form of presentation is not misleading. The content and message are easily understandable for all audiences. In its message to its clients, the bank does not overstate the benefits in an effort to downplay the costs and risks associated with acquiring a particular product or service.

9.2.1.3. Plain language

The PZU Group makes sure to have honest relations with associates, clients and business partners that are based on trust. Thus, the foundations of effective communication of PZU are based in clear and understandable language. Leading simplifying communications, PZU does not only set language standards and change communication, but also educates and shares experiences.

At PZU, plain language is important both in internal and external communication. The plain language work model is based on people and strategy. Every employee is responsible for clear and friendly communication, which is determined in the “Effective communication management policy” approved by the Management Board. In line with this document, the Plain Language Department of PZU is the unit responsible for effective communication – it supports employees, coordinates processes for simplifying communication, educates,

promotes plain language and reports on the state of language in the organization. The Policy is appended with the „Standards for Communication at the PZU”. This is not only a set of rules of simple language, but also specific solutions for correspondence standards – with the client and within the organization, traditional and electronic.

Training and education

Education plays an important role in the whole process of simplifying communication. Every PZU employee can participate in plain language trainings. Training takes different forms: onboarding, e-learning, training with external experts, workshops and consultations. During practice sessions, participants simplify complex content and announcements, which may be used later on in their areas.

In 2023

more than **3,800 people**

participated in plain language trainings and simplifying communication workshops, including online meetings with external experts.

The Plain Language Office designs content, amends documents and communications for clients. The Office ensures that the content is linguistically correct and understandable and useful. The Office works with various business areas and teams. At the beginning of such cooperation, the Office learns about the specifics of the area, conducts a content audit, and then provides recommendations on language and information architecture. The Office then conducts training and

workshops and supports content design and system implementation.

In 2023, one of the projects implemented was an empathetic writing project, in which the Plain Language Office conducted workshops with teams responding to customer complaints. The Office also continued to work with the business teams that are responsible for content on the sites. One of the flagship projects is myPZU. The content in myPZU is supposed to be simple, useful and understandable to the client, so the Office is one of the first testers of the content that later goes to clients.

Distinctions

The Plain Language Department simplifies texts in various areas, and their simple and understandable style is appreciated by experts. PZU is the only company to have as many as 5 “Plain Polish Certificates.” This is a distinction that has been awarded since 2017 by the Plain Polish Language Workshop of the University of Wrocław. The studio examines whether the texts are simple and understandable to the audience. The certified texts meet the requirements of the international plain language standard. To determine this, texts undergo a rigorous quantitative and qualitative evaluation.

Plain language – subsidiaries

Since 2017, LINK4 has been changing its communication with clients to make it simple and easy to understand. The plain language project involves both simplifying documents addressed to clients as well as training for employees regarding the principles of plain writing. All general terms and conditions of motor insurance and housing and travel insurance are written in plain language. LINK4 employees can use a short Plain Writing Guide created especially for them, which contains rules for writing in language that is accessible and

understandable to every customer. LINK4 believes that insurance should be simple, and using clear and easy to understand language is a natural part of the process in communication with a client.



Bank Pekao constantly strives to make its language of daily communication friendly and fully understandable for all clients. The Bank is perpetuating plain language standards among its employees and developing their ability to speak and write clearly. The goal of these activities is to strengthen a culture of communication devoid of official distance, communication based on language that all clients can understand. In 2023, among other things, Bank Pekao introduced new simplified templates for rules and regulations and contracts, strengthened the team of plain language consultants working in the Bank’s business units, whose work has a significant impact on building a good customer experience, trained several hundred new employees in the basic principles of creating plain and correct texts, and held a series of training workshops for those who conduct correspondence with clients. Moreover, representatives of Bank Pekao actively participate in the work of the working group on simple communication at the Polish Bank Association.

Alior Bank, in 2023, continued its efforts in the area of simplifying communication. The plain language team focused on educating employees, implemented training in plain, friendly and effective communication. A group of 25 internal plain language ambassadors has been formed to educate, inspire and support their teams in their work on simplified communication. The plain language ambassadors have completed the relevant training courses and obtained Language Quality Mark certificates, which are awarded by the Polish Language Foundation. In addition, in 2023 Alior Bank received two certificates from the Plain Polish Workshop, the first for the FAQ messages of the InfoNina bot, the second for simplified legal documents.

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9.2.3. Claims handling

For the customer, the claims handling stage is the moment when they check the quality of their product. Satisfying client expectations during the claim handling or case handling process is the key to building PZU’s client relationships. Therefore, processes in this area are subject to continual improvement, in order to shorten the time of claim disbursement and develop positive customer experience.

PZU Group insurance companies offer both the ability to report a claim through traditional channels (by phone, at a branch or with an agent) and through remote channels. The online service for reporting claims and benefits zgloszenie.pzu.pl makes it possible to automatically calculate the claim amount and report a claim for foreign partners. The website upholds its emphasis on plain communication language and was awarded the “Plain Polish Language Certificate” by the Institute of Plain Polish at the University of Wrocław. Similarly, with moje.pzu.pl or myPZU app, a client may conveniently and independently report a claim and check its current status. At LINK4, claims can be reported by filling out a form at the website link4.pl/claims/zgloszenie.

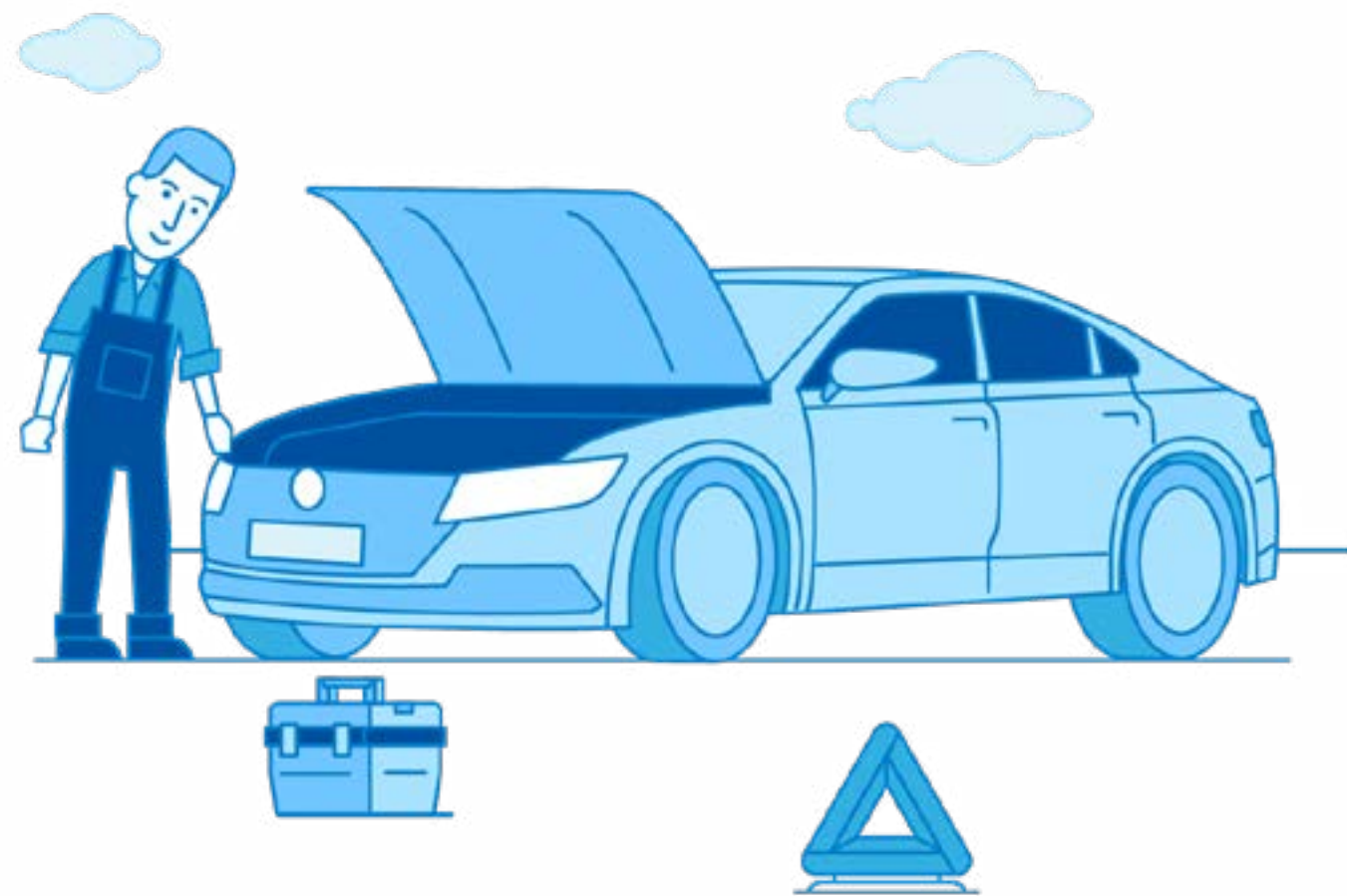
Service centers

PZU handles claims and benefits at **competence centers** operating across the whole of Poland. This process is founded predominantly on electronic information and is not tied to the place of residence of the insured or the place of the event. The central teams handle specific types of damage, which is conducive to stricter specialization and boosts client satisfaction. These

teams specialize, without limitation, in handling claims arising from property, motor or personal damage, claims reported by corporate clients, benefits, damage involving the theft of personal vehicles or claims handled as part of the direct claims handling (DCH) service. Mobile Experts in motor, property and agricultural insurance handle the technical aspect of motor, property and agricultural claims. Mobile Experts provide services anywhere in Poland, as chosen by the client.

Repair facilities

PZU cooperates with **repair shops** in the area of post-accident vehicle repairs in countries covered by the PZU Group's insurance business. PZU has created Poland's largest network of cooperating repair shops enabling the Company to control the quality and speed of service already at the claim handling stage. Every client who orders a repair in the PZU Assistance Repair Network receives a quality certificate ensuring that the repair has been performed in accordance with the highest standards.



Best practices of PZU and PZU Życie +

Prioritization in claims handling

If an injured party is unable to occupy their residence due to a fire or gas explosion, they require immediate assistance. For this reason, in PZU has been launched a claims handling process for the claims that require priority handling. These are claims arising from events which due to their scale require fast-tracked assistance and comprehensive service as soon after the incident as possible.

The process implemented is based on close cooperation between the claims handling teams, from the consultant accepting the report to potential medical consultant. The Relationship Manager stays in contact with the injured person, informing them about the respective claims handling stages, including the date for the inspection of damaged property and documentation required for such assistance as, e.g., temporary hotel accommodation or psychologist appointment. This model has a positive impact on the relationship with the client who may count on our support and assistance, in what is a difficult time for them.

Account manager

In the times of process automation and digitalization, the customer expects the approach to be even more personalized. In PZU, a Relationship Manager maintains contact with the injured party for the duration of the claims/benefits handling process. That person's assignment is not only to collect the documents needed to take care of the case, but also to convey information to the client about the stage of handling the process. Depending on the needs, the Relationship Manager may also provide support to the client, act as their advisor who offers specific solutions in a difficult situation. The Relationship Manager can also efficiently organize and manage all the PZU services offered in claims handling.

Handling serious personal claims

The PZU Group is with its clients when they need support the most and helps them return to a functional life. In 2023, in the area of personal injury handling, the measures taken to **handle the claims of severely injured persons in accidents** continued. Upon identifying a major injury or an injury with potential for rehabilitation, the caregiver emphasizes solutions that are adapted to the specific situation in which the injured person finds themselves, such as physical rehabilitation schemes, assistance in the choice and purchase of prosthetics, assistance in the choice of treatment and place of treatment, or mental support. Claims are handled in a way to minimize the injured person's engagement, as well as to satisfy their claims as

fully as possible at the stage of claims handling. The handling of such a loss does not end with the payment of compensation – it is possible to continue to support the injured persons, for example, through measures for professional activation and return to the labor market.

Before-You-Call Service

The PZU Group wishes to be there for its clients when they need support the most, often even before they formally report their claim. The Before-You-Call Service is a solution within the framework of which the insurer initiates contact with the customer and offers them actual assistance before the formal notification of the claim, putting both the client and their needs first. The Before-You-Call Service is intended for clients who have experienced an unpleasant random event in which their property was damaged.

After the occurrence of an insured event, such as a fire, gas explosion or tornado, an attempt is made to identify the client based on information from publicly available sources such as the Internet or radio. In cases where the injured person is positively identified as a PZU customer, contact with the client

is established to provide actual assistance in the unfortunate situation (for instance, if the policy cover provides for a substitute apartment, it will be offered to the client during the first contact). Registration of the claim may be performed on a different day, at a time convenient for the client.

Direct Claims Handling (DCH)

PZU was the pioneer in **Direct Claims Handling (DCH)** on the Polish insurance market. Currently, DCH is executed in two forms: at an individual level or under the agreement worked out by Polish Chamber of Insurance (PIU). DCH is offered by entities accounting for nearly 70% of the motor TPL insurance market, as measured by gross written premium. The said agreement, which is based on a lump-sum approach, has dramatically simplified the settlement of claim payments between insurers. Thanks to DCH, the claim following an accident is handled by the insurer from whom the TPL policy has been purchased. The insurer subsequently makes a settlement with the perpetrator’s insurer, without the client’s participation. PZU also maintained its own DCH solution previously introduced for clients injured by the persons insured in companies that are not part of the said agreement.

Before-You-Call Service	2021	2022	2023
Events registered	77	30	15
Events in which PZU clients were injured	8	9	12
Injured PZU clients	137	269	772
Persons we managed to contact	137	262	456
Registered assistance cases	135	262	456

Damage remains

PZU is developing its proposal to assist clients in **managing motor and property damage remains**. Clients may sell the remains via the Online Assistance platform to the highest bidder, where bidders are credible entities cooperating permanently with the administrator of the platform.

Crisis management procedure in claims handling

The PZU’s procedure describes many mechanisms applied to catastrophic claims. These processes are predominantly focused on how to:

- effectively reach the customer, provide assistance and comprehensive services in the shortest possible time following the occurrence of the damage;
- shorten the claims handling time;
- adjust the claims handling process to client expectations;
- improve the quality of service and customer satisfaction.

The following steps are most frequently taken within the framework of this procedure:

- launch of a mobile office and four mobile mini offices;
- simplification of the processes of claims reporting and handling;
- re-allocation of resources to areas affected by the disaster and to substantive claims handling processes.

Catastrophic events occur seasonally, most often in winter and summer. This is due to the increased volume of claims handled and the measures and improvements taken enable quick claims handling. The simplifications used allow to determine the number of claims to be paid without the need to draft a detailed cost estimate. The implementation of automation allows compensation to be paid within one business day following the date of reporting the claim. An established team of experts follows meteorological reports and media publications about potential threats.

TUW PZUW has implemented a Catastrophe Claims Handling Procedure that supports the maintenance of a high level of quality and timely handling of claims from catastrophic risks. The purpose of the procedure is to ensure coordination of activities related to the handling of mass and catastrophic events, to effectively reach out to clients, to ensure efficient and comprehensive claims handling, within the shortest possible time from the event. Its essential element is also the monitoring of catastrophic events and the special mode of action taken.

Claims handling for corporate clients

The implemented model of comprehensive corporate customer claims handling is designed for PZU’s largest clients. Main reason of the implemented model is to guarantee the damage handling service at the highest level by implementing solutions which was not offered on the motor claims handling market before.

The main pillar of the model is broad cooperation among sales, claims handling and underwriting teams, in order

to provide the best quality services for key account clients.

In this model, claims handling is based on an in-depth client analysis in terms of the size and structure of their fleet, the loss ratio, and advisory services as regards fleet-wide solutions designed to improve the client's loss ratio. Each client has a designated claims handler who conducts meetings with client representatives. The necessary formalities in contact and communications are determined, and upon prior analysis, PZU suggests solutions to lower the claims ratio of the client. The above described solutions are founded on a broadly conceived business relationship and shared understanding with the client as regards implementation of solutions that can minimize the client's loss ratio as well as costs.

Proactive claims handling

TUW PZUW has implemented a modern model for handling claims resulting from medical errors. It is based on close cooperation with the insured medical facility. Proactive claims handling ensures prompt assistance to a patient who has suffered from a medical error. It involves, among other things, the support of a specialist or the organization of rehabilitation to reverse or minimize the effects of a medical error. It makes it possible to pay the benefit quickly, without litigation, which is complicated and lengthy in the case of medical events. The benefit for the insured medical facility is to receive full insurance coverage, expert support and objective analysis of potential patient claims.

How to report a claim?		Poland	Baltic Countries	Ukraine
	web form	 zgloszenie.pzu.pl/		
	myPZU platform and application	 zgloszenie.pzu.pl/		
	video chat	 porozmawiaj.video.pzu.pl/video/pzu/		
	phone no.	 801 102 102 or 22 566 55 55		
	SMS	 with the subject line DAMAGE to the number 4102 – we will call you back and accept your application		
	in person at the branch			
	with an agent			
	with the person who deals with group insurance in the company (in the case of group life insurance)			
	at a workshop belonging to the company's repair network (traffic damage)			
	in the mobile office			
	by regular mail, e-mail or fax	 e-mail to kontakt@pzu.pl		

 **State-of-the-art technologies in claims handling and benefits**

Technology increases business efficiency and customer satisfaction levels. PZU develops new methods for determining the extent of the loss **to expedite the calculation of the amount claimed**. In non-life insurance, on top of conducting a vehicle inspection through a Mobile Motor Expert in a venue chosen by a client or in a Repair Network workshop, the quantum of the loss may be determined under:

- simplified service procedure (without conducting a vehicle inspection);
- self-service (calculation of the amount of the loss on your own);

PZU supports **dealing with the entire claims handling process with the use of a smartphone**. The affected client can use a smartphone to report the damage, call for assistance on the road and at home, and initiate the repair process at a Repair Network workshop. PZU deals only with the final stage in the claims handling process, i.e., determining the amount claimed and disbursement.

PZU also allows **self-service** for property and ADD claims and benefits which allows the client to calculate the claims or benefits after reporting the damage. The client may accept or reject the proposed amount. In the case of ADD claims and benefits, the client personally marks the nature of their injuries on an intuitive human figure, which makes it possible to calculate the benefit amount.

In motor and property damage and in centers repairing devices damaged by a power surge, **the client may also assess on their own the amount claimed and payable**.

This piece of information is then forwarded online to the Relationship Manager who executes the payment. This service allows clients to participate in the payout decision in a simple and convenient manner and reduces the waiting time for the disbursement of the benefit. Satisfaction surveys carried out among PZU clients reveal the fact that insured persons are of a very favorable opinion about this service. PZU companies in the Baltic Countries are rolling out similar improvements. As of 2019, automatic payment of death benefits is in place, which significantly speeds up the process of handling these cases.

PZU introduced **robotics elements** at the stage of summarizing the claims report, sending out correspondence, making the claims decision and downloading police memos in order to speed up the payout of the amounts claimed. Robotics is used in specific claim types, e.g., motor claims, mass claims caused by weather phenomena, and handling of medical claims (medical treatment) and life claims (deaths and births). Robotic solutions supporting the process of writing insurance cover for cases reported have been introduced. Additionally, in ADD claims, robotization has allowed verifying information concerning the client’s report of the claim in another company (in cases where the client has consented to the exchange of information between PZU and PZU Życie) This solution ensures consistent service for various ADD reports of the same incident. Currently, work continues, in the area of process automation and concerns other medical benefits, such as surgery, and in the area of assessing permanent impairment for ADD benefits.

The Repair Network repair shops apply an innovative technology using **artificial intelligence algorithms**

which makes it possible to precisely analyze the photographs documenting the damage. It can also determine the scope of the damage and classify the given part for repair or replacement. The algorithms can detect more irregularities more quickly and accurately, and confirm that all repairs are carried out in compliance with the procedures and standards adopted by PZU. Before using artificial intelligence algorithms most cases handled by repair shops had to be analyzed manually. Thanks to implementation of this solution experts receive for analysis only selected cases while the remaining ones, which do not raise any doubts, are approved automatically or semi-automatically.

In 2023 artificial intelligence analyzed over 124 thousand claims worth over PLN 1 billion

As part of the sealing of the process of securing recourse claims, the work of the Account Managers is supported by the work of a robot whose purpose is to **type damages with recourse potential** at the earliest possible stage of the claims process. Typing is done on the basis of

so-called “keywords.” In January 2023, the process of typing damages with recourse potential was supported by an artificial intelligence tool that is based not only on a keyword algorithm, but also on analytical models learned from a wide range of data including debt collection data. The result of the action/processing of the damage by AI is the marking of the relevant information state.

Robots

Robotics is a tool that allows full automation of tedious and repetitive tasks that do not require any sophisticated specialist knowledge or experience. Robots enable replacement of cross-system integration and process large volumes of data in a very short time. The use of Robotic Process Automation (RPA) technology improves data quality, streamlines process efficiency control and provides an additional reporting conduit. The application of robotics makes it possible to carry out processes that until recently could not be executed by employees due to their high labor intensity or the need to perform complex operations in a short time. The deployment of a robotic process takes less time than implementing a systemic change, and the solution itself generates lower costs than would be required if additional employees were to be hired.

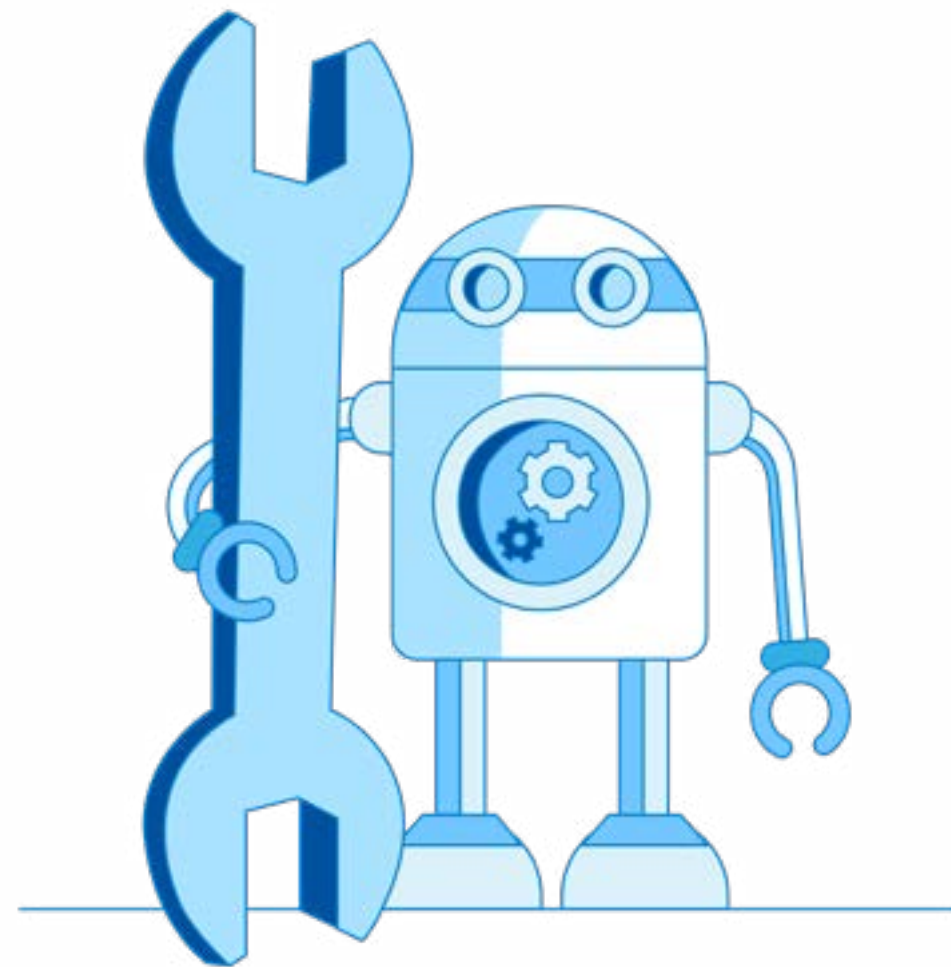
Implementations in robotics	2022	2023
Business processes	29	15
• Incl. claims handling processes	19	9

Comment: In 2023, the operation of robots analyzing the occurrence of sanctioned entities during the implementation of the process of organizing roadside assistance was expanded.

