

BYLAWS OF THE SUPERVISORY BOARD AUDIT COMMITTEE OF Powszechny Zakład Ubezpieczeń SPÓŁKA AKCYJNA

1. GENERAL PROVISIONS

§ 1

The Bylaws of the Supervisory Board Audit Committee of Powszechny Zakład Ubezpieczeń Spółka Akcyjna ("**Bylaws**") define the composition, the appointment procedure, tasks, scope of activities and the manner of operation of the Supervisory Board Audit Committee ("**Committee**") of Powszechny Zakład Ubezpieczeń Spółka Akcyjna ("**Company**").

§ 2

Terms and abbreviations used in the Bylaws mean:

- 1) **audit firm** – entity in which audits of financial statements are carried out by statutory auditors, listed on the list of audit firms referred to in Article 57 sec. 1 of the Act on Statutory Auditors and conducting activity in one of the forms specified in Article 46 of the Act on Statutory Auditors;
- 2) **audit** – mandatory audit or voluntary audit;
- 3) **voluntary audit** – audit of the annual financial statements of the Company, which is carried out on the basis of the Company's decision, not on the basis of Article 64 of the Accounting Act, provisions of other acts or provisions of European Union law, carried out pursuant to national or other audit standards, and an audit of the annual consolidated financial statements of the Company group, carried out pursuant to standards other than the national audit standards;
- 4) **mandatory audit** – statutory audit and each other audit of the financial statements required by the provisions of the Accounting Act, provisions of other acts or provisions of European Union law, including in particular an audit of the report on solvency and financial condition of the Company and the report on solvency and financial condition of the Company group, and an audit of the Company's financial statements and consolidated financial statements of the Company's group for periods other than annual, if such an obligation follows from prevailing provisions of law;
- 5) **statutory audit** – audit of the annual consolidated financial statements of the Company group or audit of the annual financial statements of the Company, required by Article 64 of the Accounting Act, provisions of other acts or provisions of European Union law, carried out pursuant to national audit standards;
- 6) **review of financial statements** – review of consolidated financial statements of the Company group or financial statements of the Company carried out pursuant to national review standards;
- 7) **Company group** – the Company and PZU SA's subsidiaries within the meaning of International Financial Reporting Standards 10 (IFRS10) and TUW PZUW;
- 8) **key statutory auditor** –
 - a) in the event of an audit of financial statements – the statutory auditor appointed by the audit firm as the person who is predominantly responsible for conducting the respective audit on behalf of the audit firm,
 - b) in the event of an audit of the group's consolidated financial statements – the statutory auditor appointed by the audit firm as the person predominantly responsible for conducting the audit of the group's consolidated financial statements on behalf of the audit firm at the group's parent company level and the statutory auditor appointed as the person predominantly responsible for conducting the audit of the group's consolidated financial statements at the level of material subsidiaries covered by the consolidated financial statements of the respective group,
 - c) statutory auditor signing the audit report;
- 9) **Regulation No. 537/2014** – Regulation(EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (OJ EU L 158 of 27 May 2014, p. 77 as corrected by OJ EU L 170 of 11 June 2014, p. 66);
- 10) **permitted services** – service other than audit which, pursuant to Article 136 sec. 2 and 3 of the Act on Statutory Auditors, may be provided by the audit firm conducting the audit which are not prohibited services within the meaning of the Act on Statutory Auditors;
- 11) **Act on Statutory Auditors** – Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (Journal of Laws of 2017, Item 1089).

§ 3

The Committee is appointed to increase the effectiveness of supervisory activities performed by the Supervisory Board with regard to monitoring the Company's financial reporting, financial audit activities in the Company and effectiveness of internal control, internal audit and risk management systems in the Company.

2. COMPOSITION OF THE COMMITTEE AND APPOINTMENT PROCEDURE

§ 4

1. The number of the Committee members is determined by the Company's Articles of Association.
2. Committee members, including the Chairperson, are appointed by the Supervisory Board from among its members and dismissed by the Supervisory Board, subject to § 9 sec. 2 and 3 of the Supervisory Board Bylaws.
3. A Committee member ceases to be a Committee member when he/she ceases to be a Supervisory Board member, and a Committee member may at any time be dismissed from the Committee by a Supervisory Board resolution or resign from the Committee.

