



PZU Corporate Sustainability Report 2013–2014



The photos presented in the report are from the project „People of the PZU“. Photos made by Michal Szlaga present a number of initiatives in the field of corporate social responsibility in PZU. They show real people committed to social initiatives and illustrate their role, work and passion.

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Interview with Andrzej Klesyk, President of the PZU Management Board (CEO)

1. How has the PZU company changed in 2013-2014? What changes have been brought about by the implementation of the strategy 2.0?

Today, we are the most highly valued insurance company in Europe. We have maintained our market share and we are very well perceived by the market. We also deliver excellent returns to our shareholders. Three years ago we officially said goodbye to the "behemoth" [the old PZU]. It was a long and difficult period. Today, customers do not enter our branches via suspicious gates. Employees are fully competent and we offer services of which we do not have to be ashamed. PZU also uses one of the most advanced IT systems in the world. The enormity of the changes has first reached me following conversations with people outside PZU. They frequently remark that it is a completely different company from a few years ago.

2. What achievements and successes of PZU in the past two years are particularly noteworthy?

Last year PZU made the largest foreign acquisition in its history. We bought three insurers in the Baltic States and Link 4. As a result, we have become the largest insurance group in Central and Eastern Europe. PZU was the first Polish insurer to introduce a direct liquidation of damage in the motor insurance field. In case of accident, the injured party can turn directly to its insurer. It was a revolution in the market. In the first year more than 33,000 PZU customers decided to liquidate damages directly from their insurer. A pioneering project was the building up of a fleet of vehicles consisting of hybrid cars, that are both innovative and extremely economical.

3. On the other hand, are there any negative aspects which PZU has had to face in the last two years?

Our first attempt at acquisitions was unsuccessful. We did not buy the Croatian insurer Croatia Osiguranje. Pretty much publicised was also a banking transaction, in which PZU would have taken the role of the banking market



consolidator. Our offer was suitable for us and our shareholders. However, it seems that the sellers had a different view of the situation. Today, we are in a completely different situation. We were able to complete successfully the purchase of insurance companies in Lithuania, Latvia and in Estonia. We bought the Polish Link 4 and entered into the banking sector by acquiring a controlling interest in Alior Bank. PZU today is a major player on the international stage, and we still retain an appetite for large acquisitions.

4. What are the goals for the next 5 years?

PZU Strategy 3.0 would lead to the transformation of the PZU group based on three strong pillars: insurance, assets management (PZU Investment) and health care (PZU Health). By 2020 we want to strengthen our position as the insurance market leader, but also to achieve a position of market leader in asset management and private health care in Poland.

5. What are the biggest challenges you must confront in the forthcoming years?

I would like the company to have a better position in the health insurance field. We have the first position in Poland, but our premium income is only 100 million PLN. This is only 0.1 percent of all expenditure on health care. That's why we have started to develop our own network of medical centres. We also plan to expand in asset management. It's a natural extension of our insurance activities. Our aim is to attract new investors, preferably from Western Europe. Our ambition is for recognisable foreign funds to entrust us with their resources.

6. How do you understand the concept of responsible business in the context of the activities of PZU?

As the largest insurance company in Central and Eastern Europe, we recognise the scale of our impact on the economy and society. Since, in Poland alone the PZU Group has over 16 million customers and thousands of employees, we see our responsibility primarily through the prism of activities addressed to these two groups. We want to implement solutions that help our customers to feel treated fairly and professionally, and to create working conditions and staff (?) development suited to the needs of our employees and to significantly affecting (increase?) their involvement. Generating a net profit in excess 2.5 billion PLN and with over 400 branches and over 9,000 exclusive agents throughout the country, we also feel committed to create value in local communities. Hence, our extensive measures to promote safety in Poland, or activities carried out by our corporate foundation.