Robots as part of hyperautomation

In 2023, the use of the Robotic Process Automation platform as a tool to strongly support hyperautomation was continued. Robotic Process Automation is combined with other technologies. Among other things, a process for investigating potential recourse has been implemented using them, which involves checking a number of business conditions and submitting a query to an artificial intelligence-based service. After analyzing the data from the damage, key information is passed to the robot, which flags the damage for verification for recourse.

Further processes based on a combination of Robotic Process Automation and an intelligent optical character recognition (iOCR) tool with a built-in artificial intelligence-based engine have also been implemented. Robotic Process Automation, as a data linker, retrieves invoice documents from damages and passes them to iOCRa, which automatically reads the data. It then automatically transmits the documents to a verifier, confirming the correctness of their automatic reading. The process is completed by a robot, which, based on this data, performs tasks according to business guidelines, mapping the work of a human much faster.



Claims handling – subsidiaries

At LINK4, claims can be reported by filling out a form at the website link4.pl/claims/zgloszenie.

The potential and solutions of the PZU Group in claims handling are also used by LINK4 which avails itself of car wreck sales platforms (PPO), on-site inspections, and the moto-assistance service (PZU Pomoc). Thanks to this cooperation, since 2021, LINK4 has been providing vehicle towing services for all incident participants. It provides towing across the whole country, 24/7, for all types of vehicles, including specialist vehicles and trucks. The service contributes to building and strengthening relationships with the incident participants, irrespective of whether they are LINK4 client or not.

LINK4 uses the **PZU Repair Network**. The process of referring clients to the cooperating workshops is supported by the use of a dedicated search engine which, based on defined business rules, allows to select the optimum partner workshop, taking account of customer preferences, distances and repair costs. LINK4 has a dedicated hotline for cooperating workshops. The introduction of a new communications channel with suppliers facilitates service and accelerates the processing of reports.

In 2023 roku LINK4 implemented a customer application using artificial intelligence. The application analyzes the extent of damage in real time, based on the photos attached by the client, it prepares a calculation and proposes a claim amount to the client. The tool is used in the process of liquidating

traffic damage, on simplified paths. At the same time, LINK4 is taking advantage of the potential of an **application** prepared for clients regarding **ADD claims**, the use of which significantly affects the time of liquidation. With this application, clients are able to independently present the injuries they have suffered and provide necessary information and medical records.

The robots functioning at LINK4 have reduced the work time, improved efficiency significantly and allow the company to implement additional solutions to increase customer satisfaction. Currently, among others, they also support: automatic registration of motor and casualty and property claims, update of the provision amount and entry of costs of inspections carried out by third party suppliers, verification of a vehicle's claims ratio, collection of loss documentation, handling of memos from the Insurance Guarantee Fund, handling of medical opinions, verification of vehicles with MOD insurance, the process of sharing claims files, sending claims decisions; they prepare payouts in the Direct Claims Handling process, and collect the documentation of inspections from the platforms used by the company.

Foreign insurance companies

At Lietuvos Draudimas, the claims handling process is centralized. Clients can submit claims or contact the insurer through electronic channels (customer self-service www.savasld.lt, www.ld.lt and www.ezalos.lt) and Customer Service Center.

The most important changes in 2023 were related to the implementation of automatic claims registration in health insurance and also fully automatic payment of private customer claims in the areas of property and casualty insurance. At the end of 2023, about 78% of private client claims were automatically registered.

In the claims handling area, the company focused on digital technologies. Self-service portal developed www.savasld.lt to support clients in reporting and handling claims. The system allows for the registration of the damage, the insertion of the necessary documents related to the incident and also (especially in the case of motor and residential damage) the use of remote inspection and valuation tools to estimate and make automatic payment of the claim. All documents are stored in a filing system, from which clients gain access to service history, damage documents, information on actions taken by liquidators, traffic history, suggested claim value and documents from relevant institutions.

In the area of motor, personal and home insurance in the mass customer segment, the benefit payment process has been automated. As part of the new functionality in the TIA system, after the customer agrees to the amount

of compensation on the self-service portal www.savasld.lt, the benefit is realized automatically, thus there is no need to manually enter the data necessary for payment.

In 2023, Balta continued to improve its claims processes, including the online claims process. It is currently available for nine products, making online claims between 45% and 98% of all claims depending on the product. Balta's mobile application, which complements the self-service portal, is appreciated by clients as a convenient solution, especially in the health benefits process. With the largest increase in online filings, the property insurance area saw the largest increase.

In the area of health insurance, the focus was on automating the handling of benefits. A number of improvements have been implemented, including OCR technology and the use of data analytics tools, resulting in smoother customer service. The Estonian Motor Insurance Bureau (Eesti Liikluskindlustuse Fond) has implemented an application dedicated to the registration of motor claims in the market. In June 2023, PZU Estonia launched an integration with this application to transfer data from it to the company's insurance system. The application is used in about 40% of claims registration in the market, the solution provided reduces data entry errors.

PZU Estonia has implemented a self-service third-party motor third-party liability damage form to enable the reporting of an incident involving a third party, who is not a PZU customer, at the scene without the need to fill out additional documents. A fully automated auto glass damage solution has been launched with partner Carglass.

A project to automate claims in the area of health insurance has been launched. The goal of the project is to automate the processing of health benefits processed through a self-service portal. More than 23% of all health damages are fully automated.

A Self-Service Business Customer Portal has been built for corporate clients, thereby enabling business clients to register claims and review and handle them in the same way as individual clients do.

Efficient adaptation of claims handling processes to the dynamic changes in the market environment, influenced by the prolonged martial law, made it possible to maintain a high level of customer service. In 2023, claims handling processes continued to be automated, which involved the introduction of innovative technologies into the company's work environment.

The implementation and development of Chatbot as part of the motor claims service for third-party and motor hull insurance has become a strategic advantage for the company in the Ukrainian insurance market. Integration of the damage valuation module with Chatbot has been launched, which allows automating the procedure of agreeing on the value of compensation with the customer.

The company PZU Ukraina Życie under martial law was forced to switch to accepting documents for payment in electronic form, as well as signing insurance contracts and letters to clients in the VCHASNO system. This required an overhaul of the claims handling process, but it was also a viable step toward the introduction of an electronic workflow in this customer service segment.



[GRI 2-25] [ESRS S4-2]

9.2.4. Customer dialog and improvement process



PZU and PZU Życie have a “Client experience management policy” in force, with the program devoted to that subject matter being a strategic initiative for the whole Group. It is carried out by the Client Experience Management Department. The guidelines for handling all complaints submitted to PZU and PZU Życie have been described in the “Rules for accepting, recording, examining and reporting complaints submitted by clients” (“Rules for handling client complaints”). Several hundred employees are involved in this handling process. Dedicated Complaint Handling Teams handle complaints and grievances. Some complaints may be dealt with by employees who handle claims and benefits. The complaint process in place is largely based on the Act on Complaints Handling by Financial Market Participants and on the Financial Ombudsman.

Closed Improvement Loop

PZU has in place the “Policy for managing proactive client initiatives at PZU – Closed Improvement Loop.” It applies

to all PZU employees who have a direct or indirect impact on client experience.

Closed Improvement Loop is a model adopted by the PZU Management Board that depicts how PZU defines, implements and monitors proactive client initiatives that ensure positive client experience. The purpose of the closed improvement loop is to improve client experience and streamline existing products and processes, design client experience, ensure consistent and effective communication and create new products and services in line with client needs and expectations. The Closed Improvement Loop process also includes the promotion of appropriate attitudes and behaviors among PZU employees, in particular by involving them in active participation in the process of defining and managing proactive client initiatives.



Client Improvement Database

Since 2022, PZU has had a Customer Improvement Database through which employees can submit initiatives and improvements. Since the creation of the tool until the end of 2023, 663 have been reported, of which: 121 have been implemented, 213 are in the process of implementation and 128 are under review. 201 initiatives were rejected on the grounds that the proposed solution already existed, the initiative duplicated those previously reported, or its implementation outweighed the achievable benefits.

Best practices of PZU and PZU Życie

„Client Oriented” competition series

In 2023, the third edition of “Client Oriented” competitions was launched, with the aim of engaging employees in the process of initiating change for the benefit of the client and building a sense of influence for change in the organization. In all editions, 150 initiatives were submitted, of which 9 best ideas have been awarded and work is currently underway to implement them.

One of the winning initiatives was the “You choose, we help” project, which was piloted in 2023. As part of the campaign, the PZU Foundation has provided financial support to a number of charities identified by clients in a closed list. The campaign has yielded positive results and is an example not only of cooperation between clients and the company, but also a way to share PZU’s social responsibility as the country’s largest insurer.

Best practices of PZU and PZU Życie

„Facing the Customer” („Frontem do klienta”)

The Facing the Customer project was launched in 2023, through which Directors from the product area and Directors from the claims division visited PZU’s sales and service units. During their visits, they took a close look at customer service in branches, agencies, Call Center Direct and Call Center Service. The aim of the project was to give managers a direct insight into what issues clients turn to us with, what they ask most often, what products they are interested in. Visitors to each unit can use the experience gained to build new solutions and enhance positive customer experiences.

Customer Journey

PZU manages the customer experience using Customer Journey, which depicts all the events and experiences a customer goes through while interacting with the brand, at each stage of contact with PZU. There are many such points of contact, including advertising, leaflets, employees, the website, the app, Contact Center consultants, the offering, agents, opinions of other people. The action taken by the customer and the emotions that accompany it create a Customer Journey map that helps eliminate the causes of negative experiences and design new, better ones. To create the map, a 360 analysis is applied, looking at the aspects concerned through the eyes of the client, employee, agent and service providers. This in-depth analysis enables the deployment of a ‘quick wins’ solution – quick and simple results. This allows us to create products that more effectively meet client expectations, improve the systems and applications the client uses, make improvements in communication, process and documents, among other things. The map engages the employees encouraging them to cooperate more efficiently with the clients. Two Customer Journey projects were conducted in 2023. One of them was

Best practices of PZU and PZU Życie

Training Course for the Customer

PZU has a „Customer Course” training course in the form of microlearning available to all employees. It is designed to educate in the area of Customer Experience and Employee Experience, and additionally supports a customer-centric organizational culture. The training teaches how to design a positive customer experience and shows how to use the knowledge gained in everyday work. Participants who receive positive results on quizzes at the end of the training receive a certificate as a Customer Experience (CX) Ambassador of PZU.

a customer journey and experience mapping project for four leading Cash portal products. The second customer journey and experience mapping project concerned service in motor damage from the perpetrator’s MTPL.

The following actions were taken in 2023:

- **UX workshops** – 2023 continued the development of usability testing, which has already become part of the process of designing new solutions on the myPZU platform;
- **Design Thinking Workshop** – four design thinking workshops were conducted to focus on the clients and their needs and develop prototypes of potential customer solutions;
- **CX in practice – a series of conversations about Customer Experience** – the series consisted of five webinars www.pzu.pl/raportcx/webinary and three podcasts www.pzu.pl/raportcx/podcasty, which addressed issues such as the use of artificial intelligence to improve customer interactions;;
- **CX DAY** - a webinar was held for PZU employees, during which PZU CX area managers presented the most important results of the CX area for the first half of the year, and talked about plans for the second half of the year. There was also a lecture with a special guest, an analyst of trends and innovative technologies.
- **The Customer Experience (CX) report “Epoch of new experiences”** – the third edition of the report was prepared by PZU in cooperation with content partner Digital University. The publication showcases the trends and technologies that are currently having the greatest impact on the customer experience and provides predictions of changes and revolutions that will affect customer service in 5, 10 and 15 years. The report is available at www.pzu.pl/raportcx.
- **CX Conference** - the keynote of the meeting was the latest CX Report The Epoch of New Experiences. Among other things, the conference discussed trends and technologies that create modern experiences, the evolution of customer experience in the perspective of the coming years.
- **Consumer Day** - on the occasion of Consumer Day, a special webinar was organized for PZU employees, during which representatives of PZU’s CX area and market experts in the CX field gave lectures, during which PZU employees could learn: what customers think of PZU, how the customer profile has changed over the years, what will be the Customer Experience of the future?

22 [GRI 3-3]

9.2.5. Client satisfaction surveys

PZU is committed to building a positive customer experience with PZU. PZU has been carrying out client satisfaction surveys for many years. Each year, it broadens their scope, deploys new methods and improves the reporting process, thanks to which it is able to better respond to the clients’ needs.

The results of client satisfaction surveys are distributed to all business units responsible for customer service at a given stage. They allow it to, on an ongoing basis:

- identify the sources of client dissatisfaction;
- compare the level of client satisfaction across products or areas;
- take action in case of declines in client satisfaction;
- introduce remedies in the customer service process.

PZU reports key client experience indicators, such as:

- Customer Satisfaction Score (CSS);
- Net Promoter Score (NPS).

Surveys and interviews

- PZU has deployed a permanent benchmark audit to compare the satisfaction of PZU clients with the satisfaction of clients of insurance industry competitors.

- In a quarter, PZU carries out more than 50 thousand client interviews. Meetings with business units responsible for the product and the service process are held on a regular basis – to present the audit results and discuss the areas that need improvement.

Net Promoter Score (NPS)



One of the key indicators reported within satisfaction surveys is the Net Promoter Score. The indicator is standardized and applied all over the world. It allows comparing and verifying the condition of the brand with respect to competitors over time. Clients are asked how willing they are to recommend the brand to their family and friends. The response is selected from a scale of zero to ten, where zero is “definitely would not” and ten is “definitely would”. The clients selecting values from 0 to 6 are highly unlikely to recommend the services, 6 to 7 are neutral, whereas those willing to recommend choose between 9 and 10. The value of the indicator is the difference between the % of critics (answers 0 to 6) and promoters (answers 9 and 10).

At PZU, clients are asked how willing they are to recommend brands after they take out insurance and after they avail themselves of insurance (e.g., payment of benefits, handling of claims, use of assistance, medical visit).

Net Promoter Score (NPS) – loyalty indicator for PZU SA/PZU Życie clients	2022	2023
After insurance is purchased	44	45
After insurance is availed of	25	23

Professional service and sales handling indicator (PRO)

Professional service and sales handling indicator (PRO)

The customer service standards in the PZU sales networks among tied agents, field agents, life agents of the Agency Sales Department and multiagents, as well as in branches and office agencies are permanently verified by Mystery Shopping audits .


These audits are an important operating tool for the departments that are managing the sales networks, and allow them to monitor the quality and standards of services offered to clients by sellers. Thanks to quarterly Mystery Shopping audits, a systemic problem that may occur in a particular area of the agent's or the center's operations can be diagnosed and then rectified with appropriate communication and training.


Audits are carried out on-site within all channels except for field agents without an office, where service is provided remotely.


In 2018, the professional service and sales handling indicator (PRO) was implemented for branch and office agency audits, which simplified the Mystery Shopping measurement method in PZU branches.

PRO indicator	2022	2023
Average value annually	96.7	97.1

Satisfaction surveys - subsidiaries

 **LINK4** – examines the level of client satisfaction, including the propensity to recommend LINK4, on an on-going basis, focusing on customer service and the processes in operation. Clients receive survey forms in which they can assess the purchase process, aftersales service, loss adjustment and provide their comments. We use the information received to continuously improve the quality of service and to streamline processes.


 **TUW PZUW** – conducts customer and broker satisfaction survey. The purpose of the survey is to assess the overall cooperation of clients and brokers with TUW PZUW, as well as to evaluate the service of various areas of the Society's operation, particularly quoting, after-sales service, claims service and benefits. As part of the study, the NPS is determined. The survey is conducted separately for clients and brokers working with TUW PZUW.

 **Alior Bank** – monitors the level of client satisfaction on a continuous basis. A general tendency to recommend its services, as well as client satisfaction with individual products and service channels, such as branches, the hotline or mobile banking, are also examined.

The bank's relational NPS survey conducted in the third quarter of 2023 reached a historic score of 40 (at the end of the previous year the score was 37). The ongoing NPS surveys are reaching more and more clients each year on different channels of contact with the bank.

Clients' assessments and opinions are analyzed on an on-going basis and transferred to persons responsible for a given service area. Both survey conducting and

distribution methods are constantly developed to improve the quality of information obtained through them, which is subsequently used as a basis for making recommendations and improvements. Results are analyzed with the ongoing support of analytical dashboards allowing far-reaching automated processing of information obtained for clients, ensuring a faster and more approachable presentation of results.

 **Bank Pekao** in 2023 focused on quality improvement, with the goal of strengthening customer experience activities. One of the pillars of operations is quantitative and qualitative research with clients, the results and analysis of which are translated into concrete operational actions. In 2023, the existing scope of research was expanded to include new processes and customer groups. The bank listens to the voice of clients in order to, according to their needs, improve the quality of service, products and services.



22 [GRI 3-3] [GRI 2-25] [ESRS S4-3]

9.2.5.1. Complaints and grievances

Claims process

The complaint examination stages at PZU and PZU Życie include:

- immediate examination of the circumstances of the case;
- assessment of the validity of the issues raised;
- taking a position;
- taking actions to rectify the identified faults, if any;
- replying the client and external body if that body lodged a complaint on the client's behalf.

Information about the causes of the grievances is analyzed also by the persons responsible for the areas to which they pertain. This is aimed at taking actions which may eliminate the causes of the complaints and their sources in the future. This applies in particular to product offer development, sales, distribution channels, external partner network (including cooperation with service providers and contractors), customer service, claims handling and marketing. Through a satisfaction survey in the claims process, PZU and PZU Życie are examining the customer experience in the claims process. The satisfaction rate at the end of 2023 was 22%.

Complaint prevention system

Based on the conclusions drawn from complaints, all employees involved in examining complaints put forward complaints-related initiatives, or ideas for improvements and on how to eradicate the sources of these complaints and client dissatisfaction, to the Client Relations Department (the owner of the complaint handling process). For this purpose, an appropriate tool has been created: the Client Improvement Database (BUK). The Client Relations Department is responsible for handling all submitted initiatives: verifying all submitted ideas, checking the reasonability of proposed changes with business owners, monitoring the progress of work and then reporting on the outcome of changes and their business impact.

Ratio of complaints handled within 30 days	2022	2023
PZU Group	97.6%	98.5%
PZU and PZU Życie	98.0%	97.9%

[GRI 2-27]

Penalties and proceedings

In 2023, PZU was fined as follows:

- The Financial Supervision Commission in October 2023 issued a final decision, after reconsideration, upholding a May 2022 decision imposing fines totaling PLN 546,300 on PZU. The fines were imposed in connection with failure to pay out claims timely, as referred to in Article 14(1) and 14(2) of the Act on the Mandatory Insurance, Insurance Guarantee Fund and Polish Motor Insurers' Bureau Act, and in conjunction with PZU's failure to satisfy the disclosure obligation referred to in Article 14(3) of the said Act.
- The Financial Ombudsman imposed a fine of PLN 2,500 on PZU for violating Articles 6 and 7 of the Act on the Processing of Complaints by Financial Market Entities and the Financial Ombudsman and the Financial

Education Fund Financial Ombudsman, and a penalty of PLN 50,000 (non-final decision) in connection with the Company's violation of its obligations under Article 9 items 1-2, and from Article 10 items 3-4 of the Law on the Processing of Complaints by Financial Market Operators and the Financial Ombudsman and the Financial Education Fund.

The following penalties were imposed on PZU Życie in 2023:

- The Financial Ombudsman imposed fines totaling PLN 13,000 for violations of Articles 6 and 7 and 10 of the Law on the Processing of Complaints by Financial Market Entities and the Financial Ombudsman and the Financial Education Fund regarding the timing of complaints.

[GRI 2-25]


Complaints and grievances – agents


They are accepted by PZU in any form. Clients decide on their own whether they want to use a traditional letter, an e-mail or a form on PZU's website, or to report the problem to an employee by phone or directly in a company outlet. The Complaints Handling Section specially appointed in the corporation's structures deals with the submitted complaints and grievances. The employees of this section field each notification as quickly as possible. In standard cases clients wait for a response for no more than 30 days. In cases that are particularly complicated this timeframe is extended but does not exceed 60 days. If it finds that an agent has breached his or her duties, PZU may curtail the scope of the power-of-attorney extended to enter into insurance contracts, or terminate the agreement. In the event of serious breaches, the Security Department is the appropriate unit to react.


Fines for violation of consumer rights (thousands of zloty)	PZU		PZY Życie	
	2022	2023	2022	2023
Non-financial sanctions due to legal or regulatory non-compliance (number)	0	0	0	0
Total material penalties for legal or regulatory non-compliance (by quantum)	0	52,5	0	13,0
Cases under dispute resolution mechanisms	0	2	0	3
Financial penalties imposed by KNF	3	1	0	0
Total financial penalties imposed by KNF (in PLN '000)	800.0	546.3	0	0


Commentary to 2023: the value of penalties in relation to PZU insurance revenues in 2023 was 0.002%.

Other PZU Group companies: in 2022 and 2023, they did not report penalties for consumer rights violations.


 TUV PZUW has a Procedure for handling complaints at TUV Polski Zakład Ubezpieczeń Wzajemnych.


 A number of policies are in place in foreign insurance companies, defining, among other things, the processes and bases for creating and modifying insurance products, as well as the client complaint handling principles and responsibilities. Lietuvos Draudimas has, among others, the “Policy: Insurance Products”, as well as the “Client Complaint Management Policy” in place. AAS Balta has the “Insurance Portfolio Management and Development Policy” and the “Guidelines for communicating with clients”. Similarly, the Estonian Branch has adopted the “Client Complaint Examination Policy”. The companies in Ukraine, in turn, have the “Rules for examining complaints” in place.

 PTE PZU has a Procedure for handling complaints at PTE PZU filed against the activities and services of PTE PZU, OFE PZU and DFE PZU, including the actions of the Transfer Agent performing services under reciprocal agreements. PTE PZU provides information on the rules for handling complaints on the contract forms used by OFE PZU and DFE PZU and in the Regulations for Handling Complaints at PTE PZU available onpzp.pl.

 TFI PZU has a Procedure for dealing with complaints from clients of TFI PZU and TFI PZU investment funds, which sets out the rules and guidelines for dealing with complaints from clients of the company or TFI PZU investment funds. Furthermore, TFI PZU developed a customer service procedure for clients who use the portfolio management service of Towarzystwo Funduszy


Inwestycyjnych PZU. It is an internal document that governs activities related to the establishment and termination of cooperation between TFI PZU and its client related to managing portfolios of financial instruments and activities related to customer service..

 Bank Pekao operates in accordance with applicable laws, in particular the Law on the Processing of Complaints by Financial Market Operators, the Financial Ombudsman and the Financial Education Fund.

 Alior Bank has the “Service Quality Standards Book” in place, defining the individual and business customer service principles. With a view to building new and updating existing service quality standards, the Customer Experience Team operating at Alior Bank, deals with, among other things:

- monitoring the level of service in all channels of contact. The goal of this activity is to analyze the customer’s experience throughout his or her relationship with Alior Bank – from the moment the brand is spotted, through the purchase of the product, after-sales service, and until the relationship is closed. Internal customer service quality surveys and market benchmarks are conducted for this purpose;
- supporting the work of moving clients into the digital world, encouraging them to use self-service, e.g., by educating clients on how to use Alior Bank’s competitive e-banking functionality;
- commissioning Mystery Shopper surveys by cooperating with external research companies in this area;

- implementation of tasks within the Recommendation Group, the main objective of which is to minimize the number of complaints filed with the bank.