3. TASKS AND SCOPE OF ACTIVITY

§ 5

1. The scope of the Committee's activity includes the following:
 - 1) monitoring the Company's financial reporting process,
 - 2) monitoring the effectiveness of internal control, internal audit and risk management systems, including as regards financial reporting;
 - 3) monitoring the performance of financial audit activities in the Company, in particular conducting the audit by the audit firm, taking into account the findings and conclusions of the Audit Supervision Commission following from an inspection carried out in the audit firm;
 - 4) assessing the independence of the statutory auditor and the audit firm;
 - 5) presenting a recommendation regarding the selection of an audit firm to perform the audit and review of the financial statements to the Supervisory Board;
 - 6) controlling and monitoring the independence of the statutory auditor and the audit firm, including giving consent to the audit firm conducting the audit, entities related to such audit firm and by a member of the audit firm's network to provide permitted services in the Company or entities from the Company 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;
 - 7) 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 the Company and the Company group, and the role of the Committee in the audit process;
 - 8) developing a policy for the selection of an audit firm to perform the audit;
 - 9) developing a policy for the provision of permitted services by the audit firm conducting the audit, by entities related to this audit firm and by a member of the audit firm's network;
 - 10) defining a procedure for the selection of an audit firm;
 - 11) providing advice and issuing opinions within the scope of the Supervisory Board's powers relating to the areas of the Company's operation set forth in items 1-4 and to the extent permitted by the prevailing provisions of law and the Company's internal regulations
 - 12) submitting recommendations aimed at ensuring the reliability of the financial reporting process in the Company;
 - 13) carrying out other tasks following from generally prevailing provisions of law or entrusted by the Supervisory Board.
2. The Committee ensures communication between the audit firm, key statutory auditor, the persons managing the internal control and audit area in the Company and the Supervisory Board.

§ 6

The Committee's tasks associated with monitoring the Company's financial reporting process, provision of advice and issuing opinions include in particular the following:

- 1) tentative evaluation of the Management Board's report on the Company's activity and the Company's annual financial statements;

- 2) tentative evaluation of the Management Board's report on the activity of the Company's group and the annual consolidated financial statements of the Company's group;
- 3) tentative evaluation of all financial documents submitted to the Supervisory Board, especially an annual financial plan prepared by the Management Board and a report on its fulfillment;
- 4) issuing opinions on the core principles of the financial reporting and accounting system in place in the Company (including the criteria for consolidation of results of individual entities from the Company's group);
- 5) providing the Supervisory Board with conclusions and recommendations concerning the rationale for any modification of the financial reporting system in place in the Company and the Company group and informing the Supervisory Board about significant irregularities in such system or risks associated with its organization and operation, known to the Committee.

§ 7

The Committee's tasks associated with monitoring the effectiveness of the Company's internal control, internal audit and risk management systems as well as provision of advice and issuing opinions include in particular the following:

- 1) performing reviews of internal control, internal audit and risk management systems to ensure that the main risks (including those associated with compliance with the law and the Company's internal regulations) are correctly identified, managed and disclosed;
- 2) issuing opinions on the effectiveness of internal control, internal audit and risk management systems in place in the Company, and providing the Supervisory Board with the conclusions and recommendations relating to their evaluation, including the rationale for their modification, and informing the Supervisory Board about any irregularities found in such systems or risks associated with their organization and operation;
- 3) issuing opinions on the Company's internal audit plan;
- 4) evaluation of submitted documents concerning the Company's internal control, internal audit and risk management systems, including in particular the annual report on internal audit's activity containing the information on audits carried out and an evaluation of the internal control system and the risk management system;
- 5) evaluation of the results of internal audits, including recommendations to remove weaknesses found in selected areas;
- 6) analyzing the reports and recommendations provided by external regulatory authorities or controlling bodies, concerning the consistency of the Company's operations with the provisions of law, and the schedules for removal of identified shortcomings;
- 7) issuing opinions on the appointment or dismissal of the manager of the internal audit unit and the manager of the compliance unit.

§ 8

The Committee's tasks associated with monitoring the performance of financial audit processes in the Company, provision of advice and issuing opinions include in particular the following:

- 1) recommending the selection of an audit firm to perform the audit and review of the Company's financial statements and consolidated financial statements of the Company group to the Supervisory Board;
- 2) issuing an opinion on the proposed terms and conditions of agreements with the audit firm to perform the audit or review of the financial statements, including with respect to the compensation amount and limit;
- 3) assessing the type and scope of services recommended to the audit firm and the compensation paid and other benefits to the audit firm from the perspective of a conflict of interest;
- 4) if the audit firm resigns from performing the financial audit in the Company, in particular if such firm terminates the agreements concluded with the Company or an entity from the Company's group, evaluating the causes for such resignation and presenting the conclusions from such findings to the Supervisory Board;
- 5) submitting to the Supervisory Board the conclusions and recommendations resulting from the report from the audit of the Company's financial statements and consolidated financial statements of the Company's group, prepared by the audit firm, in particular in the event the audit firm refuses to express its opinion, expresses a negative opinion or qualifies its opinion on the financial statements;
- 6) expressing an opinion on the activities undertaken by the Company's Management Board in connection with the qualifications to the financial statements reported by an audit firm or comments on the correctness of the

financial statements or accounting principles applied by the Company or the Company's group expressed in any other form;