 **PZU’s Client Ombudsman**

The most difficult cases that cannot be handled according to the standard complaint procedure or require additional legal or expert opinions are handled by the PZU’s Client Ombudsman. They support clients in clarifying complex and multithreaded cases. They make sure that all actions take account of the client’s perspective and propose solutions that satisfy both parties.

Clients directly contact the Ombudsman through a web form or an e-mail or by phone. It is also possible to have an appointment in person at PZU’s Head Office in Warsaw. Every notification is recorded in the system while the Ombudsman intervenes in cases that, in his or her opinion, require a non-standard approach. The Ombudsman also undertakes educational efforts since many questions forwarded to him or her pertain to the






functioning of an insurance product. In 2023, the Client Ombudsman received 1,280 cases to consider.

PZU’s Client Ombudsman also analyzes the cases forwarded to the Management Board of PZU and PZU Życie, and mediates before the Financial Ombudsman and in the Polish Financial Supervision Authority.

The Client Ombudsman has established cooperation with the National Association of the Deaf (PZG) to best align insurance products with the needs of deaf and mute clients. In collaboration with PZG, we made a video showing how deaf and mute persons could use PZU road assistance service. The video has been posted on PZG’s website.

 **LINK4’s Client Ombudsman**

LINK4 clients in complex cases requiring additional analysis, in which they have already gone through the standard complaint procedure, can count on the support of the Client Ombudsman. The Ombudsman

Cases reported to the PZU Client Ombudsman		2022	2023
	motor insurance	40%	35%
	protection insurance	29%	30%
	health insurance	5%	8%
	property insurance (buildings and residential units)	9%	11%
	other	17%	16%

also assists clients with cases that are still being handled but require additional action or clarification.

TUW PZUW's Client Ombudsman

The Client Ombudsman at TUW PZUW assists clients in difficult cases that require quick intervention and cannot be handled according to the standard complaint procedure or require additional legal or expert opinions. They also handle customer appearances when the standard complaint procedure has been exhausted, or at the express request of the client to the Client Ombudsman to handle the matter.

Client Ombudsman – banks

At Bank Pekao and Alior Bank, we have Client Ombudsmen who deal with specific cases which cannot be resolved within the standard complaints procedure or which require additional legal or expert opinions. They also support clients in clarifying complex and multithreaded cases. They make sure that all actions take account of the client's perspective and propose solutions that satisfy both parties.

9.2.6. Customer – preventing exclusion

At PZU, openness and understanding of diversity also applies to clients. The PZU Group builds its relations with clients based on the principle of their equal treatment, respecting their diversity, and none of the products or services offered by the PZU Group are discriminatory in nature. The diverse needs of clients, on the one hand, present an opportunity to shape the product offering accordingly, and on the other hand, sensitivity to the needs of people at risk of social exclusion provides a stimulus, through the provision of bespoke business solutions, to efforts aimed at finding solutions to specific social problems. Among the special groups of clients whose needs are of major concern to the PZU Group are people with disabilities and senior citizens. An extensive network of outlets, also located in smaller cities, provides easy access to financial services, contributes to the prevention of financial exclusion, and most of these services are also available through remote service channels, especially in mojePZU platform.

22 [GRI 3-3] [G4-FS14]

Preventing exclusion – offer for seniors

PZU pays special attention to the needs of seniors and the appropriate standard of their service. With the aim of improving the well-being of seniors, a special offer was prepared for them, creating “Ecosystem – Special Offer for Seniors” to improve the well-being of seniors.

Preventing exclusion – marketing measures

In recent years, the PZU Group conducted research to more precisely formulate expectations of the 60+ generation. Thanks to this, it was possible to create

solutions so that senior clients may feel secure at PZU and be certain that the offer will meet their needs.

The starting point was the preparation of guidelines for communication, meaning instructions on how to present the information on the offer to seniors. In 2022, the National Institute of Silver Economy performed an audit of PZU informational materials in terms of accuracy for the needs of senior clients. These recommendations and results of other tests served as the basis to create main principles of preparing marketing materials dedicated to this group. In 2022 and 2023, PZU prepared marketing materials in line with these recommendations. They differ from standard materials. For instance, they have different narration, scope of product information, smaller amount of text, bigger font and more clear contrast.

Survey of Young Poles and insurance products

The PZU brand wants to activate young people in the context of the insurance category, while expanding its customer base to include the youngest generation of adult Poles. The Marketing Bureau conducted research and analysis on a group of young Poles in cooperation with research agencies Norstat and IQS. A team of researchers from the Center for Evaluation and Analysis of Public Policies at Jagiellonian University was invited to collaborate on the development of the proposals. The report will be released in the second quarter of 2024.

Best practices of PZU and PZU Życie 

The five-step theory

The customer service standards in place in PZU branches comprise a “five steps theory” which places particular emphasis on the senior citizens’ needs (e.g. problems with vision, hearing, mobility or comprehension of complex information). The employee guide contains recommendations on how to provide services to senior citizens. In particular, it boils down to providing information in an understandable manner. In 2021, PZU began cooperation with the National Institute of Silver Economy, and in 2022 this cooperation served as the framework for a series of trainings to ensure that senior clients receive even better services in PZU branches. This special care paid by PZU to the needs of seniors was validated by receiving the International Quality Certificate OK SENIOR®. PZU was the first institutions in the insurance industry to receive this award in Poland. PZU branches successfully completed audits of seniors pertaining to infrastructure and provision of services for this client segment, and thus satisfied the conditions to receive the Certificate. This recognition is awarded by OK SENIOR® Polska in cooperation with the National Institute of Silver Economy. The extended network of branches and their adequate accessibility also serve to prevent digital exclusion.

Preventing exclusion – infrastructure

Following the example of seniors, principles were defined on how to serve people with disabilities, including people with mobility impairment, blind persons or persons with impaired vision, deaf persons or persons with impaired hearing, or people with speech impediments.

Approximately 78% of PZU’s branches offer access to people with disabilities. They are equipped with, among others, solutions that aid mobility:

- in approximately **37%** of the PZU branches there are currently no barriers at entrances;
- in approximately **40%** of the branches, access to the disabled is facilitated through suitable ramps, elevators and other technical equipment. **ułatwiają odpowiednie podjazdy, windy lub urządzenia techniczne.**

During the verification of the market and analysis of facilities for lease agreements to be used as newly-opened branches, the accessibility afforded to the disabled is one of the key criteria making buildings eligible to be leased by PZU.

With guaranteeing the reduction in the number of obstacles and equal accessibility as their goal, PZU, other business entities and local governments are participating in a nationwide campaign to “eliminate obstacles” in Poland. The steadily growing number of parking spots for disabled persons across the country is a visible outcome. Efforts were made in all of the properties with parking lots owned by PZU to designate separately marked spots for eligible vehicles. If parking lots are leased then PZU expends effort for the lessor to show its care about creating separate privileged spots. Moreover, approximately 43% of PZU branches are equipped with accessible toilets for persons with disabilities. PZU headquarters, the Generation Park Y – PZU Park building and the new Oławska Gate headquarters of one of the branches in Wrocław, meet the highest standards of adaptation to the diverse needs of employees.

Support after accidents

In many cases, a person’s disability is the outcome of an accident. The sudden loss of full physical ability is an extremely difficult experience. In such trying times, PZU

does not only pay the claim but is also able to provide the injured persons with assistance under its Rehabilitation Program. PZU addresses this program to those persons who suffered bodily injury in an accident in which the perpetrator had third party liability insurance with PZU. The Rehabilitation Program ensures:

- faster physical recovery process and comfortable family and professional life;
- treatment and rehabilitation at the highest level in reputable centers;
- organization of tests, consultations and procedures without the need for the injured person to bear any costs, with only minimum formalities.

The correctness of this rehabilitation process is overseen by the **PZU Relationship Manager** – an experienced mobile expert responsible for Organizing Assistance. They support the injured person and their family at each and every stage of recovery. They help the Relationship Manager to establish the actual situation of the injured person and correctly assess the personal injury.

ESG strategy indicator: Development of a product offering that incorporates elements of social commitment

Level of implementation 2023: Insurance products are evaluated for ESG factors. Social factors have been identified in some insurance products. As part of its cooperation in the Large Family Card program, the Company offers two products, PZU Dom and PZU Wojazer. With special offers for large families, the products promote diversity, contribute to leveling the playing field and fighting discrimination. In 2023, 2,006 PZU DOM policies were concluded under the Large Family Card program.

PZU also cares about the needs of the disabled in its prevention initiatives. An example of such actions may be the comprehensive service provided to drivers and passengers with disabilities in cooperation with the SPiNKa Association of Disabled Drivers. This long-term cooperation consist of providing financial support to individuals suffering from various disabilities (movement, speech or hearing), whose active day-to-day existence requires a specialist technical adaptation of their vehicle. Beneficiaries who wish to be professionally and socially active may receive funding for specialized adaptation of the car to meet their needs. Financial support can also apply to entities that provide services to people with disabilities and want to adapt vehicles for this purpose (e.g. driving lessons). Car adaptations are carried out with

new types of equipment, which increases the comfort of the cars. In addition, the equipment is mostly of Polish manufacture. Every year, PZU supports the adaptation of vehicles for tens of drivers.

Needs of parents

PZU also seeks to meet the needs of parents. Playroom corners have been prepared specially for the children, where the child may freely and safely occupy oneself while the parent is taking care of all the matters related to an insurance policy. At the end of 2023, the toddler corner was operating in 57 wards.

Best practices of PZU and PZU Życie

Psychological support in the form of home, on site and remote consultations is provided by psychologists working together with PZU Zdrowie and the Rakiety Oncological Foundation. Psychological support for children with their caregivers in the form of therapeutic and recreational periods implemented by the Siemacha Association. The beneficiaries are those directly and indirectly injured in an accident, the next of kin caring for the injured, families of fatal victims who are in crisis, have lost family stability, are going through complicated bereavement, are not coping with difficulties, and those affected by oncological disease. In 2023, 385 people were assisted.

9.3. Communities

9.3.1. Communities – approach to management

For many years, a major theme of PZU’s community involvement has been improving safety in local communities. PZU is engaged in actions preventing accidents or mitigating their effects; it highlights proper behavior, supports preventive campaigns and rescue services. It analyzes causes of accidents and focuses on the most urgent problems, so that its preventive actions are as effective as possible. The second key area of community involvement, is the promotion of health and active lifestyles. Since the pandemic, the PZU Group has paid special attention not only to prevention and physical health, but also responded to the challenges of maintaining mental balance and preventing mental health problems.

[ESRS S3-1]

The PZU Group respects human rights in its business activities, in its direct relations with other stakeholders, especially local communities, cultural institutions, universities.

In addition to the PZU Group’s Human Rights Policy, PZU also has other regulations that are relevant to human rights.

These include:

- Sustainable Development Policy in the PZU Group;
- Best Practices of the PZU Group;
- Security Policy in PZU and PZU Życie.



The issues of corporate social responsibility are regulated in the PZU Group’s ESG Strategy “Balanced Growth” for 2021-2024, which specifies the strategic areas of the PZU Group’s social commitment, as well as in the PZU Group’s Sustainable Development Policy. There are Regulations for Sponsoring Activities in PZU and PZU Życie. The Office of Brand Promotion and Sponsorship carries out PZU’s tasks of financing tasks in the fields of culture, national identity, expertise, sports, as well as supporting local communities and entrepreneurship.

PZU and PZU Życie have a Code of Ethics in Advertising that, among other things, regulates the general rules for conducting sponsorship activities. The other PZU companies have introduced “Best Practices of the PZU Group”, i.e. a collection of values and principles for employees to follow in relationships with customers, business partners and within the company. PZU Zdrowie conducts social engagement activities based on the “Code of Ethics in Advertising” and the “Best Practices of the PZU Group”. Furthermore, the company has a dedicated sponsorship procedure. Alior Bank also conducts social engagement activities on the basis of the Code of Ethics in Advertising. LINK4 has a Policy of cooperation with local communities and

charitable activities. TUW PZUW has implemented the Sponsorship Rules and the Sponsorship, Prevention and CRS Committee. The Baltic insurance companies of the PZU Group operate the “Charity and Sponsorship Policy”, which outlines the framework of interaction with the local community in the area of sponsorship, donations and other forms of social support, as well as defines objectives that the companies choose to support. The Policy also designates the lead departments, management methods as well as competencies in the area of sponsorship and community support management in each of the companies. The directions of sponsorship activities are: local communities and entrepreneurship, culture, knowledge, sports.

Bank Pekao has implemented the “Rules of Donations and Sponsorship by the Bank Polska Kasa Opieki Spółka Akcyjna”. The regulation envisages, among others, the establishment of the Sponsorship and Donations Commission, to support the Bank’s Management Board in making decisions regarding its engagement in sponsorship projects or in respect of potential donations. Charitable activities are mainly carried out through the Pekao Bank Foundation, which was established in 1997.



The PZU Group's expenditures on the areas listed in recommendation 1.5 of the Best Practices of WSE Listed Companies 2021 were as follows:

A summary of the expenditures incurred in 2023 by PZU and the PZU Group that are covered by Rule 1.5 of the „Best Practices of WSE Listed Companies 2021” issued by the Stock Exchange in 2021 is presented in the table below..

The PZU Group's expenditures on the areas listed in recommendation 1.5 of the Best Practices of WSE Listed Companies 2021 were as follows:

Expenditures incurred for the support of (PLN million):	2022		2023	
	PZU	PZU Group*	PZU	PZU Group*
• culture	1.8	5.1	2.3	8.8
• sports and physical activity	11.9	36.2	16.1	40.5
• community organizations and foundations	18.4	39.4	18.9	54.8
• charitable institutions	0.0	0.0	0.0	0.0
• media	1.4	4.6	1.6	5.2
• trade unions	0.0	0.7	0.0	0.5

*) Capital Group, including Bank Pekao Group and Alior Bank Group

Prevention fund

In 2023, the PZU Group engaged in activities in support of culture, sports, charities, the media, and social organizations.

Expenditures incurred from the prevention fund

Expenditures incurred from the prevention fund for (PLN million):	2022		2023	
	PZU	PZU Życie	PZU	PZU Życie
• anti-accident activity	17.3	0.0	38.5	0.0
• health care	0.0	18.0	0.0	17.5
• safety at workplaces	0.0	8.0	0.0	7.5
• other areas (including fire and anti-theft activities, public security)	9.1	1.8	3.2	3.7

[ESRS S3-1]

9.3.2. Local communities

The promotion of health and active lifestyles is a special area in which PZU has been involved for many years. PZU is implementing a number of initiatives to encourage the public to be physically active, change their eating habits, perform regular preventive examinations and take care of their mental health. The PZU Group promotes and is willing to financially support such activities. With this attitude, PZU wants to get its employees and clients to reflect more deeply on their lives and encourage them to take action to improve the quality of their lives.

35 [GRI 3-3] [GRI 403-6]

9.3.2.1. Sports and physical activity

Best practices of PZU and PZU Życie

PZU has consistently supported healthy lifestyles and sports activities for its employees for years. Each of them has the opportunity to practice their favorite sport in the sections of the PZU Sport Team Association. The sailing section of PZU Sport Team and the skiing section of PZU Sport Team are the most numerous, with **more than 350 people** belonging to each. In 2023, new activities in combat sports, yoga, shooting have been implemented in the Association, which have met with considerable interest. The new activities are part of the Association's calendar of proposed activities for 2024.

Sport sections in numbers:

384 members of the sailing section

182 people took part in

11 sailing trainings – cruises and windsurfing



385 members of the skiing section

184 active persons, including 146 section members and 38 accompanying persons

6 trainings, including 1 overseas and 1 training on cross-country skis



291 members of the running section

311 runs completed by our athletes in the colors of PZU Sport Team

7,741 km and 775 hours run in registered competitions

92 athletes competed in the aforementioned runs



Sport sections in PZU:

	running		strength training
	basketball		squash
	skiing		dance
	nordic walking		table tennis
	football		triathlon
	cycling		sailing
	volleyball		badminton
	mountain sports		tennis

The Good PZU Team Program (Program Dobra Drużyna)

In 2023, PZU continued and developed the Good PZU Team program inaugurated in 2021, which promotes physical activity for children and young people. Good PZU Team is a nationwide, universal program aimed at organizers of sports activities for children and young people in any discipline. In 2023, the captain of the Good Team continued to be Iga Świątek – a champion, an athlete for whom sports is a source of passion and success. As a Good Team ambassador, Iga actively supported the initiatives promoted by the program, participated in special events and shared her space on social media.

The sponsorship agreements have offered support to

40 sports clubs and associations with more than 27,000 children training in 13 sport disciplines

until the end of 2023

PZU Good Team prevention program – support provided

In 2023, PZU continued its nationwide Dobra Drużyna prevention program, which aims – by popularizing and supporting physical activity for children and young people – to reduce the risk of disease and other insurance accidents. Thanks to the program, PZU influences the sports development of children and young people, expands the educational and sports offer and thus creates the right conditions for sports, especially in centers with limited access to financial resources.

In 2023, 450 entities selected from more than 3,000 that applied during the ongoing call for proposals in March and April **received funding amounting to PLN 5 million.** Funds from the program could be used by beneficiaries to cover the costs of renting sports facilities, purchasing sports equipment, transportation to sports competitions, and entry fees for games and sports competitions. The funding covered nearly 100 sports.

In total, the Good PZU Team prevention program has covered 96,000 children playing 80 sports across the country, primarily in smaller towns, over the course of two editions until the end of 2023.

Partner of the National Association of People’s Sports Teams

PZU is a strategic partner of the National Association of People’s Sports Teams – under this partnership PZU supports projects, events and sports initiatives promoting the most popular sports disciplines organized by the People’s Sports Teams. Thanks to PZU’s financial support, local sports organizations are able to develop, which affects the leveling of opportunities in access to sports in small towns as well. More than 350 later Olympic participants started their career in the People’s Sports Teams.

Other forms of support for sports

PZUPZU is actively involved in supporting the development of Polish sports. In 2023, he was the main sponsor of Iga Świątek, winner of four Grand Slam tournaments: French Open 2020, 2022 and 2023, and US Open 2022. From April 2022 to September 2023 and again from November 2023 the WTA singles ranking leader. PZU is the official sponsor of Poland’s largest cycling event, the Tour de Pologne. It is also a strategic partner of the

Dobra Drużyna PZU (Good PZU Team) program – objectives:

- promoting a healthy lifestyle;
- having an impact on the psycho-physical development of children and young people active in sports, including those with disabilities;
- forming appropriate social habits and attitudes among the youngest athletes;
- supporting the development of sports for children and young people in smaller centers with limited access to financial resources;
- stimulating the movement of children whose normal physical development has been disrupted by the pandemic.



Amp Futbol Polska association, which implements various projects for amputees and people with disabilities. Since 2021, PZU has also been a sponsor of the FKS Stal Mielec sports club and a strategic sponsor of the Academic Sports Association. Since 2023, PZU has been the title sponsor of the PZU Podhale Nowy Targ field hockey club and the sponsor of clubs including: Górnik Łęczna, Stal Nysa, Karpaty Krosno. In 2023, PZU was also the strategic sponsor of the Warsaw Jumping CSIO 4* Longines EEF Series event and the main sponsor of the tennis Super League's regular season.

9 [GRI 3-3]

9.3.2.2. Health prevention

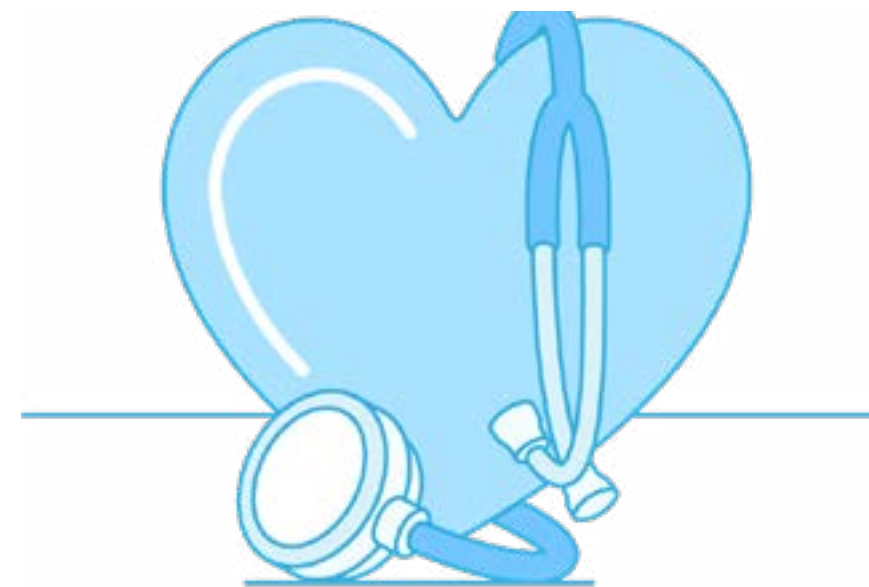
National action – Healthy Life

For years, PZU has been conducting and supporting various health prevention campaigns as part of its preventive activities. In 2023, PZU continued the project of the nationwide health prevention campaign “**Healthy Life**” initiated in June 2022 under the honorary patronage of the Presidential Couple, in cooperation with the Ministry of Health, the National Health Fund, the Ministry of State Assets and the Ministry of Education and Science. The campaign was also joined by the National Blood Donation Center, the Sanitary Inspectorate, the State Pharmacy Chamber and the National Security Office.

The aim of the campaign was to emphasize the importance of prevention and encourage the public to pursue a healthy lifestyle and preventive examinations, which has taken on particular importance after the coronavirus pandemic. The second edition of the “Zdrowe Życie” (“Healthy Life”) project was inaugurated

on 2 April 2023, in Skierniewice, and ended on 8 October in Warsaw on the slopes of the National Stadium. In each of the towns visited, residents and tourists were able to consult specialists free of charge and perform a number of tests, including blood pressure measurement, ECG, spirometry, lung ultrasound and mammography. In chosen zones, there was a blood donation bus of the National Blood Donation Center available, providing the opportunity for honorary blood donations. At the co-organizers’ booths, it was also possible to make a card for EHIC health insurance recognized in the European Union, confirm a trusted profile and get a pharmaceutical consultation. Information about current prevention programs, treatment policies, and spa treatment options was also available on site.

The program was supported by an extensive communications campaign to build awareness of health prevention and encourage the use of mobile health zones.



The scale of the second edition of the program far surpassed the first. **During the 6 months** of the campaign, mobile health towns visited **25 locations** (compared to 12 locations in the previous edition). They traveled **17,130 kilometers**, devoting nearly **900 hours** of attention to Poles’ health issues and performing **112,437 medical examinations** and procedures in the process. **2,714 patients** were referred for further diagnosis or treatment.

Promoting health prevention in the media

In 2023, as part of its preventive efforts, PZU is committed to conducting a health prevention campaign in the form of a series of broadcasts on Polish Radio. The broadcast series of educational broadcasts dealt with preventive health care, aimed at making viewers aware of how one can influence the quality and length of one’s own life, including through physical activity tailored to one’s age and health status, proper diet and leisure activities.

Mental health protection

PZU also responds to challenges related to the protection of mental health and finances a comprehensive educational and assistance Internet platform, operated by the Polish Suicidological Society, addressed to persons in suicidal crisis and their relatives and friends.

The „**Life is Worth Talking About**” („**Życie warte jest rozmowy**”) platform is a service where free and anonymous help is provided to people in suicide crisis and their loved ones, as well as those who have lost a loved one in suicide crisis. It also serves broadly to educate the public and promote an up-to-date database of places with free specialized assistance available. A module of specialist on-line help is seen as very valuable and enjoys a lot of attention of the platform users. Website www.zwjz.pl continually enjoys a very low rejection rate.

In cooperation with PZU Zdrowie and the Rakiety Oncological Foundation, PZU provides psychological support and professional help to families struck by trauma caused by an accident or cancer. In 2023, over 370 persons used the service. Depending on the individual needs, the crisis interventions could take up to a few meetings. Responding to the changing realities, PZU provides psychological and psycho-oncological consultations not only in face-to-face meetings, but also by phone or via other remote channels.

Promoting prevention and a healthy lifestyle

PZU Zdrowie undertakes a range of activities, both nationwide and locally, with the aim of improving Poles’ health, including: PZU Zdrowie’s corporate social responsibility activities have been described in industry reports, including a report prepared by the Responsible Business Forum, „Responsible Business in Poland. Best Practices” and in the English-language version and in the UN Global Compact Network Poland publication „Green Hospitals”.



PZU Zdrowie also conducts many activities aimed at promoting prevention and healthy lifestyles, such as:

- **Senior Economy Congress** - an event dedicated to the needs of seniors in the context of technological change, managing age diversity in the labor market and taking care of their health. The conference was organized by the National Institute of Senior Economy, and PZU Health was a partner in the event;
- **The „Closer to You” campaign** - a nationwide education and information campaign on mental health in the work environment. The initiative includes an online knowledge base and a report summarizing the needs in this area. PZU Health was a partner in the initiative;
- **Social campaign #free #unblock** – the initiative aims to educate the public about not canceling medical appointments. The campaign involved all major players from both public and private health care;
- **„Together for Health. Meet PZU Health’s social partners”** - a series of internal meetings for PZU Group employees with representatives of NGOs with which PZU Health cooperates on a daily basis. Representatives of NGOs shared their experience with employees on health aspects close to their specialties;
- **PZU Health social media education campaigns:**
 - **#HealthyCareer (#ZdrowaKariera)** – an educational campaign about healthy habits at work and after work;
 - **#myBREASTfriend** - an educational campaign to encourage women to get regular preventive screenings;
 - **#askingforaFRIEND (#dlaKOLEGIpytam)** – an educational campaign to encourage men’s urooncology prophylaxis – is a social media project.

PZU Zdrowie also gave patronage to and co-organized events supporting the development of Polish medicine and the healthcare system, among others:

- **New Year’s Conference of the Association for Health** – an event for media representatives who cover the topic of health in their publications;
- **VIII Congress of Health Challenges** – one of the most important health care conferences in Poland. PZU Health experts took part in debates on business, medicine and communication;
- **Health Market Forum** – one of the most important industry events. The goal of the conference was to develop recommendations on key topics for health care;
- **„AI in Health”** in cooperation with the Coalition in Health – a conference on the application of artificial intelligence in medicine;
- **International Student Scientific Conferenc** – GUMed – a conference aimed at promoting the scientific development of students, as well as providing a forum for debate and opportunities to present research and scientific achievements.



10 [GRI 3-3] [ESRS S3-1]

9.3.3. Prevention

PZU is carrying out extensive prevention activities aimed at reducing the number of accidents in the country. PZU regards cooperation with rescue organizations, both professional and volunteer-based, as well as support for local actions serving the improvement of safety and forging of responsible and safe conduct, as a very basis of its social commitment.

Safety Academy

Started in December 2017, PZU Foundation's nationwide project with the aim of providing safety education to children. The Academy organizes comprehensive activities, inviting the participation of police officers from the General Police Headquarters as well as units from Voivodship, County or City Police Headquarters, medical rescuers and qualified activity animators. The activities use state-of-the-art machines and equipment, such as road accident simulators. Education for the youngest children takes the form of theater plays performed by professional actors. In 2023, the eighth and ninth editions of the project were implemented, with **26 elementary schools** participating. The project reached eight voivodeships and nearly **12,000 students**. In total, the Academy has already visited **137 schools** in Poland since the program began.

Best practices of PZU and PZU Życie

Therapeutic and recreational holidays for children and adolescents at risk of post-accident trauma and at risk of post-traumatic stress disorder due to chronic illness in the family

Already since 2013, PZU has been running a comprehensive psychological support system for persons injured in accidents whose perpetrators were holders of TPL policies with PZU. To mitigate the consequences of accidents, PZU finances the costs of stays for children with post-accident trauma and their guardians at therapeutic and recreational stays during the winter break and summer vacation. This is a form of inpatient psychological therapy, conducted at the Siemacha Association's therapeutic center in Odporyszów.

As of 2021, PZU has also been targeting this form of support to those who have lost family stability due to the loss of a loved one to cancer. In 2023, a total of 28 persons benefited from this form of support.

10 [GRI 3-3]

9.3.3.1. Collaboration with the emergency services

Safety in the mountains – collaboration with the Voluntary Mountain Rescue Service (GOPR)

PZU has been supporting GOPR for over 16 years now, by, among others, providing equipment for administering rescue operations, financing rescuer training, carrying out joint educational activities. In collaboration with GOPR, PZU has launched an e-learning platform dedicated to safety in the mountains. Under the cooperation agreement with the GOPR, regional GOPR Groups have used more than 90% of PZU support to purchase specialized vehicles for operations. Specialized vehicles for the search of missing persons, snowmobiles, four-wheeled vehicles (Outlander, Kawasaki), rescue trailers for four-wheeled vehicles, Toyota all-terrain vehicles and vans (VW Caravelle, Opel Movano) were purchased. Activities to improve the qualifications of



GOPR rescuers were also implemented, i.e., a GOPR instructor course, a medical workshop for GOPR rescuers, evacuation training, a senior rescuer seminar and a caving workshop. To organize these activities, rescue equipment was purchased: avalanche probes, helicopter stretchers with accessories, thermal mattresses, veterinary first aid kit equipment.

Polish Freeskiing Association and TOPR – avalanche training

PZU continued its cooperation with the GOPR Foundation on the GOPR Academy educational project. The GOPR Foundation conducted numerous educational and preventive projects, in which GOPR rescuers conducted preventive workshops as well as participated in various educational ventures throughout the country - working to protect and promote health, as well as popularize an active and safe lifestyle. Within the framework of the GOPR Academy, training programs were conducted, educational materials aimed at children and young people were prepared, training equipment and instructor clothing were purchased.

PZU has also got financially involved in avalanche training organized by the Polish Freeskiing Association and TOPR. The participants learn how to engage in proper planning of mountain trips, how to avoid the avalanche hazard and how to behave after an avalanche. Mock rescue operations are also organized with the use of detectors; they learn how to find people buried in an avalanche and how to administer first aid to avalanche victims. All these activities take place in the PZU Avalanche Training Center in Kalatówki.

Safety by the water

PZU has been supporting water safety for many years by providing subsidies from its prevention fund to rescue units operating on the Zegrzyński Lake and the Great Mazurian Lakes Trail, among others. Legionowo's Water Volunteer Rescue Service (LWOPR), which operates on Lake Zegrzyński, has allocated the 2023 grant received from PZU mainly for the purchase of equipment for carrying out rescue operations and maintaining the unit's rescue readiness, i.e. boat equipment, communications equipment, diving equipment, and specialized clothing for rescuers. With the funding received, LWOPR also purchased the necessary equipment to conduct Qualified First Aid and water rescue training.

In 2023, from a grant received from PZU, the Mazury Volunteer Rescue Service (MOPR) purchased digital-analog communications equipment, GPS for searching for missing persons, and ice-diving suits. Under the same contract, in 2022, MOPR lifeguards replaced the inflatable tubes in two hybrid RIB-type rescue boats, thereby restoring them to full working order, and purchased phantoms with computer software for teaching CPR.

Supporting Voluntary Fire Brigade

PZU supports voluntary fire brigade units by subsidizing the purchase of specialized equipment and protective clothing. Voluntary fire brigade units are active even in the smallest towns, and volunteer firefighters are most often the first to help those in need. They put out fires, rescue victims of traffic accidents, provide assistance during floods, storms and other natural disasters.



Hospital 360 Project

The Hospital 360 Project, is an innovative project of TUW PZUW. The project involves visits to medical facilities conducted by doctors with medical and insurance experience to diagnose hospitals' problems and needs in terms of safety. Visits allow to trace the procedures and organization of the treatment entity. The visits result in reports with recommendations for hospitals and adequate undertakings to improve the quality of health care, including free training for doctors and medical staff. They aim to upgrade their skills and improve the quality of health care. They also concern the keeping of medical records, avoiding in-hospital infections and other adverse events. These actions further translate into fewer adverse events at the medical facility.

10 [GRI 3-3]

9.3.3.2. Cooperation with corporate clients

PZU Group conducts prevention activities addressed to corporate clients.

PZU PZU Safe Fleet is a preventive training program of PZU. It gives the participating drivers an opportunity to improve their driving skills, eliminate bad habits behind the wheel and refresh their knowledge of road and traffic safety rules. Drivers can train on a sliding track, take lessons in defensive driving with elements of eco-driving in urban traffic, and in e-mobility. They can also take part in meeting with experts in transport psychology, first aid and traffic regulations.

AUDAX is a technologically innovative prevention program, which enables vehicle fleets to lower claims frequency and value. AUDAX uses, among others, telemetry and tools such as registers of road trips and road events, ultrasounds to scare off animals, or parking sensors and reversing cameras.

The **PRO Risk** is a prevention program addressed to large enterprises from industries, in which the risk of a loss is high due to the scale of their business and specialized production processes. The solution, based on the Internet of Things and Industry 4.0 technologies, monitors the level of security in the company's operational areas that are of key significance from the risk perspective, such as production, logistics and machinery. The program also supports clients in the conduct of educational activities aimed at raising

awareness of their workforce, which is a matter of enormous significance for minimizing the risk of damage. As part of the program's implementation, 109 implementations of Risk PRO have been made at 82 PZU SA clients between 2019 and 2023.

Training – PZU LAB

In 2023, PZU LAB continued its **Pyramid of Competences** training devoted to issues related to the safety and risk management in enterprises. The second edition of the „Fire Safety of Public Buildings” training course conducted with the Fire Academy was held in February 2023. The training program included, among other things, information on fire safety of public buildings, analysis of risks in facilities such as theaters, museums, archives, cinemas, offices, high-rise buildings. November saw the first edition of Block III, „Fire Safety of Infrastructure Facilities,” which PZU conducted together with experts in this area. The scope of the training included topics such as: power transmission infrastructure, airport fuel depots, data centers – server rooms, protection of airplane hangars on the basis of full-scale fire tests, and fire protection of facilities: subways and tunnels.

Areas of cooperation – PZU LAB

During the 5th edition of the Maritime Industry Security Forum in Gdańsk at the World War II Museum, PZU LAB, together with Energa Wytwarzanie from the ORLEN Group, signed an agreement on cooperation in the implementation of projects, including in particular R&D projects in the area of Offshore Wind Farms. ORLEN Group's Energa Wytwarzanie, together with PZU LAB, will

pilot a technology that will help improve the reliability of offshore wind farms, which is key to ensuring energy security. The piloting of the first joint project will be carried out for about two years at an existing onshore wind farm owned by Energa Wytwarzanie, where conditions are as close as possible to those at sea. The data collected on it will then allow the creation of digital tools that predict how wind turbines and their individual components will behave under different conditions and time perspectives. This will identify possible risks that may occur during the operation of wind farms, including especially risks of a critical nature that threaten the continuity of offshore windmill operations. This will allow the development of appropriate countermeasures (e.g., training for farm operators based on emergency scenarios), optimize turbine operation and reduce maintenance costs while increasing efficiency and productivity. Moreover, the digital simulator will reflect the operation of an entire wind farm as well as a single wind turbine in real time.

In 2023, in order to optimize energy consumption in various industries in Poland and implement innovative energy efficiency solutions, PZU LAB and IMP PAN signed a cooperation agreement. By working with experts from the Institute, PZU LAB is able to offer clients proven and certified solutions to optimize energy consumption in various aspects of the company's operations, such as electricity, water and gas. Thanks to its cooperation with the KEZO Research Center of IMP PAN, PZU LAB can actively support PZU Group's corporate clients in developing energy optimization, as part of the implementation of the PZU Group's key

ESG strategic goals. Thanks to the innovative solutions developed by the KEZO Research Center, companies can achieve significant savings in energy consumption, which translates into lower business costs. In addition, it is also possible to generate additional income from the surplus energy produced, which makes investment in energy optimization even more attractive. The use of technologies such as photovoltaic installations, recuperation and energy storage allows for increased energy efficiency and thus financial benefits for businesses.

9 [GRI 3-3]

9.3.3.3. Prevention in the area of health

For years, PZU has been involved in organizing health prevention campaigns as part of its prevention activities. In addition to nationwide campaigns, PZU also conducts campaigns at workplaces. **Health Zones organized at PZU clients** offer examinations and preventive advice and promote a healthy lifestyle. The goal is to convince as many people as possible to take care of their health, get preventive examinations and medical consultations with

specialists, and encourage employees to get regular checkups.

In 2023, as part of its preventive health care efforts, PZU, in cooperation with Dutch startup SkinVision, continued a nationwide „Minute for Skin” prevention program. The program is a response to the increasing incidence of the most dangerous type of skin cancer – melanoma. The program aims to detect skin cancer early using an innovative, medically certified, artificial intelligence-based application. The application was made available at workplaces as part of PZU's prevention program.

As part of its preventive health activities, TUW PZUW is involved in the purchase of professional medical equipment for hospitals. Funded in 2023, the purchase of equipment included, among other things, a hemodialysis machine (known as an artificial kidney),

ECG machines, X-ray machines, patient monitors, gynecological examination equipment, rehabilitation equipment and ambulance equipment.

9.3.4. Cultural patronage

The PZU Group's concern for cultural goods builds social identity, respect for tradition, a sense of belonging to the community and its history. For years, the Group has supported major cultural institutions and events, collaborating with them to promote culture and national heritage. It is primarily a patronage of the

Best practices of PZU and PZU Życie

Insurance Museum

PZU is the first insurer in the world to have an Insurance Museum. The Museum's collection includes documents related to the beginning of insurance in the Polish lands. One of the oldest exhibits on paper backing, "Records of the General Directorate of the Fire Society from 1821–1822" has undergone conservation and can now be admired for its original appearance. In an effort to preserve the collection in the best possible condition, selected artifacts are digitalized. As a result, the exhibits are safely stored in optimal storage facilities, and their digital representations can be made available on websites.

largest cultural institutions in Poland, including: Warsaw Uprising Museum, Royal Łazienki Museum, National Museums in Warsaw and Krakow, Grand Theater - National Opera, National Institute of Frederic Chopin and Polish Royal Opera.

[ESRS S3-1]

9.3.5. Charity

9.3.5.1. PZU Foundation

The PZU Foundation has carried out the PZU Group’s philanthropic activities forming part of its social involvement strategy since 2004. The aim of the Foundation is to promote education of children and youth, support talents and equalize opportunities for people with disabilities, as well as to increase access to cultural and social goods, in other words – to advance the broadly defined development of civic society. The Foundation collaborates with non-governmental organizations, both in Poland and abroad, institutions, sports clubs, schools and universities, and assists in execution of projects in terms of substance, organization and finance.

The PZU Foundation awards subsidies to natural persons in difficult life circumstances. It supports them mainly by financing treatment (including surgeries performed abroad), rehabilitation, purchase of medication and rehabilitation equipment. In 2023, **subsidies were awarded to 533 individuals.**

Grant contests are programs addressed to non-governmental organizations, whose activity is consistent

with the areas of activity of the PZU Foundation and the scope defined in the regulations of the individual contests. Within the framework of the competition “After School with the PZU Foundation”, support is provided to organizations that launch interesting and developing extra-curricular activities for children and young people, for technical reasons the competition was

In 2023, grants were awarded to carry out
45 projects,
 in favor of
3,738 beneficiaries

canceled in 2023. The “Young Able Disabled with the PZU Foundation” contest supports activities that increase self-sufficiency and activity of persons with disabilities, while the “PZU Foundation with Culture” contest expands access to high culture.

9.3.5.2. Volunteerism

The Employee Volunteerism Program has been in operation in PZU since 2012. PZU and PZU Życie operates the PZU Group’s Employee Volunteerism Rules and Regulations. Since 2020, PZU employees can have two additional days of leave to devote to actions taken as employee volunteers. **In 2021-2024, the ESG Strategy adopted in PZU and PZU Życie, envisages a total of 50,000 hours of employee volunteerism to help 200,000 beneficiaries.**

As part of the volunteering activities, **PZU employees implemented**

100 original projects

and devoted

12,100 hours ,

to their volunteering work in 2023. This is how they helped

35,917 beneficjentom,

the majority of whom were children and young people.

Their efforts also reached

1,556 animals in need.

Each year, the PZU Foundation organizes two editions of the competition “Volunteerism is the Joy of Action”, in spring and in fall, awarding grants of up to PLN 6,000. Applications for the competition may be submitted by any employee who would like to get involved in helping others and making an impact on the environment.

Evaluation of 10 years of PZU employee volunteerism

The PZU Foundation has been implementing the PZU employee volunteer program since 2012. Ten years of experience with employee volunteering prompted the PZU Foundation to conduct an evaluation of the program. An ex-post evaluation of the PZU employee volunteer program was conducted in the first quarter of 2023 by the Good Network Foundation on behalf of the PZU Foundation, which manages the program. The purpose of the evaluation was to assess the implementation of the PZU employee volunteer program to date and its achievements in terms of effectiveness, efficiency, usefulness and impact. On this basis, conclusions and recommendations for further development of the program were formulated.

The evaluation confirmed that the program’s achievements to date have been used to create a well-functioning employee volunteer program that:

- is effective – it benefits its key stakeholders: the program’s beneficiaries, volunteer employees, PZU, and institutions and organizations that are recipients of the volunteers’ activities and that cooperate with the PZU Foundation in implementing the program;
- makes optimal use of the financial, human and organizational resources allocated for its implementation, which means that it is effective;



- is useful, the benefits achieved by the program’s stakeholders are useful to them and used in practice;
- caused lasting positive changes in the social environment, the PZU Foundation and PZU itself, so its impact on stakeholders is significant.

PZU Volunteerism Leaders Academy

PZU Regional Volunteerism Leaders are passionate about helping. They are people who act, look and see, listen and hear, like people and are happy to do something for them. They care for the environment and their four-legged friends. At the PZU Volunteerism Leader Academy, they train and learn new skills.

The annual training for Regional Volunteer Leaders was held in the fall of 2023. The goals of the two-day workshop included:

- gathering the opinions of employee volunteers regarding PZU’s employee volunteering in terms of: its main benefits, strengths, challenges, as well as the needs of employee volunteers;
- to impart knowledge and skills on leadership styles and resource map;
- exchange of best practices and inspiration on employee volunteering between volunteers and employees;
- building relationships and integrating participants;
- participation of those involved in the joint planning of original initiatives to popularize the PZU employee volunteering program;
- increased knowledge and skills in planning, implementing and communicating volunteer initiatives;

Statistics related to volunteering at PZU and PZU Życie	2020	2021	2022	2023
Regional Volunteerism Leaders	40	43	55	64
PZU volunteers	407	900	2,490	1,177
Volunteers from outside the company invited to volunteer activities by employees	330	563	480	596
Number of hours devoted to volunteerism by PZU employees	6,743	12,179	75,865	14,593
Number of hours devoted to volunteerism by people from outside the company	5,624	7,509	6,305	9,296
Number of volunteerism projects authored by PZU employees	65	97	78	100
Number of volunteerism actions organized by the PZU Foundation	0	6	9	12
Beneficiaries (total)	12,264	39,423	457,500	153,555

14 [GRI 3-3] [GRI G4-FS16]

Insurance education

In 2023, the PZU Foundation, in cooperation with the Youth Entrepreneurship Foundation, implemented the „**From a penny to a zloty - insurance education with the PZU Foundation**” Project („**Od grosika do złotówki – edukacja ubezpieczeniowa z Fundacją PZU**”) aimed at insurance and financial education. The program was addressed to students of 2nd and 3rd grades of primary schools, their parents and teachers. The main goal of the project was to provide insurance education, showing benefits that insurance offers to the insured and their families. Additional content concerned safety, accurate predictions and how to avoid various risks. The aid was to increase students’ knowledge and skills in insurance and safe behavior in emergency situations as well as in rational money management. Total number of project recipients in the school year 2022/2023: 59,939.



10. Other information

- 10.1. Reporting process
- 10.2. Significance assessment
- 10.3. GRI content index
- 10.4. ESRS content index
- 10.5. Taking into consideration the guidelines pertaining to disclosure of climate information
- 10.6. Verification Statement – Greenhouse Gas Emissions
- 10.7. SFDR disclosure



10.1. Reporting process

[\[ESRS BP-1\]](#) [\[ESRS BP-2\]](#)[\[GRI 2-3\]](#)

Management Board's report on the activity of the PZU Group and PZU S.A. for 2023 is also an integrated report. The report presents the PZU Group's activities by integrating financial and business results along with environmental, social, and corporate governance issues. The non-financial information presented in this report is to help readers understand better, improve the results in respect of ESG strategy execution and cultivate long-term relations with key stakeholders.

The PZU and the PZU Group's Integrated Report contains data for the period from 1 January 2023 to 31 December 2023, unless otherwise specified in the document.

The report was prepared in accordance with the formal criteria set out in the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by securities issuers and on conditions under which information required by the legislation of a non-Member State may be recognized as equivalent.

Substantive hints on defining the scope and content of this report were also provided by international guidelines and standards, among others, the international reporting standard of the Global Reporting Initiative (GRI Standards) 2021 and GRI standards 2016 for specific

topics, integrated reporting guidelines (International Integrated Reporting Council, IIRC), and guidelines of the European Commission on non-financial reporting with emphasis on reporting climate-related data and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The report includes selected partial disclosures in line with the requirements of the European Sustainability Reporting Standards (ESRSs). Significant topics have been defined in accordance with IIRC and GRI 2021 guidelines. No double significance assessment was performed.

For the purpose of the non-financial information statement referred to in Article 49b of the Accounting Act, PZU separately prepared a statement on non-financial information of the PZU Group, including non-financial information in line with the requirements of the Act.

Contact information for the report:

Investor Relations
Team email: daneniefinansowe@pzu.pl

[\[GRI 2-5\]](#)

The calculations of the carbon footprint in the climate area were made in accordance with the international GHG Protocol Corporate Accounting and Reporting Standard. This report also contains information regarding taxonomic disclosures according to the Commission Delegated Regulation (EU) 2021/2139 supplementing Regulation 2020/852 of the European Parliament and of the Council (EU). The facts concerning the PZU Group's carbon footprint in 2022 and 2023 have been checked by an independent external company doing business as Veritas Polska Sp. z o.o.

[\[GRI 2-2\]](#)

The report covers the consolidated non-financial data of the PZU Group and its parent company PZU, in accordance with the organization structure included in the Consolidated Financial Statements for the year ended 31 December 2023.

The data from PZU Życie, the Alior Bank Group, the Bank Pekao Group, LINK4, foreign entities (AAS Balta, AB Lietuvos Draudimas and PrJSC IC PZU Ukraine) and other consolidated companies in the Group are presented as information pertaining to the PZU Group. Moreover, Alior Bank and Bank Pekao have also published separate Group-level disclosures concerning their non-financial data.

[\[GRI 2-6\]](#)

In 2023, no significant changes occurred in PZU Group's structure. Details in this regard are presented in [Chapter 1.1.5. PZU Group's structure](#).

The data published in the report span the year subject to reporting and the comparative period, i.e. the preceding year. To present the carbon footprint in accordance with the international GHG Protocol Corporate Accounting and Reporting Standard, 2018 has been treated as the base year.