- 7) evaluating and expressing opinions on the information provided by the audit firm performing the financial audit in the Company about of important issues relating to such activities, including significant irregularities of the Company's internal control system relating to financial reporting.

§ 9

The Committee's tasks associated with monitoring the independence of the statutory auditor and the audit firm and provision of advice and issuing opinions in that respect include in particular the following:

- 1) assessing compliance with the prevailing provisions of law pertaining to rotation of the key statutory auditor and audit firm performing the statutory audit;
- 2) discussing with the audit firm and the key statutory auditor of the threats to their independence and safeguards applied to mitigate such threats;
- 3) reviewing the extent of permitted services provided to the Company and to other entities in the Company's group by the audit firm performing the audit, entities related to such audit firm or member of the audit firm's network, and the amount of remuneration collected on that account, to verify whether there exist any prerequisites ruling out independence of the audit firm from the Company;
- 4) recommending a manner of proceeding to the Supervisory Board if it is found that the audit firm or key statutory auditor does not meet the independence criteria.

§ 10

1. The Committee evaluates the additional report referred to in Article 11 of Regulation No. 537/2014, prepared by the audit firm and delivers it to the Supervisory Board and Management Board.
2. The Committee may provide the additional report to the Shareholder Meeting.
3. The Committee may demand that the key statutory auditor discuss with the Committee, Management Board or Supervisory Board the key issues following from the audit which were listed in the additional report.

§ 11

1. The Committee may, without the intermediation of the Supervisory Board, demand that the Company's employees provide information, explanations and documents required to perform its duties. The Audit Committee informs the President of the Company's Management Board of the relevant activities.
2. The Committee may submit a motion to the Supervisory Board to order expert studies and opinions for the use of the Committee for the purpose of proper execution of its duties.
3. The Committee may move to the Supervisory Board to order performance of specific control activities in the Company. Such control activities may be performed by the Company's internal unit or an external entity. If the control activities are performed by an external entity, the persons performing the control activities are obligated to submit a prior representation that they will keep confidential any and all information to which they would have access in connection with control exercised, following the form drafted by the Company, unless the person's confidentiality obligation is stipulated in an agreement concluded between the Company and the person or between the Company and the entity represented by the person.

4. COMMITTEE'S WORKING PROCEDURE

§ 12

1. Committee meetings should be held as necessary, but no less frequently than once a quarter, on the dates set by the Committee Chairperson.
2. Committee meeting dates should be set in such a way as to ensure the correct fulfillment of its tasks, especially those related to the tentative evaluation of documents related to the completion of the financial year, interim review of the financial statements and the recommendation regarding selection of the audit firm to perform the audit.

§ 13

1. Committee meetings are convened by the Chairperson, and in the event of his/her absence – by a Committee member designated by him/her.

2. A Committee member or Supervisory Board Chairperson may file a motion to convene a Committee meeting with a proposed agenda, upon his/her own initiative or at the request of the President of the Company's Management Board or the audit firm performing the financial audit activities in the Company. A meeting is convened for a date falling no later than within two weeks after the date of receiving the motion.
3. The Committee meeting agenda is determined by the person convening the meeting, taking into account the wording of the motions to convene the meeting.
4. Committee meetings are convened by way of an invitation sent by mail, fax or e-mail or otherwise, as agreed upon by Committee members. A notification of a planned Committee meeting with the agenda and the meeting materials should be sent out at least seven days prior to its date. In justified cases, the person convening the Committee meeting may shorten this period.
5. Supervisory Board members should be notified that a Committee meeting has been convened and about the proposed agenda within the deadline mentioned in section 4. Supervisory Board members have the right to participate in Committee meetings.