[\[GRI 2-4\]](#)

In 2023, no significant adjustments to the information were made.

[\[GRI 3-1\]](#) [\[IIRC\]](#)

In line with the approach stemming from the principle of significance, the various pieces of non-financial information have been presented to the extent necessary to evaluate the development, performance and standing of the PZU Group. Relatively less space has been devoted to smaller entities whose impact on the overall depiction of the PZU Group is minor or simply marginal.

When defining the substantive part of the report, in accordance with the international guidelines (IIRC, GRI 2021), a process comprising the following stages has been followed:

1. **Significant topics update** - diverse sources of information were used to identify key areas of impact: internal PZU Group data, rating agency assessments, external information, including data from industry reports, trend reports, and changes resulting from implemented ESG regulations. The list of topics has been slightly changed as compared to the previous year;
2. **Internal evaluation of significant topics** - selected topics were evaluated in terms of parameters within the framework of impact relevance: the type



and scale of impact and the likelihood of negative impact;

3. **Stakeholder assessment of the significance of topics** - a survey of external stakeholders, employees and management representatives was conducted to determine significance. In addition, in-depth individual interviews were conducted with independent experts and representatives of PZU's partner organizations. In total, more than 100 stakeholders were involved in the process;
4. **Significance matrix** - the topics assessed by stakeholders were plotted on a significance matrix. The cut-off point was determined based on the average score for the issues;
5. **Expert verification** - the identified significant topics were checked against GRI indicators and reviewed by internal experts. After verification, 16 significant topics were identified.

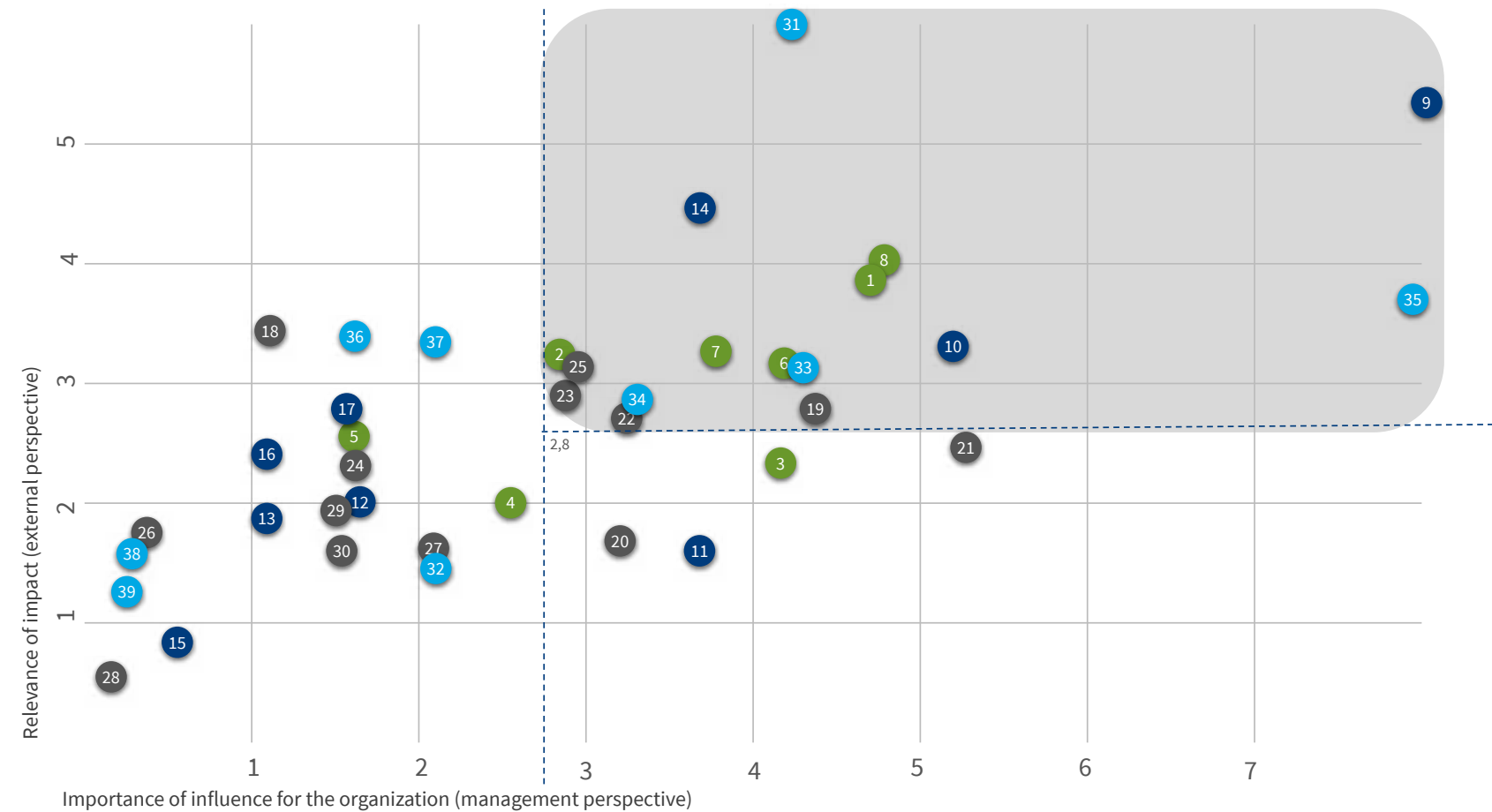
10.2. Materiality assessment

[GRI 3-2]

Topics identified as being materiality

The findings of the materiality assessment have been presented on the materiality matrix below. The X axis represents the significance of the topics from the governance perspective identified by the Management Board and senior managers. The Y axis presents topics selected by the Group's other stakeholders. Based on the results of the analysis of the survey, the identification of key issues and their prioritization, 39 significant topics from 4 areas (environment, social commitment, responsible governance and employee issues) were defined.

In the end, 16 issues were identified as significant, which were adopted by the Management Board of PZU/PZU Życie and are described in this report.



I. Environment

- 1 Approaching the challenges of climate change
- 2 Reducing the carbon footprint
- 6 Product offerings with environmental factors in mind
- 7 Sustainable investments
- 8 Consideration of ESG factors in working with clients, including education and awareness-building activities

II. Social commitment

- 9 Advancing an active and healthy lifestyle, preventive activity
- 10 Prevention activities in safety and cooperation with rescue services
- 14 Insurance and financial education

III. Responsible management

- 19 Business strategy with sustainable development factors (ESG), ESG management structure and future plans
- 22 Customer service standards, complaint handling system, satisfaction survey on services and products offered
- 23 Information security and protection, cybersecurity
- 25 Integration of ESG factors and risks into the PZU Group risk management system

IV. Employee issues

- 31 Employment structure, headcount turnover, employment conditions, equal pay and working conditions
- 33 Education and development of employees at various levels – offering development opportunities, training, education co-funding
- 34 Engaging employees in ESG issues, including ESG in annual management goals, and sustainability education
- 35 Promoting health and healthy lifestyles of employees, ensuring work-life balance, well-being initiatives

10.3. GRI content index

The PZU Group and PZU report used “GRI Standards 2021” for general and material disclosures, and “GRI 2016” for thematic disclosures.

GRI Standard	Indicator number	Indicator name	Page number
I. PROFILE DISCLOSURES			
The organization and its reporting practices			
GRI 2 - 2021	2-1	Data on the organization	15
GRI 2 - 2021	2-2	Entities covered by the organization’s sustainability reporting	389
GRI 2 - 2021	2-3	Reporting period, reporting frequency and contact information	389
GRI 2 - 2021	2-4	Information revisions	389
GRI 2 - 2021	2-5	External verification	389
Activities and employees			
GRI 2 - 2021	2-6	Activities, value chain and other business relations	14, 24,35, 43
GRI 2 - 2021	2-7	Employees	329-332
GRI 2 - 2021	2-8	Persons providing work for the organization who are not its employees	333
Corporate governance			
GRI 2 - 2021	2-9	Composition and structure of the most senior managing body	205, 213, 218, 236
GRI 2 - 2021	2-10	Appointment and election of the most senior managing body	205, 218
GRI 2 - 2021	2-11	Chairperson of the most senior managing body	205, 218
GRI 2 - 2021	2-12	Role of the most senior managing body in overseeing impact management	141, 146, 147, 205, 213, 218, 228
GRI 2 - 2021	2-13	Delegating responsibility for impact management	205, 206, 213
GRI 2 - 2021	2-14	Role of the most senior managing body in reporting on sustainability issues	213
GRI 2 - 2021	2-15	Conflicts of interest	244

GRI Standard	Indicator number	Indicator name	Page number
GRI 2 - 2021	2-16	Providing information on critical issues	266, 277
GRI 2 - 2021	2-17	Collective knowledge of the most senior managing bodies	213
GRI 2 - 2021	2-18	Performance evaluation of the most senior managing body	228, 246
GRI 2 - 2021	2-19	Remuneration policies	246
GRI 2 - 2021	2-20	Remuneration determination process	246
GRI 2 - 2021	2-21	Annual rate of total remuneration	348
Strategy, policy and practices			
GRI 2 - 2021	2-22	Statement on sustainable development strategy	9, 115
GRI 2 - 2021	2-23	Commitments included in policies	147, 196, 251, 261, 313, 358
GRI 2 - 2021	2-24	Fulfillment of commitments included in policies	147, 313
GRI 2 - 2021	2-25	Negative impact mitigation processes	46, 244, 252, 254, 261, 265, 269, 270, 272, 368, 371, 372
GRI 2 - 2021	2-26	Mechanisms for seeking advice and signaling potential irregularities	251, 252, 253
GRI 2 - 2021	2-27	Compliance with laws and regulations	372
GRI 2 - 2021	2-28	Membership in organizations	76, 276
Engaging stakeholders			
GRI 2 - 2021	2-29	Approach to stakeholder engagement	70
GRI 2 - 2021	2-30	Collective agreements	346
II. MATERIAL TOPICS			
GRI 3 - 2021	3-1	The process of identifying material issues	389
GRI 3 - 2021	3-2	List of mterial issues	391
1 Reporting topic identified as being material: Approaching the challenges of climate change			
GRI 3 - 2021	3-3	Management of material issues	276, 280, 286, 289, 313

GRI Standard	Indicator number	Indicator name	Page number
GRI 2 - 2021	2-23	Commitments included in policies	313
GRI 2 - 2021	2-24	Fulfillment of commitments included in policies	313
GRI 2 - 2021	2-28	Membership in organizations	276
2 Reporting topic identified as being material: Reducing the carbon footprint			
GRI 3 - 2021	3-3	Management of material issues	322
GRI 305 - 2016	305-1	Total direct emissions	322
GRI 305 - 2016	305-2	Total indirect energy-related emissions	323
GRI 305 - 2016	305-3	Other indirect emissions	324
GRI 305 - 2016	305-4	Intensity of greenhouse gas emissions	325
GRI 305 - 2016	305-5	Reduction of greenhouse gas emissions	325
6 Reporting topic identified as being material: Product offerings with environmental factors in mind			
GRI 3 - 2021	3-3	Management of material issues	280, 281, 283, 286
7 Reporting topic identified as being material: Sustainable investments			
GRI 3 - 2021	3-3	Management of material issues	121, 280, 283, 285
8 Reporting topic identified as being material: Consideration of ESG factors in working with clients, including education and awareness-building activities			
GRI 3 - 2021	3-3	Management of material issues	121, 276, 286
GRI 2 - 2021	2-28	Membership in organizations	276
9 Reporting topic identified as being material: Advancing an active and healthy lifestyle, preventive activity			
GRI 3 - 2021	3-3	Management of material issues	121, 381, 385
GRI 403 - 2016	403-6	Health promotion among employees	381
10 Reporting topic identified as being material: Prevention activities in safety and cooperation with rescue services			
GRI 3 - 2021	3-3	Management of material issues	383, 384, 385

GRI Standard	Indicator number	Indicator name	Page number
14 Reporting topic identified as being material: Insurance and financial education			
GRI 3 - 2021	3-3	Management of material issues	353, 387
G4-FS16		Initiatives to enhance financial literacy by type of beneficiary	353, 387
19 Reporting topic identified as being material: Business strategy with sustainable development factors (ESG), ESG management structure and future plans			
GRI 3 - 2021	3-3	Management of material issues	111, 115, 121, 213
GRI 2 - 2021	2-9	Composition and structure of the most senior managing body	213
GRI 2 - 2021	2-12	Role of the most senior managing body in overseeing impact management	213
GRI 2 - 2021	2-13	Delegating responsibility for impact management	213
GRI 2 - 2021	2-14	Role of the most senior managing body in reporting on sustainability issues	213
GRI 2 - 2021	2-17	Collective knowledge of the most senior managing bodies	213
GRI 2 - 2021	2-22	Statement on sustainable development strategy	215
22 Reporting topic identified as being material: Customer service standards, complaint handling system, satisfaction survey on services and products offered			
GRI 3 - 2021	3-3	Management of material issues	357, 362, 368, 370, 371, 374
GRI 2 - 2021	2-25	Negative impact mitigation processes	371
GRI 417 - 2016	417-1	Internal requirements concerning the labeling of products and services and information regarding them	360
G4-FS14		Initiatives taken to improve access to financial services for the disadvantaged	374
23 Reporting topic identified as being material: Information security and protection, cybersecurity			
GRI 3 - 2021	3-3	Management of material issues	265, 266
GRI 2 - 2021	2-25	Negative impact mitigation processes	265
25 Reporting topic identified as being material: Integration of ESG factors and risks into the PZU Group risk management system			
GRI 3 - 2021	3-3	Management of material issues	146, 147, 277

GRI Standard	Indicator number	Indicator name	Page number
GRI 2 - 2021	2-12	Role of the most senior managing body in overseeing impact management	146, 147
GRI 2 - 2021	2-16	Providing information on critical issues	277
GRI 2 - 2021	2-23	Commitments included in policies	147
GRI 2 - 2021	2-24	Fulfillment of commitments included in policies	147
31 Reporting topic identified as being material: Employment structure, headcount turnover, employment conditions, equal pay and working conditions			
GRI 3 - 2021	3-3	Management of material issues	329, 347
GRI 2 - 2021	2-7	Employees	329-332
GRI 401 - 2016	401-1	Newly-hired employees and cases of attrition	334-336
GRI 401 - 2016	401-2	Fringe benefits provided to full-time employees that are not available to temporary or part-time employees	349
GRI 404 - 2016	404-1	Average number of training hours per year per employee	333-335
GRI 405 - 2016	404-3	Percentage of employees subject to regular job quality assessments and career development reviews, by gender and employment category	347
GRI 405 - 2016	405-1	Composition of supervisory bodies and employees broken down into employee groups by gender, age and other diversity factors	233
GRI 405 - 2016	405-2	Average base salary ratio of women to men	348
33 Reporting topic identified as being material: Education and development of employees at various levels – offering development opportunities, training, education co-funding			
GRI 3 - 2021	3-3	Management of material issues	349
GRI 405 - 2016	404-1	Average number of training hours per year per employee	350
GRI 405 - 2016	404-2	Managerial skills development and continuing education programs that support employment continuity and facilitate the retirement process	350
34 Reporting topic identified as being material: Engaging employees in ESG issues, including ESG in annual management goals, and sustainability education			
GRI 3 - 2021	3-3	Management of material issues	121, 352

GRI Standard	Indicator number	Indicator name	Page number
35 Reporting topic identified as being material: Promoting health and healthy lifestyles of employees, ensuring work-life balance , well-being initiatives			
GRI 3 - 2021	3-3	Management of material issues	121, 339, 379
GRI 403 - 2016	403-6	Health promotion among employees	339, 379
III. OTHER TOPICS			
Economic performance			
GRI 201 - 2016	201-1	Direct economic value generated and distributed (including revenues, operating costs, employee remuneration, grants and other community investments, undistributed profits, and distributions to owners of capital and government institutions)	68
Counteracting corruption			
GRI 205 - 2016	205-1	Activities assessed for corruption risks	254
GRI 205 - 2016	205-2	Communication and training on the organization's anti-corruption policies and procedures	255
GRI 205 - 2016	205-3	Confirmed cases of corruption and actions taken	256
Violation of the principles of free competition			
GRI 205 - 2016	206-1	Legal steps taken against organizations for violations of free competition and monopolistic practices	359, 361
Tax transparency			
GRI 207 - 2016	207-1	Approach to tax reporting	257
GRI 207 - 2016	207-2	Control and risk management in tax reporting	257
GRI 207 - 2016	207-3	Commitment to tax policy development	258
GRI 207 - 2016	207-4	Tax reporting by foreign companies	258
Environmental topics			
Materials			
GRI 301 - 2016	301-1	Raw materials/materials used by weight and volume	314, 315

GRI Standard	Indicator number	Indicator name	Page number
Energy			
GRI 302 - 2016	302-1	Energy consumption of the organization by type of raw materials	318, 320
GRI 302 - 2016	302-4	Reduction of energy consumption	321
Compliance with environmental regulations			
GRI 303 - 2016	303-5	Total water intake by source	316
Emissions			
GRI 305 - 2016	305-1	Total direct emissions	322
GRI 305 - 2016	305-2	Total indirect energy-related emissions	323
GRI 305 - 2016	305-3	Other indirect emissions	324
GRI 305 - 2016	305-4	Intensity of greenhouse gas emissions	325
GRI 305 - 2016	305-5	Reduction of greenhouse gas emissions	325
Compliance with environmental regulations			
GRI 307 - 2016	307-1	Monetary value of fines and total number of non-financial sanctions for non-compliance with environmental laws and/or regulations	314
Ocena środowiskowa dostawców			
GRI 308 - 2016	308-1	Percentage of new suppliers that have been assessed to meet environmental criteria	45
Social topics			
Employment			
GRI 401 - 2016	401-1	Newly-hired employees and employee turnover	334-336
Occupational safety and health			
GRI 403 - 2016	403-2	Rate of injuries, occupational diseases, lost days and absences and number of work-related fatalities	354-356
GRI 403 - 2016	403-5	Training for employees in occupational health and safety	355
GRI 403 - 2016	403-6	Health promotion among employees	339, 379
GRI 403 - 2016	403-9	Work-related injuries	355

GRI Standard	Indicator number	Indicator name	Page number
Education and training			
GRI 404 - 2016	404-1	Average number of training hours per year per employee	350
GRI 404 - 2016	404-2	Managerial skills development and continuing education programs that support employment continuity and facilitate the retirement process	339,350
GRI 404 - 2016	404-3	Percentage of employees subject to regular job quality assessments and career development reviews, by gender and employment category	347
Diversity and equal opportunities			
GRI 405 - 2016	405-1	Composition of supervisory bodies and employees broken down into employee groups by gender, age and other diversity factors	233, 342
GRI 405 - 2016	405-2	Average base salary ratio of women to men	348
Countering discrimination			
GRI 406 - 2016	406-1	Total number of cases of discrimination and corrective actions taken on this issue	252
Social assessment of suppliers			
GRI 414 - 2016	414-1	Percentage of new suppliers that have been evaluated according to social criteria	45
Marketing and labeling of products and services			
GRI 417 - 2016	417-1	Internal requirements concerning the labeling of products and services and information regarding them	359, 360, 361
GRI 417 - 2016	417-2	Cases of non-compliance with regulations and voluntary codes on product and service labeling and information	360, 361
GRI 417 - 2016	417-3	Cases of non-compliance with regulations and voluntary codes on marketing communications	360
Protecting client privacy			
GRI 418 - 2016	418-1	Legitimate complaints about client privacy violations and data loss	266
Sectoral aspect: local communities			
G4-FS14		Initiatives taken to improve access to financial services for the disadvantaged	24, 374
G4-FS15		Policies for the fair design and sale of financial products and services	358
G4-FS16		Initiatives to enhance financial literacy by type of beneficiary	353, 387

10.4. ESRS content index

Number and title of the Standard	ESRS number	Name of disclosure requirement	Location
General information			
ESRS 2	General information	BP-1	General basis for making sustainability statements
		BP-2	Disclosure of information with respect to special circumstances
		GOV-1	Roles and responsibilities of the Management Board and Supervisory Board
		GOV-2	Information provided to the Management Board and Supervisory Board and the sustainability issues they address
		GOV-3	Integrating sustainability-related results into incentive programs
		GOV-5	Risk management and internal controls over sustainability reporting
		SBM-1	Strategy, business model and value chain
		SBM-2	Stakeholder interests and opinions
		SBM-3	Significant impacts, risks and opportunities and their interrelationship with the strategy and business model
		MDR-P	Policies adopted to manage significant sustainability issues

Number and title of the Standard	ESRS number	Name of disclosure requirement	Location	
	MDR-A	Actions and resources to address significant sustainability issues	4.2.1. Main strategic metrics in the ESG area	
	MDR-M	Indicators relating to significant sustainability issues	4.2.1. Main strategic metrics in the ESG area	
Environment				
ESRS E1	Climate change	SBM-3/E1	Significant impacts, risks and opportunities and their interrelationship with the strategy and business model related to climate change	
		IRO-1/E1	Description of processes for identifying and assessing significant climate change impacts, risks and opportunities	
		E1-1	Transformation plan to address climate change	
		E1-2	Policies related to climate change mitigation and adaptation	
		E1-3	Actions and resources to address climate change mitigation and adaptation policies	8.2.2.1. Contextual information in support of the quantitative indicators including the scope of assets and activities covered by the KPIs, information on data sources and limitation
				8.2.2.2. Explanations of the nature and objectives of Taxonomy-aligned economic activities and the evolution of the Taxonomy-aligned economic activities over time, starting from the second year of implementation, distinguishing between business-related and methodological and data-related elements

Number and title of the Standard	ESRS number	Name of disclosure requirement	Location
	E1-4	Climate change mitigation and adaptation objectives	8.2.1.2. Description of compliance with Regulation (EU) 2020/852 (“Taxonomy”) in a financial company’s business strategy, product design processes and cooperation with clients and business partners. 8.2.2.3. Description of the compliance with Regulation (EU) 2020/852 in the financial undertaking’s business strategy, product design processes and engagement with clients and counterparties
	E1-5	Energy consumption and energy mix	8.3.3. Energy consumption
	E1-6	Greenhouse gas emissions	8.3.4. Carbon footprint
ESRS E3	E3-1	Water-related policies	8.2.2.1. Contextual information in support of the quantitative indicators including the scope of assets and activities covered by the KPIs, information on data sources and limitation
	E3-4	Water consumption	8.3.2.2. Water
ESRS E5	E5-1	Policies related to resource utilization and circular economy	8.2.2.1. Contextual information in support of the quantitative indicators including the scope of assets and activities covered by the KPIs, information on data sources and limitation
	E5-2	Activities and resources related to resource utilization and circular economy	8.3.1. Direct environmental impact
	E5-4	Resources introduced into the organization	8.3.2. Consumption of raw materials
	E5-5	Resources discharged from the organization, including waste	8.3.2.3. Assets for decommissioning
Society			
ESRS S1	S1-1	Policies related to own labor force	9.1.5. Respect for human rights and diversity in relations with employees
	S1-2	Procedures for working with your own employees and their representatives on impact	9.1.6.1. Engagement survey

Number and title of the Standard	ESRS number	Name of disclosure requirement	Location
	S1-3	Processes for offsetting negative impacts and channels for employees to report problems	7.10.3. Whistleblower System and Whistleblower Protection
	S1-4	The approach to and activities on significant negative and positive impacts of these activities, as well as the management of significant risks and exploitation of significant opportunities associated with its own labor force, and the effectiveness of these activities	9.1.1. Employees – approach to management 9.1.4. Organizational culture
	S1-5	Objectives related to the management of significant impacts, risks and opportunities to its own labor force	9.1.1. Employees – approach to management
	S1-6	Characteristics of own labor force	9.1.2. Employment structure 9.1.2.2. Number of voluntary terminations and dismissals by gender and age
	S1-7	Key characteristics of employees who are not part of own labor force	9.1.2. Employment structure
	S1-8	Scope of collective bargaining agreements and social dialogue	9.1.6.2. Dialog with trade unions
	S1-9	Diversity indicators	9.1.2. Employment structure
	S1-10	Adequate wages	9.1.7. Remuneration and benefits
	S1-11	Social protection	9.1.7. Remuneration and benefits
	S1-12	People with disabilities among employees	8.1.5. Respect for human rights and diversity in relations with employees
	S1-13	Indicators for training and skills development of employees	9.1.7. Remuneration and benefits 9.1.8. Training and development
	S1-14	Occupational health and safety indicators	9.1.10. Safety

Number and title of the Standard	ESRS number	Name of disclosure requirement	Location
	S1-15	Indicators of work-life balance	9.1.5. Respect for human rights and diversity in relations with employees
	S1-16	Wage indicators (wage gap and total compensation)	9.1.7. Remuneration and benefits
	S1-17	Incidents, complaints and serious violations in the observance of human rights	7.11. Minimum safeguards
ESRS S2	Employees in the value chain	S2-1	Policies related to employees in the value chain
		S2-2	Collaborative processes with those doing work in the value chain in terms of interactions
	S2-5	Objectives for managing significant impacts, risks and opportunities related to value chain employees	4.2.1. Main strategic metrics in the ESG area
ESRS S3	Communities	S3-1	Policies related to communities
			9.3.2. Local communities 9.3.3. Prevention 9.3.5. Charity
ESRS S4	Consumers and end users	SBM-3/S4	Significant impacts, risks and opportunities and their interrelationship with the strategy and with business model related to consumers and end users
		S4-1	Policies related to consumers and end users
		S4-2	Collaborative processes for impacts on consumers and end users
		S4-3	Processes for mitigating negative impacts on consumers and end users and channels for reporting regularities
		S4-4	Activities and their effectiveness, in the context of managing the significant impact, risks and opportunities to consumers and end users
	S4-5	Objectives related to the management of significant impacts, risks and opportunities for consumers and end users.	9.2. Clients 9.2.2. Responsible sales

Number and title of the Standard	ESRS number	Name of disclosure requirement	Location
Business practices			
ESRS G1	Business practices	G1-1	Corporate Culture and Key Business Conduct Policies
		G1-2	Supplier relationship management
		G1-3	Prevention and Detection of Corruption and Bribery
		G1-4	Confirmed cases of corruption and bribery
		G1-6	Payment Practices
			7.10. Corporate Culture 7.10.3. Whistleblower System and Whistleblower Protection
			2.3. Suppliers (upstream)
			7.10.4. Prevention and Detection of Corruption and Bribery
			7.10.4. Prevention and Detection of Corruption and Bribery
			7.10.5. Payment Practices

10.5. Taking into consideration the guidelines pertaining to disclosure of climate information

In 2019, the European Commission published Guidelines on non-financial reporting, providing for the disclosure of detailed climate-related data (2019|C 209|01) (European Commission Guidelines), which are expected to encourage enterprises to report in detail data on the impact of their business model on the climate.

The European Commission Guidelines are not legally binding yet, but their application is already recommended by the European Securities and Markets Authority. Additionally, the Financial Stability Board has set up the Task Force on Climate-related Financial Disclosures (TCFD) which, through its activities, incentivizes financial institutions and non-financial enterprises to disclose information on climate-related risks and opportunities. The PZU Group implements the European Commission guidelines on non-financial information, itemizing the reporting of climate-related data and recommendations for banks and insurance undertakings specified in Annex I and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

	Guidelines pertaining to disclosure of climate information	Chapter
Business model	A description of the entity's business model, the impact of climate-related risks and opportunities on the business model, strategy, and financial plans	2.1. Capital and value creation
	Positive and negative impact of the organization on climate	8.1.3. ESG Strategy – approach to management in climate 8.1.4. Product offering – prevention and adaptation 8.3.1. Direct environmental impact
	Climate scenarios: the resilience of the company's business model and strategy taking into account different climate-related scenarios	8.1.2. Analysis of climate change and risk identification 8.1.3. ESG Strategy – approach to management in climate 8.1.4. Product offering – prevention and adaptation

	Guidelines pertaining to disclosure of climate information	Chapter
Policies and procedures	A description of the company's climate-related policies, including its approach to climate change mitigation or adaptation	8.3.1. Direct environmental impact
	The company's climate-related objectives: any greenhouse gas emission targets and how they relate to national and international plans (in particular, the Paris Agreement)	4.3. ESG ambitions for 2030-2050
	The role of management in the risk assessment and climate risk management process	7.5.1. Management Board / Responsibility in ESG issues
Results of applying policies and procedures	As above.	8.1. Business of the PZU Group in the face of climate change 8.3.1. Direct environmental impact
Description of climate risks	The process of identifying and assessing climate-related risks in the short, medium and long term and an indication of how the company defines the short, medium and long term.	8.1.2. Analysis of climate change and risk identification
	The main climate-related risks that the company has identified in the short, medium and long term across the value chain and any assumptions made as part of the process of identifying them.	8.1.2. Analysis of climate change and risk identification
	Climate risk management process, with an indication of how the process has been integrated as part of the organization's overall risk management.	8.1.2. Analysis of climate change and risk identification
Non-financial performance indicators	Scope 1 and Scope 2 direct emissions, Selected GRI indicators	4.2. Implementation of the strategy in 2023 8.3.4. Carbon footprint

10.6. Verification Statement - Greenhouse Gas Emissions



VERIFICATION STATEMENT GREENHOUSE GAS EMISSIONS

Introduction and objectives of work

BUREAU VERITAS Polska Sp. z o. o. (Bureau Veritas) has been engaged by Powszechny Zakład Ubezpieczeń S.A. (PZU) to conduct an independent verification at a limited assurance level of the greenhouse gas (GHG) emissions reported by PZU for the reported period of 1 January 2023 to 31 December 2023. This Verification Statement applies to the related information included within the scope of work described below.

The determination of the GHG emissions is the sole responsibility of PZU. Bureau Veritas was not involved in determining the GHG emissions. Our sole responsibility was to provide independent verification on the accuracy of the GHG emissions reported, and on the underlying systems and processes used to collect, analyze and review the information.

Boundaries of the reporting company GHG emissions covered by the verification:

- PZU Group

Data verified:

Scopes	2023
Scope 1 [tCO ₂ e]	26,817
Scope 2 location-based [t CO ₂ e]	107,775
Scope 2 market-based [t CO ₂ e]	74,571
Scope 3 [t CO ₂ e]	19,475

Data and information supporting the Scope 1, 2 and 3 GHG emissions assertion were historical in nature and in some cases estimated.

Period covered by GHG emissions verification:

1 January 2023 to 31 December 2023

Reporting Protocols against which verification was conducted:

- World Resources Institute and World Business Council for Sustainable Development, Greenhouse Gas Protocol. A Corporate Accounting and Reporting Standard REVISED EDITION, March 2004;
- World Resources Institute and World Business Council for Sustainable Development, GHG Protocol Scope 2 Guidance. An amendment to the GHG Protocol Corporate Standard, 2015; and
- World Resources Institute and World Business Council for Sustainable Development, Greenhouse Gas Protocol. Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Supplement to the GHG Protocol Corporate Accounting and Reporting Standard, September 2011.

GHG Verification Protocols used to conduct the verification:

- ISO 14064-3: Greenhouse gases -- Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions



Level of Assurance:

- Limited

Verification Methodology:

- Interviews with relevant personnel;
- Review of documentation, statements and other information provided by PZU;
- Review of PZU data and information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions; and
- Audit of samples of data used by PZU to determine GHG emissions.

Assurance Opinion:

Based on the results of our verification process, Bureau Veritas found no evidence that the GHG emissions shown above:

- is not materially correct;
- is not a fair representation of the GHG emissions data and information; and
- is not prepared in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard.

It is our opinion that PZU has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of GHG emissions for the stated period and boundaries.

Statement of Independence, Impartiality and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 190 years history.

No member of the verification team has a business relationship with PZU, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

Bureau Veritas operates a certified¹ Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the TIC Council², across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities.

BUREAU VERITAS POLSKA Sp. z o. o.

Warsaw, March 8th, 2024

Witold Dżugan

Member of the Board

Michał Klocek

Lead GHG Verifier

¹ Certificate of Registration No. 44 100 160145 issued by TÜV NORD CERT GmbH

² TIC Council Compliance Code EDITION 1 December 2018

10.7. SFDR disclosure

Disclosure of principal adverse impacts of investment decisions on sustainability in accordance with the Commission Delegated Regulation (EU) 2022/1288, supplementing the Regulation of the European Parliament and of the Council (EU) 2019/2088 (SFDR), for PZU as an investee.

Table 1. Statement on principal adverse impacts of investment decisions on sustainability factors

Adverse sustainability indicator	Indicator	PZU (data for 2022)	PZU (data for 2023)
Climate and other environment-related indicators			
1. Greenhouse gas emissions	Scope 1 GHG emissions (Mg CO2e)	PZU: 6,095 Group 26,296	PZU: 6,508 Group 26,817
	Scope 2 GHG emissions (Mg CO2e) ¹	PZU: 6,219, PZU Group 73,422	PZU: 6,817, PZU Group 74,571
	Scope 3 GHG emissions (Mg CO2e) ²	PZU: 2,440, PZU Group 20,893	PZU: 2,573, PZU Group 19,475
	Total GHG emissions (Mg CO2e)	PZU: 14,755, PZU Group 120,611	PZU: 15,898, PZU Group 120,863
2. Carbon footprint	Carbon footprint (Mg CO2e)	PZU: 14,755, PZU Group 120,611	PZU: 15,898, PZU Group 120,863
3. GHG intensity	GHG intensity	Not applicable	Not applicable
4. Exposure to companies active in the fossil fuel sector	A company is operating in the fossil fuel sector	No	No

1) market-based method
 2) in the categories: energy and fuel-related emissions not included in scope 1 and 2, purchased raw materials and services, waste generated from operations, business travel

Adverse sustainability indicator	Indicator	PZU (data for 2022)	PZU (data for 2023)
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	PZU: Share of non-renewable energy consumption and non-renewable energy production and as a percentage of total energy sources: 79%, share of renewable energy consumption and renewable energy production as a percentage of total energy sources: 21%. Total energy consumption in the organization: 51,445 GWh including: Total value of energy from non-renewable sources: purchased: 15,379 GWh, produced 25,102 Total renewable energy: purchased: 10,766 GWh, consumed: 0.198 GWh.	PZU: Share of non-renewable energy consumption and non-renewable energy production and as a percentage of total energy sources: 82%, share of renewable energy consumption and renewable energy production as a percentage of total energy sources: 18%. Total energy consumption in the organization: 52,819 GWh including: Total value of energy from non-renewable sources: purchased: 16,510 GWh, produced 26,783 Total renewable energy: purchased: 9.356 GWh, consumed: 0.170 GWh.
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh if the company primarily generates revenue in high impact climate sectors	Not applicable. PZU is not engaged in such activities.	Not applicable. PZU is not engaged in such activities.
7. Activities negatively affecting biodiversity-sensitive areas	A company with facilities/operations in biodiversity-sensitive areas or in the vicinity of such areas, where the activities of such company negatively affect such areas	Not applicable. PZU does not have facilities in or near biodiversity-sensitive areas.	Not applicable. PZU does not have facilities in or near biodiversity-sensitive areas.
8. Emissions to water	Tonnes of emissions to water	Not applicable. PZU is not engaged in activities that cause emissions to water.	Not applicable. PZU is not engaged in activities that cause emissions to water.
9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste	Not applicable. PZU is not engaged in activities that generate hazardous or radioactive waste.	Not applicable. PZU is not engaged in activities that generate hazardous or radioactive waste.

Adverse sustainability indicator	Indicator	PZU (data for 2022)	PZU (data for 2023)
Indicators for social and employee respect for human rights, anti-corruption and anti-bribery matters			
10. Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	A company has violated or is violating the UN Global Compact principles or the OECD Guidelines for Multinational Enterprises	No.	No.
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	A company does not have a strategy for monitoring compliance with the UN Global Compact principles or OECD Guidelines for Multinational Enterprises, nor does it have a grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	PZU does not have a policy for monitoring compliance with UNGC principles or the OECD Guidelines for Multinational Enterprises, nor does it have a grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises. PZU is now revising its procedures with this in mind, bearing in mind the requirements of the EU Taxonomy (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088).	No. The PZU Group has a human rights due diligence process in line with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, which is reviewed annually.
12. Unadjusted gender pay gap	Unadjusted gender pay gap	23% ³	22%

Adverse sustainability indicator	Indicator	PZU (data for 2022)	PZU (data for 2023)
13. Board gender diversity	Ratio of female to male board members, expressed as a percentage of all board members	37.5%	37.5%
14. Ekspozycja z tytułu kontrowersyjnych rodzajów broni (miny przeciwpiechotne, amunicja kasetowa, broń chemiczna i broń biologiczna)	Spółka uczestniczy w produkcji lub sprzedaży kontrowersyjnych rodzajów broni	No.	No.

3) Standardized data in accordance with Directive (EU) 2023/970 of 10 May 2023 to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms.

Table 2. Additional climate and other environment-related indicators

Adverse impact on sustainability factors	Indicator	PZU (data for 2022)	PZU (data for 2023)
Climate and other environment-related indicators			
1. Emissions of inorganic pollutants	Tonnes of inorganic pollutant equivalent	Not applicable. PZU is not engaged in activities directly affecting the inorganic pollutant area.	Not applicable. PZU is not engaged in activities directly affecting the inorganic pollutant area.
2. Emissions of air pollutants	Tonnes of air pollutants equivalent	No air pollutants other than CO2 emissions	No air pollutants other than CO2 emissions.
3. Emissions of ozone-depleting substances	Tonnes of ozone-depleting substances equivalent	Yes. PZU: 0.06256 tons	Yes. PZU: 0,06969Mg
4. A company is not implementing carbon emission reduction initiatives	A company is not implementing carbon emission reduction initiatives to comply with the Paris Agreement objectives	No. PZU has implemented carbon emission reduction initiatives aimed at aligning with the Paris Agreement. PZU has an environmental policy in place. The document is available on the website. The PZU Group is also aware of the indirect impact it has on the environment and is reducing its negative impact on the climate. In doing so, it is guided by the assumptions of Polish and EU strategic documents, including the Paris Agreement, the National Energy and Climate Plan 2021–2030, and the Energy Policy of Poland until 2040.	No. PZU has implemented carbon emission reduction initiatives aimed at aligning with the Paris Agreement. PZU has an environmental policy in place. The document is available on the website. The PZU Group is also aware of the indirect impact it has on the environment and is reducing its negative impact on the climate. In doing so, it is guided by the assumptions of Polish and EU strategic documents, including the Paris Agreement, the National Energy and Climate Plan 2021–2030 and the Energy Policy of Poland until 2040.

Adverse impact on sustainability factors	Indicator	PZU (data for 2022)	PZU (data for 2023)
5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by the company broken down by each non-renewable energy source	PZU: Energy consumption from non-renewable sources by non-renewable energy sources (GWh and share in the organization's total energy consumption): Natural gas: 6.4, 12.5% Fuel oil: 0.4, 0.7% Gasoline: 18.1, 35.2% Diesel fuel: 0.2, 0.4% Heat energy and electricity from non-renewable sources 29.9%	PZU: Energy consumption from non-renewable sources by non-renewable energy sources (GWh and share in the organization's total energy consumption): Natural gas: 6.3, 11.9% Fuel oil: 0.3, 0.5% Gasoline: 20.2, 38.2% Diesel fuel: 0.1, 0.1% Heat energy and electricity from non-renewable sources 31.3%
6. Water usage and recycling	Amount of water consumed by the company Percentage of water recycled and reused	38,815 m3 3.7% ¹	43,289 m3 7.8% ²
7. A company has no water management policies	A company has no water management policies	Not applicable	Not applicable.
8. Exposure to areas of high water stress	A company has facilities located in areas of high water stress that have no water management policies	No. PZU does not have plants that are located in areas of high water stress and that have no water management policies.	No. PZU does not have plants that are located in areas of high water stress and that have no water management policies.
9. Company producing chemicals	A company whose activities are covered by Chapter 20.2 in Annex I to Regulation (EC) No. 1893/2006	Not applicable	Not applicable
10. Land degradation, desertification, soil sealing	A company whose activities lead to land degradation, desertification or soil sealing	No. PZU's operations do not cause land degradation, desertification or soil sealing.	No. PZU's operations do not cause land degradation, desertification or soil sealing.

1) the amount of gray water recycled in PZU Park in the period 01.06.2022 – 31.12.2022 for 2022 data
2) the amount of gray water recycled at PZU Park in 2023

Adverse impact on sustainability factors	Indicator	PZU (data for 2022)	PZU (data for 2023)
11. A company is not using sustainable land/agricultural practices	A company is not using sustainable land/agricultural practices or strategies	Not applicable	Not applicable.
12. A company is not using sustainable oceans/seas practices	A company is not using sustainable oceans/seas practices or strategies	Not applicable	Not applicable.
13. Non-recycled waste ratio	Tonnes of non-recycled waste generated by the company	445.1t	214.5t ³
14. Natural species and protected areas	A company whose operations affect threatened species	No. PZU has no impact on threatened species.	No. PZU has no impact on threatened species.
	A company does not have a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas	PZU does not have a biodiversity policy. PZU does not operate in the protected area.	PZU does not have a biodiversity policy. PZU does not operate in the protected area.
15. Deforestation	A company that does not have a policy to address deforestation	Yes. PZU does not have a policy to address deforestation.	Yes. PZU does not have a policy to address deforestation.
16. Share of securities not issued under Union legislation on environmentally sustainable bonds	Share of securities in investments not issued under Union legislation on environmentally sustainable bonds	Not applicable	Not applicable

Table 3. Additional indicators for social and employee respect for human rights, anti-corruption and anti-bribery matters

Adverse effect on sustainability factors	Indicator	PZU (data for 2022)	PZU (data for 2023)
Indicators for social and labor issues, human rights issues, and anti-corruption and anti-bribery issues			
1. Companies without workplace accident prevention policies	A company does not have workplace accident prevention policies	No. PZU has an Occupational Safety and Health Policy.	No. PZU has an Occupational Safety and Health Policy.
2. Rate of accidents	Rate of accidents	Accident frequency rate: 1.4 ¹	Accident frequency rate: 3.1 ¹
3. Number of days lost to injuries, accidents, fatalities or illness	Number of working days lost to injuries, accidents, fatalities or illness	88,626 days ²	82,474 days
4. Lack of a supplier code of conduct	A company does not have a supplier code of conduct (against unsafe working conditions, precarious work, child labor and forced labor)	No. PZU has its Code of CSR Best Practices for PZU Group's Suppliers. The document is available on the PZU website.	No. PZU's "Code of CSR Best Practices for PZU Group's Suppliers" was in effect until December 2023. The "Code of Conduct and CSR Best Practices for PZU Group's Supplier" is now in effect. The document is available on the PZU website.

3) applies to municipal waste collected non-selectively

1) Ratio calculated per 1,000 employees using the equation: total number of persons injured in accidents / headcount * 1,000.

2) updated data

Adverse effect on sustainability factors	Indicator	PZU (data for 2022)	PZU (data for 2023)	Adverse effect on sustainability factors	Indicator	PZU (data for 2022)	PZU (data for 2023)
5. Lack of grievance/complaints handling mechanism related to employee matters	A company does not have a grievance/complaints handling mechanism related to employee matters	No. PZU has a grievance/complaints handling mechanism related to employee matters, an Anti-Mobbing and Anti-Discrimination Commission has been appointed to verify unacceptable behaviors. It reviews employee complaints and investigates each signal of actions or behaviors that may have the features of mobbing or discrimination, as well as unequal treatment in employment.	No. PZU has a grievance/complaints handling mechanism related to employee matters, an Anti-Mobbing and Anti-Discrimination Commission has been appointed to verify unacceptable behaviors. It reviews employee complaints and investigates each signal of actions or behaviors that may have the features of mobbing or discrimination, as well as unequal treatment in employment.	9. Lack of a human rights policy	A company has no human rights policy	No. PZU has a human rights policy. The policy is available on the PZU website.	No. PZU has a human rights policy. The policy is available on the PZU website.
6. Insufficient whistleblower protection	A company does not have a whistleblower protection policy	No. PZU has introduced a Whistleblowing Procedure in PZU SA and PZU Życie SA.	PZU has introduced a Whistleblowing Procedure in PZU SA and PZU Życie SA.	10. Lack of due diligence	A company is not conducting a due diligence process to identify, prevent, mitigate and address adverse human rights impacts	Yes. There is no human rights due diligence process at PZU.	No. The PZU Group has a human rights due diligence process in line with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, which is reviewed annually. A Management Board Representative for Human Rights in PZU SA oversees this process.
7. Incidents of discrimination	Number of incidents of discrimination reported in a company Number of incidents of discrimination leading to sanctions	Number of incidents of discrimination: 0 Number of incidents of discrimination leading to sanctions: 0	Number of incidents of discrimination: 0 Number of incidents of discrimination leading to sanctions: 0	11. Lack of processes and measures for preventing trafficking in human beings	A company does not have a policy to prevent human trafficking	No. PZU has a PZU Group Human Rights Policy and a Code of CSR Best Practices for PZU Group's Suppliers. Documents are available on the PZU website.	No. PZU has a PZU Group Human Rights Policy and a Code of Conduct and CSR Best Practices for PZU Group's Suppliers (until December 2023, there was a Code of CSR Best Practices for PZU Group's Suppliers). Documents are available on the PZU website.
8. Excessive CEO pay ratio	Average ratio of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)	PZU: 20.7 ³	PZU: 21.7				

3) Standardized data in accordance with Directive (EU) 2023/970 of 10 May 2023 to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms.”



Adverse effect on sustainability factors	Indicator	PZU (data for 2022)	PZU (data for 2023)	Adverse effect on sustainability factors	Indicator	PZU (data for 2022)	PZU (data for 2023)		
12. Operations and suppliers at significant risk of incidents of child labor	A company exposed to operations and suppliers at significant risk of incidents of child labor in terms of geographic areas or type of operation	No. PZU is not exposed to operations And suppliers at significant risk of incidents of child labor in terms of geographic areas or type of operation. In accordance with the Code of CSR Best Practices for PZU Group's Suppliers, the supplier ensures respect for human rights in its operations and firmly rejects the possibility of child labor and complies with applicable laws against child labor.	No. PZU SA is not exposed to operations and suppliers at significant risk of incidents of child labor in terms of geographic areas or type of operation. In accordance with the Code of Conduct and CSR Best Practices for PZU Group's Suppliers, the supplier ensures respect for human rights in its operations and firmly rejects the possibility of child labor and complies with applicable laws against child labor.	15. Lack of anti-corruption and anti-bribery policies	A company that does not have an anti-corruption and anti-bribery policies consistent with the United Nations Convention against Corruption	No. PZU has an Anti-Corruption Program in place consistent with Polish law. Poland is a member state of the United Nations Convention.	PZU has an Anti-Corruption Program in place consistent with Polish law. Poland is a member state of the United Nations Convention.		
						16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	A company does not take sufficient action to address breaches of standards of anti-corruption and anti-bribery	No. PZU takes action to address breaches of standards of anti-corruption and anti-bribery.	PZU takes action to address breaches of standards of anti-corruption and anti-bribery.
								17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws by the company Amount of fines for violation of anti-corruption laws
13. Operations and suppliers at significant risk of incidents of forced or compulsory labor	A company exposed to operations and suppliers at significant risk of incidents of forced or compulsory labor in terms of geographic areas or the type of operation	No, PZU is not exposed to operations and suppliers at significant risk of incidents of forced or compulsory labor in terms of geographic areas or the type of operation. In accordance with the Code of CSR Best Practices for PZU Group's Suppliers, the supplier ensures respect for human rights in its operations and does not tolerate any form of slave or forced labor.	No. PZU SA is not exposed to operations and suppliers at significant risk of incidents of forced or compulsory labor in terms of geographic areas or the type of operation. In accordance with the Code of Conduct and CSR Best Practices for PZU Group's Suppliers, the supplier ensures respect for human rights in its operations and does not tolerate any form of slave or forced labor.			Amount of fines for violation of anti-corruption and anti-bribery laws: PLN 0	Amount of fines for violation of anti-corruption and anti-bribery laws: PLN 0		
14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents	Number of cases of severe human rights violations in PZU: 0	No. No cases of severe human rights issues and incidents were identified.						