§ 14

1. The work of the Committee is managed by the Committee Chairperson.
2. The Committee expresses its position and adopts decisions in the form of resolutions or relevant entries in the minutes of the meeting.
3. Committee Resolutions are adopted by an absolute majority of votes. In the event of a voting tie, the Committee Chairperson has the casting vote.
4. Committee meetings are chaired by the Committee Chairperson, and in the event of his/her absence – by a Committee member designated by him/her. Resolutions adopted at the meetings are signed by the Committee Chairperson, and in the event of his/her absence – by a Committee member designated by him/her.
5. For a meeting and adoption of resolutions to be valid, all the Committee members must be properly invited to the Committee meeting and at least one-half of them, including the Committee Chairperson or a Committee member designated by him/her, must attend. Resolutions may be adopted despite lack of formal convening of the meeting, if all Committee members are present and nobody objects to the holding of the meeting or has any comments to the agenda.
6. The agenda set in the notification to convene the Committee meeting should not be changed or supplemented during the meeting to which it refers unless all the Committee members are in attendance at the meeting and all of them express their consent for a change or supplementation of the agenda.
7. Committee members may participate in the meetings via means of direct remote communication.
8. The Committee may adopt resolutions outside a meeting by written procedure or via means of direct remote communication on the request of the Committee Chairperson or, in the event of his/her absence, a Committee member designated by him/her.
9. To the extent not regulated by the Bylaws, adoption of resolutions shall be subject to the relevant provisions of the Supervisory Board Bylaws.

§ 15

1. The person convening the Committee meeting may decide to invite non-members to attend the Committee meeting, in particular Management Board members, representatives of the audit firm performing financial audit activities in the Company or the Company employees. The Committee has the right to hold a meeting with such a person without Management Board members being present. The Committee shall notify the Management Board about meetings with Company employees.
2. Committee meetings are attended by the head of the internal audit unit and the supervisor of the compliance unit, or – in the event of their absence – other employees of those units authorized by them.
3. The Committee can make a decision to hold a meeting or part thereof without participation of the persons who are not Committee members.

§ 16

1. Committee meetings are minuted. Minutes are prepared by a Company employee designated to minute the Supervisory Board meetings and in matters which require special confidentiality – by a Committee member designated by the chairman of the meeting.

2. The minutes should contain the successive number of the minutes, the date and place of the meeting, the list of attendance, the agenda, the positions expressed at the meeting, the wording of the decisions made by the Committee, the number of votes cast with regard to individual resolutions as well as dissenting opinions.
3. Draft minutes of a Committee meeting are sent to all Committee members attending the meeting no later than within 7 days of the date of the meeting. Members may submit comments to the minutes no later than before the signing of the minutes.
4. The minutes are subject to approval at the next Committee meeting, unless the Committee has set a different deadline. The agreed wording of the minutes is signed by all Committee members in attendance at the meeting to which the minutes apply. In justified cases, the minutes are prepared and approved on the date of the meeting to which the minutes apply.
5. Minutes of the Committee meetings are stored in the Company's registered office.
6. All Supervisory Board members have the right to view minutes of Committee meetings and other documents constituting the outcome of its work.
7. The course of a Committee meeting may be recorded using magnetic or electronic media, in order to prepare the minutes from the Committee meeting. Immediately upon approval of the minutes, the recording of the course of the Supervisory Board meeting shall be destroyed.

MISCELLANEOUS

§ 17

1. A Committee member is obligated to maintain confidentiality of the information obtained in connection with the member's participation in the Committee.
2. The confidentiality obligation applies in particular to information constituting the Company's corporate secret, insurance secret, personal data, confidential information related to public offering and admission of the Company shares into trading on the regulated market, and other legally protected information (this obligation also covers the information about companies from the Company group other than the Company).
3. The confidentiality obligation mentioned in sections 1 and 2 does not apply to information available publicly and to the disclosure of information necessary to fulfill a duty imposed on a Committee member by law, a court ruling or a decision of other authority.

§ 18

1. The Committee submits annual written reports on its activity to the Supervisory Board. The report for a given year should be submitted by the end of the first quarter of the following calendar year. The report should contain an evaluation of the Committee's activity, with emphasis on its competence to fulfill the assigned tasks and how effectively they were fulfilled.
2. At each Supervisory Board meeting, the Committee Chairperson or, in the event of his/her absence – a Committee member designated by him, provides the Supervisory Board with information about the work of the Committee during the period after the most recent Supervisory Board meeting, in particular about decisions made (unless they are submitted to the Supervisory Board in connection with another item of the agenda).

§ 19

1. The Company's Management Board or the persons named by the Management Board provide the Committee with access to documents and technical measures necessary to carry out its tasks.
2. The Company provides administrative and technical support to the Committee.
3. The Committee uses the Company's office space, equipment and materials.
4. The Company covers the Committee's operating expenses.