11. Other statements





11. Other statements

Representation by the Parent Company's Management Board on the preparation of standalone and consolidated financial statements and the activity report

To the best knowledge of the PZU Management Board, the PZU Group and PZU's annual consolidated financial statements and comparative data have been prepared in line with the prevailing accounting principles, and honestly, accurately and clearly reflect the PZU Group's and the PZU's assets and financial position as well as their financial result. To the best knowledge of the PZU Management Board, the report on the activities of the PZU Group and PZU contains a true picture of the development, achievements and situation of the PZU Group and PZU, including a description of basic threats and risks.

Information about significant agreements executed between shareholders

The PZU Management Board does not have any information about agreements executed until the date of this Report on the activity of the PZU Group and PZU among shareholders as a result of which changes may transpire in the future in the percentages of shares held by its shareholders to date.

Information about significant executed agreements

No agreements significant to the Issuer's business were entered into in 2023.

Related party transactions on terms other than an arm's length basis

In 2023, neither PZU nor its subsidiaries executed any transaction with their related parties which were of material significance individually or collectively and were executed on non-arm's length conditions.

Purchase of treasury shares in the financial year

As at 31 December 2023, consolidated funds held 141,154 PZU shares.

PZU did not hold any treasury shares as at 31 December 2023.

Credits and loans extended and taken out

As part of its investment activities in 2023, PZU, PZU Życie and funds managed by TFI PZU made transactions involving debt financing in the form of loans and bonds.

Granted and received guarantees and sureties

In 2023 and in 2022, neither PZU nor its subsidiaries granted any sureties for a loan or borrowing or guarantees to any single entity or any subsidiary of such an entity where the total amount of outstanding sureties or guarantees would be significant, with the exception of the question described below.

On 26 October 2023, PZU concluded with Alior Bank Annex No. 2 to the Mandate Agreement to Provide Unfunded Credit Protection from Time to Time, and concluded with the Counterparty Annex No. 2 to the Master Agreement to Provide Counter Guarantees from Time to Time.

Information on off-balance sheet items as of 31 December 2023 is included in [Chapter 6.3 PZU Group's asset and liability structure](#).

Rules of preparation

The Rules of preparing the annual consolidated financial statements have been described in the PZU Group's consolidated financial statements.

Assessment of the management of financial resources, including the capacity to satisfy the assumed liabilities and specification of possible threats and actions taken or to be taken by the Issuer to counter these threats Assessment of the performance of investment-related intentions

The PZU Group and PZU are in very good financial standing and satisfy all the safety criteria imposed by the legal regulations and the Polish Financial Supervision Authority. PZU's "A-" rating by S&P and stable rating outlook confirm that PZU has a strong business position,

with a high level of own equity, including for the performance of investment-related intentions.

Financial forecasts

PZU has not published any forecasts of its financial results.

Disputes

In 2023 and by the date of signing the consolidated financial statements, the PZU Group companies were not involved in any proceedings conducted before a court, an arbitration body or a public administration authority which concerned any liabilities or receivables of PZU or any of its direct or indirect subsidiaries the unit value of which would be material, save for the issues described in the PZU Group's consolidated financial statements and PZU's financial statements for 2023.

As at 31 December 2023, the total value of disputes in all 243,153 cases (31 December 2022: 265,937) pending before courts, arbitration bodies and public administration authorities in which PZU Group entities take part, was PLN 12,461 million (31 December 2022: PLN 9,033 million). Of that amount, PLN 8,055 million (31 December 2022: PLN 5,586 million) relates to liabilities, and PLN 4,406 million (as at 31 December 2022: PLN 3,447 million) to receivables of PZU Group companies.



This Report on the Activity of the PZU Group for 2023 has 409 consecutively numbered pages.

Signatures of PZU Management Board Members

Anita Elżanowska – Member of the PZU Supervisory Board delegated to temporarily perform the function of the President of the PZU Management Board

Tomasz Kulik – Member of the PZU Management Board

Michał Bernaczyk – Member of the PZU Supervisory Board delegated to temporarily perform the function of the Member of the PZU Management Board

Maciej Rapkiewicz – Member of the PZU Management Board

Warsaw, 20 March 2024



12. Appendices

- 12.1. PZU Group's financial data
- 12.2. Glossary of terms
- 12.3. Alternative Performance Measures





12.1. PZU Group's financial data

Basic amounts of the consolidated profit and loss account (PLN million)	2018	2019	2020	2021	2022
Gross written premiums	23,470	24,191	23,866	25,080	26,710
Net earned premiums	22,350	23,090	23,024	23,232	24,297
Revenue from commissions and fees	3,355	3,279	3,166	3,544	3,687
Net investment income	9,931	11,298	8,486	9,555	15,183
Net claims and benefits	(14,563)	(15,695)	(15,580)	(15,731)	(15,542)
Acquisition costs	(3,130)	(3,363)	(3,317)	(3,572)	(3,903)
Administrative expenses	(6,609)	(6,606)	(6,597)	(6,826)	(7,575)
Interest expenses	(2,046)	(2,129)	(1,134)	(418)	(4,767)
Other operational revenues and expenses	(2,201)	(2,790)	(3,990)	(2,315)	(3,750)
Operating profit (loss)	7,087	7,084	4,058	7,469	7,630
Share in net profit (loss) of entities measured using the equity method	(1)	(4)	-	(15)	(25)
Gross profit (loss)	7,086	7,080	4,058	7,454	7,605
Net profit (loss), including:	5,368	5,185	2,530	5,434	5,259
Shareholders' profit (loss)	3,213	3,295	1,912	3,336	3,374
Minority profit (loss)	2,155	1,890	618	2,098	1,885
Basic and diluted weighted average number of ordinary shares*	863,347,220	863,285,340	863,332,499	863,344,936	863,390,384
Number of shares issued	863,523,000	863,523,000	863,523,000	863,523,000	863,523,000
Basic and diluted PZU Group's profit per ordinary Issuer's share (in PLN)	3.72	3.82	2.21	3.86	3.91
Net profit of PZU (Issuer)	2,712	2,651	1,919	2,028	1,637
Basic and diluted Issuer's profit per ordinary share (in PLN)	3.14	3.07	2.22	2.35	1.90

*) including shares of consolidated funds

Data as of December 31 for 2018-2019 have been restated

Basic amounts of the consolidated profit and loss account (PLN million)	2022 (restated)	2023
Insurance service result before reinsurance	3,600	4,122
Insurance revenue	24,745	26,868
Insurance service expenses	(21,145)	(22,746)
Net income or expenses from reinsurance contracts held	63	(103)
Reinsurance premium allocation	(1,126)	(1,514)
Amounts recoverable from reinsurers	1,189	1,411
Insurance service result	3,663	4,019
Insurance finance income or expenses	(408)	(1,786)
Financial income and expenses from reinsurance	30	38
Net investment result	15,353	28,215
Fees and commissions result	3,687	3,786
Operating costs of banks	(5,450)	(6,332)
Interest expenses	(4,767)	(8,890)
Other operating income and expenses	(3,946)	(2,983)
Operating profit (loss)	8,162	16,067
Share of the net financial results of entities measured by the equity method	(25)	10
Profit (loss) before tax	8,137	16,077
Net profit (loss), including:	5,666	12,452
- profit (loss) attributable to the equity holders of the Parent Company	3,781	5,766
- profit (loss) attributed to holders of non-controlling interest	1,885	6,686
Weighted average basic and diluted number of common shares	863,390,384	863,378,107
Number of issued shares	863,523,000	863,523,000
PZU Group's basic and diluted profit per ordinary share of the Issuer (in PLN)	4.38	6.68
PZU (Issuer) net profit	1,637	3,983
Basic and diluted profit (losses) per ordinary share (in PLN)	1.90	4.61



Assets (PLN million)	2018	2019	2020	2021	2022
Intangible assets	3,180	3,157	3,206	3,403	3,282
Goodwill	3,871	4,034	2,776	2,778	2,808
Property, plant and equipment	3,184	4,229	4,188	4,144	4,304
Investment property	1,697	1,981	2,493	2,773	3,021
Entities measured using the equity method	17	11	72	93	52
Financial assets pledged as collateral for liabilities	877	933	1,481	1,336	972
Loan receivables	182,054	194,868	197,288	215,008	212,693
Derivatives	2,487	3,107	6,339	8,328	16,197
Financial assets	100,788	110,483	139,441	136,954	153,861
Receivables	6,343	5,737	6,246	9,418	12,642
Reinsurers' share in technical provisions	1,512	1,856	2,101	2,540	4,015
Deferred tax assets	2,234	2,313	2,511	3,058	3,085
Deferred acquisition costs	1,546	1,574	1,550	1,573	1,762
Other assets	562	734	753	633	811
Cash and cash equivalents	17,055	7,788	7,939	9,447	15,960
Assets held for sale	1,147	580	590	643	654
Total assets	328,554	343,385	378,974	402,129	436,119

Assets (PLN million)	2022 (restated)	2023
Goodwill	2,808	2,801
Intangible assets	3,282	3,404
Deferred tax assets	3,103	2,207
Other assets	462	483
Property, plant and equipment	4,304	4,445
Investment property	3,021	3,098
Entities measured by the equity method	52	62
Insurance contract assets	68	111
Reinsurance contract assets	2,336	3,469
Assets pledged as collateral for liabilities	972	1,708
Assets held for sale	654	621
Loan receivables from clients	212,693	218,808
Financial derivatives	16,197	11,396
Investment financial assets	153,861	192,332
Receivables	9,413	5,246
Cash and cash equivalents	15,960	17,702
Total assets	429,186	467,893

Restated data for 2018-2020



Equity (PLN million)	2018	2019	2020	2021	2022
Share capital	86	86	86	86	86
Supplementary capital	12,660	13,113	15,848	14,816	15,315
Revaluation reserve	(65)	294	891	(1,140)	(2,455)
Actuarial profits and losses related to provisions for employee benefits	-	1	3	3	(6)
Own shares	(11)	(7)	(9)	(5)	(4)
Other reserve capital	18	(324)	295	600	1 721
Exchange differences	(36)	(41)	65	69	92
Retained profits (losses)	(940)	(248)	(314)	(685)	(634)
Net profit (loss)	3,213	3,295	1,912	3,336	3,374
Appropriations on net profit during the financial year	-	-	-	-	-
Minority interest	22,482	23,119	24,626	22,914	22,263
Total equity	37,407	39,288	43,403	39,994	39,752

Equity (PLN million)	2022 (restated)	2023
Equity attributable to equity holders of the Parent	26,162	30,022
Share capital	86	86
Treasury shares	(4)	(4)
Supplementary capital	15,315	15,804
Other reserve capital	1,721	2,218
Revaluation reserve	(2,455)	(948)
Finance income and expenses under insurance contracts	2,622	1,258
Finance income and expenses under reinsurance contracts	(79)	(48)
Actuarial gains and losses related to provisions for employee benefits	(6)	(8)
Foreign exchange translation differences	91	(47)
Retained earnings	8,871	11,711
Retained profit	5,090	5,945
Net profit	3,781	5,766
Non-controlling interest	22,263	30,457
Total equity	48,425	60,479



Liabilities (PLN million)	2018	2019	2020	2021	2022
Technical provisions	45,839	47,329	48,471	50,173	52,606
Unearned premium and unexpired risk reserve	8,525	8,885	8,834	9,603	10,760
Life insurance provisions	16,204	16,346	16,309	16,345	17,014
Outstanding claims provisions	9,690	10,298	10,984	11,715	13,356
Provision for annuities	5,981	5,999	6,226	6,371	6,543
Provisions for bonuses and discounts for the insured	7	9	8	12	19
Other technical provisions	256	214	190	164	159
Unit-linked technical provisions	5,176	5,578	5,920	5,963	4,755
Subordinated liabilities	6,061	6,700	6,679	6,274	6,184
Own debt securities liabilities	12,009	9,273	7,532	5,940	11,090
Liabilities to banks	6,044	6,604	9,751	7,470	7,720
Liabilities to clients for deposits	207,635	218,588	241,975	265,155	278,058
Derivatives	3,365	3,018	6,281	11,880	20,956
Other liabilities	8,805	10,599	12,434	13,203	17,178
Other provisions	854	1,211	1,378	1,206	1,711
Deferred tax liability provision	486	746	949	806	831
Liabilities directly associated with assets qualified as held for sale	49	29	121	28	33
Total liabilities	291,147	304,097	335,571	362,135	396,367
Total equity and liabilities	328,554	343,385	378,974	402,129	436,119

Liabilities (PLN million)	2022 (restated)	2023
Insurance contract liabilities	37,518	42,328
Reinsurance contract liabilities	31	35
Subordinated liabilities	6,184	6,166
Liabilities on the issue of own debt securities	11,090	12,003
Liabilities to banks	7,720	7,047
Liabilities to clients under deposits	278,058	303,781
Financial derivatives	20,956	11,656
Other liabilities	14,629	18,971
Provisions	1,711	2,307
Deferred tax liability	2,831	3,088
Liabilities related directly to assets classified as held for sale	33	32
Total liabilities	380,761	407,414
Total equity and liabilities	429,186	467,893



One-off events in PZU Group (PLN million)	2018	2019	2020	2021	2022
Costs related to the modification of contracts for PLN mortgage loans granted to consumers due to their suspension of loan repayments (credit holidays)	-	-	-	-	(2,460)
Provision for legal risk related to related to foreign currency mortgage loans at Bank Pekao	-	-	-	-	(1,598)
Costs of bank protection system fee	-	-	-	-	(696)
Increase in technical provisions for older versions of individually continued products, consisting of recognition of the expected effect of higher indexations	-	-	-	-	(203)
Impairment allowance for financial assets and receivables in Ukrainian companies	-	-	-	-	(94)
The effect of a company going public from the logistics industry	-	-	-	485	-
Goodwill impairment charge	-	-	(1,301)	-	-
Write-off of assets created as a result of the acquisition of Alior Bank	-	-	(161)	-	-
Provision for the reimbursement of fees in prepaid consumer credit (CJEU)	-	(272)	-	-	-
Reestimation of reserves for vegetative state compensation claims	(148)	-	-	-	-

One-off events in PZU Group (PLN million)	2022 (restated)	2023
Costs related to the modification of agreements for PLN mortgage loans granted to consumers due to their suspension of loan repayments (credit holidays)	(2,460)	103
Provision for legal risk related to related to foreign currency mortgage loans at Bank Pekao	(1,598)	(406)
Cost of fees for the bank protection system	(696)	-
Impairment allowance for financial assets and receivables in Ukrainian companies	(94)	-



Operational efficiency ratios		2018	2019	2020	2021	2022
1	Gross claims and benefits ratio (simple) (gross claims and benefits/gross written premium) x 100%	63.8%	66.5%	67.5%	64.3%	63.2%
2	Claims and benefits ratio on own share (net claims and benefits / earned premium on own share)) x 100%	65.2%	68.0%	67.7%	67.7%	64.0%
3	Insurance segment activity expense ratio (insurance activity expenses/earned premium on own share)) x 100%	21.4%	22.3%	22.6%	23.8%	25.0%
4	Insurance segment acquisition expense ratio (acquisition expenses/premium earned on own share) x 100%	14.5%	15.1%	15.3%	16.3%	17.1%
5	Administrative expense ratio in the insurance segments (administrative expenses/premium earned on own share) x 100%	6.9%	7.2%	7.4%	7.6%	7.9%
6	Combined ratio in non-life insurance (net claims and benefits + insurance activity expenses) / net premium earned on own share) x 100%	87.1%	88.5%	88.2%	89.2%	89.6%
7	Operating profit margin in life insurance (operating profit /gross written premium) x 100%	21.3%	20.5%	18.6%	12.7%	16.8%
8	Cost/Income ratio - banking operations	42.3%	40.8%	43.4%	42.2%	39.9%

Operational efficiency ratios		2022	2023
1	Administrative expenses ratio of insurance segments (net administrative expenses/net insurance revenue) x 100%	8.5%	9.1%
2	Mixed ratio in property and other personal insurance (net insurance service costs / net insurance revenue) x 100%	86.5%	86.0%
3	Margin from insurance business in life insurance (operating profit / net insurance revenue) x 100%	22.2%	24.4%
4	Cost/income ratio – banking activity	39.9%	32.0%



Data from the profit and loss account – corporate insurance (non-life insurance) (PLN million)	2018	2019	2020	2021	2022
Gross written premiums	3,097	3,316	3,026	3,283	4,031
Net earned premiums	2,326	2,476	2,365	2,365	2,503
Investment income	113	100	116	73	124
Insurance claims	(1,591)	(1,610)	(1,593)	(1,510)	(1,684)
Acquisition costs	(477)	(519)	(511)	(522)	(545)
Administrative expenses	(131)	(131)	(144)	(142)	(161)
Reinsurance commission and share in profits	39	43	47	56	68
Other	(11)	(32)	33	(26)	(23)
Insurance profit	268	327	313	294	282
Acquisition costs ratio (including reinsurance commission)*	18.8%	19.2%	19.6%	19.7%	19.1%
Administrative expenses ratio*	5.6%	5.3%	6.1%	6.0%	6.4%
Claims ratio*	68.4%	65.0%	67.4%	63.8%	67.3%
Combined ratio (COR)*	92.9%	89.5%	93.1%	89.6%	92.8%

*) ratios calculated with net premium earned

Data from the profit and loss account – corporate insurance (non-life insurance) (PLN million)	2022	2023
Insurance revenue before reinsurance	3,448	4,101
Amortization of liabilities for remaining coverage (PAA)	2,952	3,513
Recovery of insurance acquisition cash flows	496	588
Insurance revenue after reinsurance	2,531	2,800
Insurance service expenses after reinsurance	(2,181)	(2,195)
“Claims and benefits (excluding the investment component) with the development of the claim re-serves from previous years”	(1,548)	(1,403)
Expenses incurred in the period	(142)	(207)
Amortization of loss component	120	113
Recognition of the loss component	(115)	(110)
Amortization of insurance acquisition cash flows	(496)	(588)
Insurance service result	350	605
Insurance finance income or expenses	(66)	(108)
Financial income and expenses from reinsurance	15	35
Investment income	225	332
Operating profit (loss)	524	864
Combined ratio (COR)	86.2%	78.4%



Data from the profit and loss account – mass insurance (non-life insurance) (PLN million)	2018	2019	2020	2021	2022
Gross written premiums	10,401	10,403	10,244	10,910	11,583
Net earned premiums	10,168	10,261	10,192	10,121	10,923
Investment income	526	481	525	385	593
Insurance claims	(6,171)	(6,410)	(6,221)	(6,198)	(6,596)
Acquisition costs	(1,890)	(1,986)	(2,010)	(2,166)	(2,470)
Administrative expenses	(594)	(651)	(673)	(678)	(706)
Reinsurance commission and share in profits	(6)	3	-	33	41
Other	(308)	(249)	(142)	(246)	(288)
Insurance profit	1,725	1,449	1,671	1,251	1,497
Acquisition costs ratio (including reinsurance commission)*	18.6%	19.3%	19.7%	21.1%	22.2%
Administrative expenses ratio*	5.8%	6.3%	6.6%	6.7%	6.5%
Claims ratio*	60.7%	62.5%	61.0%	61.2%	60.4%
Combined ratio (COR)*	85.2%	88.1%	87.4%	89.0%	89.1%

*) ratios calculated with net premium earned

Data from the profit and loss account – mass insurance (non-life insurance) (PLN million)	2022	2023
Insurance revenue before reinsurance	10,981	11,966
Amortization of liabilities for remaining coverage (PAA)	8,579	9,278
Recovery of insurance acquisition cash flows	2,402	2,688
Insurance revenue after reinsurance	10,842	11,820
Insurance service expenses after reinsurance	(9,318)	(10,269)
Claims and benefits (excluding the investment component) with the development of the claim reserves from previous years	(6,061)	(6,748)
Expenses incurred in the period	(787)	(875)
Amortization of loss component	341	442
Recognition of the loss component	(409)	(400)
Amortization of insurance acquisition cash flows	(2,402)	(2,688)
Insurance service result	1,524	1,551
Insurance finance income or expenses	(241)	(263)
Financial income and expenses from reinsurance	11	5
Investment income	703	745
Operating profit (loss)	1,997	2,038
Combined ratio (COR)	85.9%	86.9%



Data from the profit and loss account – group and individually continued insurance (PLN million)	2018	2019	2020	2021	2022
Gross written premiums	6,891	6,966	7,007	7,030	7,166
Group insurance	4,887	4,940	4,958	4,975	5,093
Individually continued insurance	2,004	2,026	2,049	2,055	2,073
Net earned premiums	6,890	6,965	6,956	7,055	7,190
Investment income	581	668	675	520	617
Insurance claims and change in other technical provisions net	(4,931)	(5,057)	(5,190)	(5,597)	(5,333)
Acquisition costs	(349)	(388)	(381)	(394)	(429)
Administrative expenses	(604)	(640)	(632)	(669)	(752)
Other	(44)	(51)	(37)	(45)	(44)
Insurance profit	1,543	1,497	1,391	870	1,249
Insurance profit excluding one-off events	1,543	1,497	1,391	870	1,452
Acquisition costs ratio*	5.1%	5.6%	5.4%	5.6%	6.0%
Administrative expenses ratio*	8.8%	9.2%	9.0%	9.5%	10.5%
Insurance profit margin	22.4%	21.5%	19.9%	12.4%	17.4%

*) ratios calculated with gross premium written

Data from the profit and loss account – group and individually continued insurance (PLN million)	2022	2023
Insurance revenue before reinsurance	7,316	7,362
Insurance revenue after reinsurance	7,316	7,362
Expected claims and benefits, and expenses (GMM, VFA)	6,127	6,114
Release of the contractual service margin (GMM, VFA)	1,105	1,223
Other revenue	84	25
Insurance service expenses after reinsurance	(6,039)	(6,093)
Claims and benefits (excluding the investment component) with the development of the claim re-serves from previous years	(4,960)	(4,830)
Expenses incurred in the period	(730)	(842)
Amortization of loss component	349	292
Recognition of the loss component	(293)	(279)
Amortization of insurance acquisition cash flows	(405)	(434)
Insurance service result	1,277	1,269
Insurance finance income or expenses	(462)	(509)
Investment income	682	852
Operating profit (loss)	1,497	1,612
Insurance business margin	20.5%	21.9%



Data from the profit and loss account – individual insurance (PLN million)	2018	2019	2020	2021	2022
Gross written premiums	1,346	1,581	1,712	1,750	1,451
Net earned premiums	1,344	1,579	1,710	1,747	1,447
Investment income	59	548	465	153	(181)
Insurance claims and change in other technical provisions net	(976)	(1,640)	(1,670)	(1,329)	(695)
Acquisition costs	(126)	(139)	(175)	(224)	(216)
Administrative expenses	(69)	(72)	(81)	(86)	(109)
Other	(5)	(5)	(5)	(6)	(8)
Insurance profit	227	271	244	255	238
Acquisition costs ratio*	9.4%	8.8%	10.2%	12.8%	14.9%
Administrative expenses ratio*	5.1%	4.6%	4.7%	4.9%	7.5%
Insurance profit margin*	16.9%	17.1%	14.3%	14.6%	16.4%

*) ratios calculated with gross premium written

Data from the profit and loss account – individual insurance (PLN million)	2022	2023
Insurance revenue before reinsurance	581	637
Insurance revenue after reinsurance	581	637
Expected claims and benefits, and expenses (GMM, VFA)	400	374
Release of the contractual service margin (GMM, VFA)	215	244
Other revenue	(34)	19
Insurance service expenses after reinsurance	(301)	(344)
“Claims and benefits (excluding the investment component) with the development of the claim re-serves from previous years”	(86)	(91)
Expenses incurred in the period	(78)	(90)
Amortization of loss component	14	8
Recognition of the loss component	(8)	(17)
Amortization of insurance acquisition cash flows	(143)	(154)
Insurance service result	280	293
Insurance finance income or expenses	(87)	(102)
Investment income	118	115
Operating profit (loss)	311	306
Insurance business margin	53.5%	48.0%



Data from the profit and loss account – investment contracts (PLN million)	2018	2019	2020	2021	2022
Gross written premiums	40	35	33	33	30
Group insurance	2	1	1	1	-
Individual insurance	38	34	32	32	30
Net earned premiums	40	35	33	33	30
Investment income	(14)	16	13	(3)	(29)
Insurance claims and change in the balance of other technical provisions net	(15)	(42)	(37)	(22)	6
Acquisition costs	(1)	-	-	-	-
Administrative expenses	(5)	(4)	(3)	(2)	(2)
Other	(2)	-	-	-	-
Operating profit	3	5	6	6	5
Profit margin*	7.5%	14.3%	18.2%	18.2%	16.7%

*) ratios calculated with gross premium written

Data from the profit and loss account – banking activity (PLN million)	2018	2019	2020	2021	2022
Revenue from commissions and fees	3,115	3,146	3,008	3,426	3,569
Investment income	8,897	8,972	6,248	7,319	13,636
Interest costs	(1,904)	(2,013)	(1,074)	(376)	(4,617)
Administrative expenses	(4,989)	(4,850)	(4,782)	(5,077)	(5,639)
Other	(1,083)	(1,757)	(3,206)	(1,513)	(3,035)
Total	4,036	3,498	194	3,779	3,914

Data from the profit and loss account – investment contracts (PLN million)	2022	2023
Investment income	1	2
Fees and commissions result	3	3
Operating profit (loss)	4	5

Data from the profit and loss account – banking activity (PLN million)	2022	2023
Investment income	13,636	24,788
Fees and commissions result	3,569	3,605
Operating costs of banks	(5,639)	(6,489)
Interest expenses	(4,617)	(8,704)
Other operating income and expenses	(3,035)	(2,020)
Operating profit	3,914	11,180



Data from the profit and loss account – pension segment (PLN million)	2018	2019	2020	2021	2022
Investment income	5	6	4	4	12
Other revenues	149	142	130	154	161
Administrative expenses	(40)	(43)	(56)	(57)	(49)
Other	(7)	(4)	(5)	(5)	(5)
Operating profit (loss)	107	101	73	96	119

Investment segment (external) (PLN million)	2018	2019	2020	2021	2022
Total	(390)	333	323	662	420

Data from the profit and loss account – pension segment (PLN million)	2022	2023
Investment income	12	17
Fees and commissions result	161	147
Other operating income and expenses	(32)	(44)
Operating profit	141	120

Investment segment (PLN million)	2022	2023
Investment income	442	522
Fees and commissions result	87	171
Interest expenses	(178)	(231)
Other operating income and expenses	(95)	(123)
Operating profit	256	339



Data from the profit and loss account – Baltic Countries segment (PLN million)	2018	2019	2020	2021	2022
Gross written premiums	1,592	1,713	1,694	1,867	2,359
Net earned premiums	1,480	1,600	1,643	1,742	2,064
Investment result	2	38	18	42	(13)
Net insurance claims	(905)	(989)	(965)	(1,082)	(1,238)
Acquisition costs	(317)	(335)	(340)	(366)	(454)
Administrative expenses	(125)	(133)	(141)	(142)	(163)
Other	3	4	5	6	7
Insurance profit	138	185	220	200	203
Exchange rate EUR in PLN	4.2669	4.3018	4.4742	4.5775	4.6883
Acquisition costs ratio*	21.4%	20.9%	20.7%	21.0%	22.0%
Administrative expenses ratio*	8.4%	8.3%	8.6%	8.2%	7.9%

*) ratios calculated with net premium earned

Data from the profit and loss account – Baltic Countries segment (PLN million)	2022	2023
Insurance revenue before reinsurance	2,082	2,489
Insurance revenue after reinsurance	2,033	2,424
Amortization of liabilities for remaining coverage (PAA)	1,607	1,936
Expected claims and benefits, and expenses (GMM, VFA)	18	17
Release of the contractual service margin (GMM, VFA)	12	13
Release of risk adjustment for non-financial risks (GMM, VFA)	3	2
Recovery of insurance acquisition cash flows	393	455
Other	-	1
Insurance service expenses after reinsurance	(1,820)	(2,170)
Claims and benefits (excluding the investment component) with the development of the claim reserves from previous years	(1,216)	(1,457)
Expenses incurred in the period	(220)	(255)
Amortization of loss component	205	142
Recognition of the loss component	(196)	(145)
Amortization of insurance acquisition cash flows	(393)	(455)
Insurance service result	213	254
Insurance finance income or expenses	24	(25)
Financial income and expenses from reinsurance	1	(2)
Investment income	(13)	57
Fees and commissions result	2	2
Operating profit	227	286
EUR exchange rate in PLN	4.6883	4.5284
Insurance business margin for life insurance	28.6%	25.0%
The combined ratio (COR) for property and other non-life insurance	89.8%	89.7%



Data from the profit and loss account – Ukraine segment (PLN million)	2018	2019	2020	2021	2022
Gross written premiums	257	335	291	339	231
Net earned premiums	152	217	196	227	207
Investment result	19	33	39	16	(42)
Net insurance claims	(59)	(81)	(76)	(102)	(106)
Acquisition costs	(82)	(118)	(101)	(112)	(48)
Administrative expenses	(25)	(31)	(33)	(39)	(33)
Other	18	19	29	24	17
Insurance profit	23	39	54	14	(5)
Exchange rate UAH/PLN	0.1330	0.1502	0.1439	0.1422	0.1370
Acquisition costs ratio*	53.9%	54.4%	51.5%	49.3%	23.2%
Administrative expenses ratio*	16.4%	14.3%	16.8%	17.2%	15.9%

*) ratios calculated with net premium earned

Data from the profit and loss account – Ukraine segment (PLN million)	2022	2023
Insurance revenue before reinsurance	248	220
Insurance revenue after reinsurance	227	218
Amortization of liabilities for remaining coverage (PAA)	135	136
Expected claims and benefits, and expenses (GMM, VFA)	20	17
Release of the contractual service margin (GMM, VFA)	8	5
Release of risk adjustment for non-financial risks (GMM, VFA)	1	1
Recovery of insurance acquisition cash flows	73	58
Other	(10)	1
Insurance service expenses after reinsurance	(199)	(201)
Compensation and benefits (excluding the investment component) including the development of the loss reserve from previous years	(83)	(96)
Expenses incurred in the period	(43)	(43)
Amortization of loss component	-	1
Recognition of the loss component	-	(5)
Amortization of insurance acquisition cash flows	(73)	(58)
Insurance service result	28	17
Insurance finance income or expenses	(26)	(18)
Financial income and expenses from reinsurance	3	-
Investment income	(1)	50
Operating profit	4	49
Exchange rate UAH/PLN	0.1370	0.1137
Insurance business margin for life insurance	(34.7)%	75.0%
The combined ratio (COR) for property and other non-life insurance	86.0%	95.6%



Data from the profit and loss account – investment insurance (PLN million)	2022	2023
Insurance revenue before reinsurance	89	93
Insurance revenue after reinsurance	89	93
Expected claims and benefits, and expenses (GMM, VFA)	37	15
Release of the contractual service margin (GMM, VFA)	37	45
Other revenue	15	33
Insurance service expenses after reinsurance	(98)	(63)
Claims and benefits (excluding the investment component) with the development of the claim re-serves from previous years	(17)	(21)
Expenses incurred in the period	(3)	(5)
Amortization of loss component	8	9
Recognition of the loss component	(35)	(7)
Amortization of insurance acquisition cash flows	(51)	(39)
Insurance service result	(9)	30
Insurance finance income or expenses	450	(761)
Investment income	(455)	765
Operating profit (loss)	(14)	34
Insurance business margin	-15.7%	36.6%



12.2. Glossary of terms

insurance agent – commercial undertaking conducting agency activity pursuant to an agreement executed with an insurance undertaking. The activity of agents focuses on acquiring customers, entering into insurance contracts, participating in the administration and performance of insurance agreements and organizing and supervising agency activity.

assurbanking – distribution of banking products by insurance companies.

bancassurance – distribution of insurance products by banks.

BEL – value of the best estimate liability under insurance contracts, the amount required to ensure payment of services and benefits to insureds according to best estimates, i.e., when everything happens according to predictions (best estimate assumptions).

insurance broker – entity holding a permit to conduct brokerage activity. Performs activities on behalf or in favor of an entity seeking insurance cover.

coverage units – coverage units of insurance services used to determine contractual service margin (CSM) amortization schemes.

cross-selling – sales strategy for selling an insurance product in combination with a complementary insurance product or an insurer's partner's product, e.g. a bank's product. Bancassurance products such as credit insurance may serve as an example.

CSM – contractual service margin, a component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit the entity will recognize as it provides insurance contract services. Changes in actuarial assumptions recognized over time are passed through the CSM.

P/BV (Price to Book Value) – indicator specifying the ratio of the market price to the book value per share.

P/E (Price to Earnings) – indicator specifying the ratio of the company's market price (per share) to earnings per share.

DPS (Dividend Per Share) – market multiple specifying the dividend per share.

DY (Dividend Yield) – market multiple specifying the ratio of the dividend per share to the market share price.

EPS (Earnings Per Share) – market multiple specifying earnings per share.

GMM – General Measurement Model, the default model of IFRS 17, in which insurance liabilities are calculated as the sum of discounted estimated future cash flows (BEL), non-financial risk adjustments and CSM.

IDD – Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (Insurance Distribution Directive).

IPO (Initial Public Offering) – public offering of specific securities performed for the first time. One of the most important elements of an initial public offering is the preparation of a prospectus and the proceeding before the institution supervising admission to be traded publicly.

Civil Code – Act of 23 April 1964 entitled Civil Code.

Commercial Company Code – Act of 15 September 2000 entitled Commercial Company Code.

initial recognition (IR) – the date of first recognition of an insurance contract.

non-distinct investment component (NDIC) – represents the portion of the benefit payable to the insured that will always be paid to the insured regardless of whether an insured event occurs.

PAA – Premium Allocation Approach, a simplified approach, where the measurement of the liability for remaining insurance cover is analogous with the unearned premiums mechanism according to IFRS 4

(without a separate presentation of risk adjustment for non-financial risk or contractual service margin), whereas liabilities for paid claims are measured in the same manner as for the general measurement model. The PAA method is applied to short-term contracts that meet the relevant eligibility criteria at initial recognition.

ECSs – Employee Capital Schemes defined by the provisions of the Act of 4 October 2018 on Employee Capital Schemes.

PRIIP – Commission Delegated Regulation (EU) 2017/653 of 8 March 2017 supplementing Regulation (EU) No. 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products.

gross insurance revenue – this is the remuneration expected to be received by the entity in exchange for insurance services provided during the period. In the GMM or VFA model, it includes the contractual service margin solution (CSM) in the amount of the contract profit attributable to the period, the release of the adjustment for non-financial risks during the period, the compensation, benefits and expenses expected during the period, and the portion of the premium associated with the recovery of acquisition costs, and the PAA simplified model includes the amortization of liabilities for remaining coverage.



Insurance Finance Income or Expenses (IFIE) – the effect of time value of money and financial risks and their changes recognized partly in the profit and loss account and partly in other comprehensive income.

gross written premium – the amounts of gross written premiums (net of the reinsurer's share) due by virtue of the insurance contracts executed in the reporting period, notwithstanding the term of liability stemming from these agreements.

net earned premium – the gross written premium in a given period giving consideration to the settlement of revenues (premiums) over time through movement in the provisions for unearned premiums and the reinsurers' share.

adjustment for non-financial risk – compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the entity fulfils insurance contracts.

reinsurance – transfer to some other insurance undertaking – the reinsurer – of all or part of the insured risk or class of risks along with the pertinent portion of the premiums. As a result of reinsurance, a secondary split of risks transpires to minimize the risks to the insurance market.

outward reinsurance – reinsurance activity whereby the insurer (cedent) transfers a portion of the concluded insurance to a reinsurer or reinsurers in the form of a reinsurance agreement.

inward reinsurance – reinsurance activity whereby a reinsurer or reinsurers accept a portion of insurance or a class of insurance transferred by a cedent.

technical provisions (PSR) – provisions that should ensure full coverage of current and future liabilities that may result from executed insurance contracts. The following, in particular, are included in technical provisions: provision for unearned premiums, provision for life insurance, provision for outstanding claims and benefits, provision for unexpired risks, provision for investment risk borne by policyholders and provision for bonuses and discounts for insureds.

RODO – Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.

CRR – Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation).

Regulation on Current and Periodic Information – Finance Minister's Regulation of 29 March 2018 on Current and Periodic Information Transmitted by Securities Issuers and the Conditions for Recognizing the Information Required by the Regulations of a Non-Member State as Equivalent (Journal of Laws of 2018, item 757).

credit scoring – method for assessing the credibility of an entity (usually a natural person or a business) applying for a bank loan. The result of credit scoring is ordinarily presented in the form of a score – the higher the number of points, the greater the credibility of a prospective borrower.

sell-side – part of the financial sector involved in creating, promoting and selling equities, bonds, foreign currencies and other financial instruments; it includes investment bankers who act as intermediaries between securities issuers and investors as well as market makers who provide liquidity on the market. Sell-side analysts release research reports with investment recommendations and daily comments for the buy side, i.e. for asset managers.

Locked-in interest rates – interest rates at initial recognition.

spread – the difference between the purchase and sale price of a financial instrument.

risk-free rate – rate of return on financial instruments with zero risk. In PZU the risk-free rate is based on the yield curves for treasuries and it is the basis for determining transfer prices in settlements between operating segments.

sum insured – amount in cash for which an insured object is insured. In non-life insurance the sum insured ordinarily constitutes the upper limit of the insurer's liability.

Transition – date of transition to valuation in accordance with IFRS 17 standard, i.e. 1 January 2022.

TSR (Total Shareholder Return) – measure specifying the total rate of return obtained by shareholders by virtue of holding shares in a given company during an annual period. This measure expresses the sum total of profit stemming from the movement in the share price of a given company and the dividends paid during the time when an investor holds its shares in relation to its share value at the beginning of a given year. It is expressed as a percentage on an annualized basis.

Unit-linked – Unit-linked insurance fund, a separate fund consisting of assets constituting a provision consisting of insurance premiums invested in the manner specified in the insurance agreement, a constituent part of unit-linked life insurance also referred to as an investment policy.

UoA (Unit of Account) – a unit of account, the lowest level at which valuation under IFRS 17 is conducted, only at this level compensation of profit and loss of insurance contracts is allowed.

Act on Statutory Auditors – Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (Journal of Laws of 2017, Item 1089, as amended).

UOKiK – Office of Competition and Consumer Protection, the Polish anti-trust authority, acting to ensure the development of competition, protect businesses exposed to monopolistic practices and protect consumer interests, www.uokik.gov.pl.

Insurance Activity Act – Act of 11 September 2015 on Insurance and Reinsurance Activity (Journal of Laws of 2015, item 1844), with most regulations in force as of 1 January 2016. This Act introduced Solvency II requirements to the Polish legal system.



release of non-financial risk adjustment (RA) presented in profit or loss – compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risks as the entity fulfils insurance contracts.

release of the contractual service margin (CSM) – contractual service margin release presented in profit or loss – contractual service margin (CSM) is released in the current period based on the proportion of the total insurance service provided in the period.

UX (User Experience) – area related to the experiences of users of the respective tool (or, more broadly, of a process, or interacting with the brand in general). It is associated directly with web usability, which is an empirical field of knowledge dealing with the design and testing of tools (in this case: online tools) in consideration of the needs and preferences of target users. In the context of websites, it involves broadly construed usefulness and effectiveness in attaining specific goals.

VFA – Variable Fee Approach, – method based on the building block approach, applied for contracts with direct participating features, where changes in economic assumptions passes through CSM over the life of contract, method applied e.g. for Unit-Linked contracts.

WIBOR6M – reference interest rate for a loan for 6 months on the Polish interbank market.

Solvency II – solvency system for European insurance undertakings taking the risk profile into account. These requirements have been in force since 1 January 2016.

prudent person principle – principle expressed in article 129 of the Solvency II Directive of the European Parliament and of the Council on the Taking-up and Pursuit of the Business of Insurance and Reinsurance that imposes on insurance undertakings and reinsurance undertakings the requirement of investing assets in the policyholders' best interest, properly matching investments to liabilities and duly incorporating the various types of financial risk, such as liquidity risk and concentration risk.

liability (or asset) for insurance contracts – replaces in IFRS 17 the existing technical provisions and other balance sheet contributions related to the valuation of insurance contracts. It consists of the Liability for Remaining Coverage and Liability for Incurred Claims).



12.3. Alternative Performance Measures

Selected Alternative Performance Measures (APM) within the meaning of European Securities and Markets Authority Guidelines (ESMA) no. 2015/1415 are presented below.

The profitability and operational efficiency indicators presented herein, constituting standard measures applied generally in financial analysis, provide, in the opinion of the Management Board, significant additional information about the PZU Group's financial performance. Their usefulness was analyzed in terms of information, delivered to the investors, regarding the Group's financial standing and financial performance.

aROE – adjusted return on equity, calculated on a capital basis excluding cumulative other comprehensive income relating to insurance and reinsurance financial income and expenses.

Assets of external clients of TFI PZU and PTE PZU (PLN billion) – assets of external clients accumulated in the PZU “Złota Jesień” Open-End Pension Fund and the PZU Voluntary Pension Fund as well as all assets accumulated and managed by TFI PZU, other than those constituting own funds of PZU Group companies. Compared to the values reported before 2021, PPE products sold past PZU Życie as UFK and managed by TFI PZU as asset management were also included. An increase in this indicator means that the inflows of assets into the funds

are greater than the outflows from the funds and/or that the funds generated positive rates of return on assets under management.

COR – Combined operating ratio, calculated for the non-life insurance sector. This is the ratio of insurance service expenses, including amounts recoverable from reinsurers to the net income on insurance activities; a decrease in the value of this indicator signifies an improvement in efficiency (Combined Operating Ratio).

Net interest margin (NIM) – the difference between a bank's net interest income earned on income-generating assets and interest expenses incurred on liabilities. It is the ratio of a bank's earnings generated on interest to average assets net of matured interest on at-risk receivables; an increase in the value of this indicator signifies an improvement in efficiency (NIM).

Operating margin in life insurance – profitability of life insurance segments, calculated as the ratio of the profit or loss on operating activities to the net income on insurance activities; the higher the ratio, the better the efficiency.

Operating margin in group and individually continued insurance – profitability of the segment of group and individually continued insurance, calculated as the ratio of profit/loss on operating activity to net insurance

revenues; an increase in the value of this indicator signifies an improvement in efficiency.

Revenue of the Health Pillar / Area – gross written premium from health insurance (property and life insurance) and revenue from medical care subscription, occupational medicine, services under a contract with the National health Fund and fee-for-service products carried out in medical centers of PZU Zdrowie (in branches and subsidiaries of PZU Zdrowie), excluding intragroup transactions.

Number of contracts of the Health Pillar / Area – the number of contracts of clients of health products of the PZU Group (PZU Życie, PZU, PZU Zdrowie, TUW PZUW, LINK4), i.e. the number of contracts of clients having: group or individual health insurance, subscription for medical services or occupational medicine services. For group contracts, the client is either the insured or the beneficiary.

ROA (Return on Assets) – return on assets, calculated as the ratio of the annual net profit to the arithmetic mean of total assets at the beginning and end of the reporting period; an increase in the value of this indicator signifies an improvement in efficiency, i.e. a greater ability of the assets to generate profits (Return on Assets).

ROE (Return on Equity) attributable to equity holders of the parent – return on equity calculated as the ratio of the annual net profit attributable to owners of the parent company to the arithmetic mean of consolidated equity minus minority interest at the beginning and end of the reporting period; an increase in the value of this indicator signifies an improvement in efficiency and the ability to multiply funds entrusted by the owners (investors) (Return on Equity).

Consolidated ROE (Return on Equity) – return on equity calculated as the ratio of the annual net profit to the arithmetic mean of consolidated equity at the beginning and end of the reporting period; an increase in the value of this indicator signifies an improvement in efficiency and the ability to multiply funds entrusted by the owners (Return on Equity).

Administrative expense ratio – the quotient of net administrative expenses and to net insurance revenues; the ratio determines the percentage of administrative expenses to net insurance revenues and a decrease in the value of the ratio indicates an improvement in efficiency.

Cost/Income ratio, C/I ratio (banking sector) – the quotient of administrative expenses and the sum of operating income, excluding: the BFG charge, the levy on other financial institutions and the net result on realization and impairment losses on investments; the lower the ratio, the better the efficiency (C/I Cost/Income).

PZU Group's solvency ratio – the level of coverage of the solvency capital requirement with the PZU Group's own funds within the meaning of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), as amended and supplemented with related documents; an increase in the value of this indicator signifies an increase in the capital surplus.



This Activity Statements contain forward-looking statements concerning the strategic operations. Such forward-looking statements are exposed to both known and unknown types of risks, involve uncertainties and are subject to other significant factors which may cause that the actual results, operations, or achievements of PZU Group considerably differ from future results, operations, or achievements expressed or implied in the forwards-looking statements. The statements are based on a number of assumptions concerning the current and future business strategy of PZU Group and the external environment in which the Group will operate in the future. PZU expressly waives any and all obligations or commitments concerning distribution of any updates or adjustments to any of the assumptions contained in these Management Board's report on the activity of the PZU Group and PZU, which shall aim to reflect the changes in PZU expectations or changes in events, conditions, or circumstances on which a given assumption has been made, unless provisions of the law provided otherwise. PZU stipulates that the forwardlooking statements do not constitute a guarantee as to the future results, and the company's actual financial standing, business strategy, management plans and objectives concerning the future operations may considerably differ from those presented or implied in such statements contained in these Management Board's report on the activity of the PZU Group and PZU. Moreover, even if the PZU Group's financial standing, business strategy, management plans and objectives concerning the future operations comply with the forward-looking statements contained in these Management Board's report on the activity of the PZU Group and PZU, such results or events may not be treated as a guideline as to the results or events in the subsequent periods.

PZU does not undertake to publish any updates, changes, or adjustments to information, data or statements contained in these Management Board's report on the activity of the PZU Group and PZU if the strategic operations or plans of PZU shall change, or in the case of facts or events that shall affect such operations or plans of PZU, unless such an obligation to inform resulted from applicable provisions of the law.

PZU Group is not liable for the effects of decisions made following the reading of the Management Board's report on the activity of the PZU Group and PZU.

At the same time, these Management Board's report on the activity of the PZU Group and PZU may not be treated as a part of a call or an offer to purchase securities or make an investment. The Management Board's report on the activity of the PZU Group and PZU does not constitute also an offer or a call to effect any other transactions concerning securities.