7. What are the prospects for developing a culture of responsibility in PZU?

Competing in the twenty-first century requires delivering to the customer not simply a good product. The customer must, in addition, feel well-served when he or she negotiates an insurance policy, or is facing a difficult situation, when eliminates (not clear what this means) damage or in filing a complaint. The customer must have a sense that everything is understandable and that he or she buys the product that is appropriate to his or her expectations and

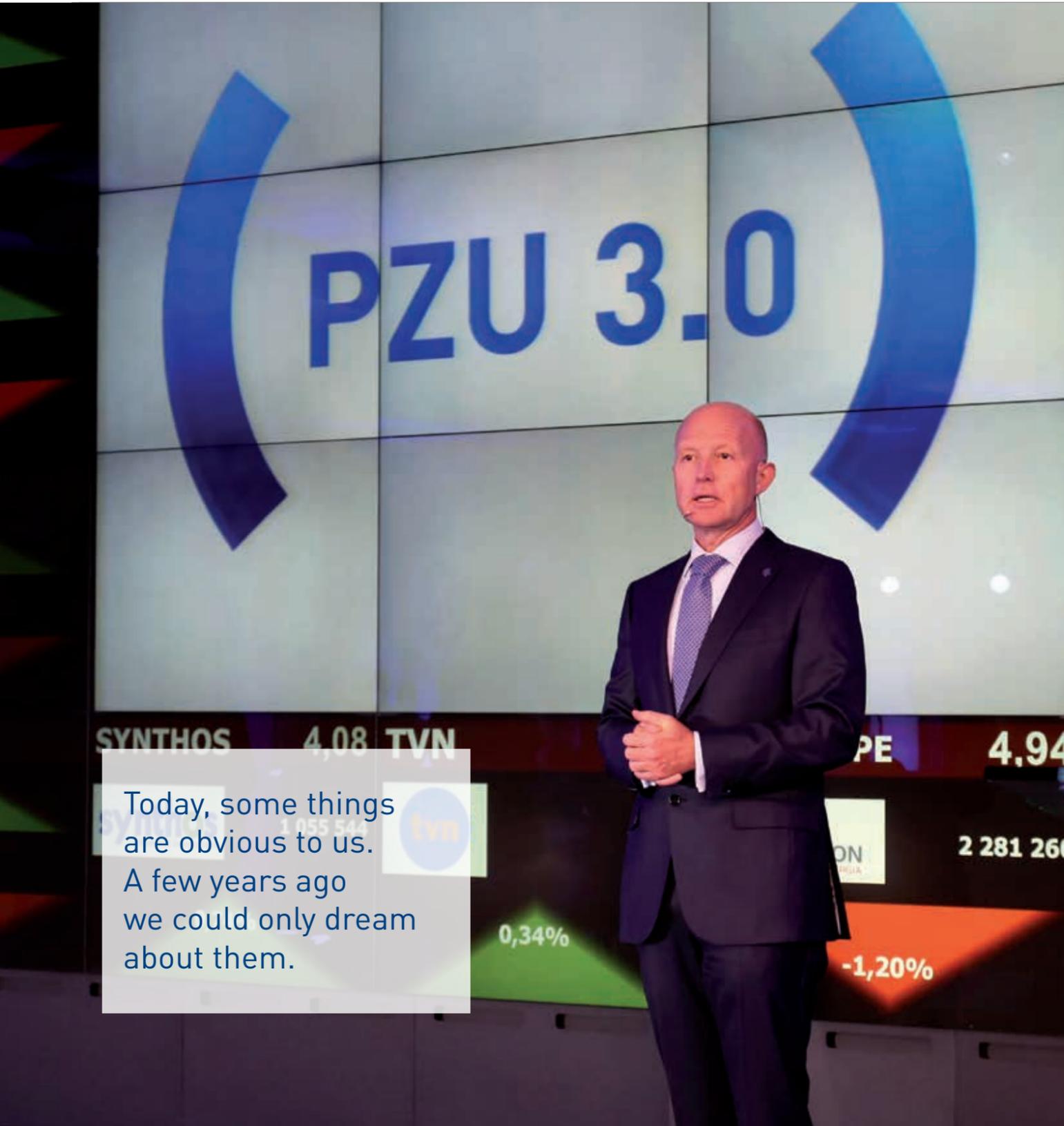
needs. Therefore, in the context of business development and our culture of responsibility, we have changed our approach to customer service and claims-handling procedures. We have also implemented the principles of plain language to communicate with customers. This eliminates the use of complex language, or vague wording. I would like it to distinguish us in the market.

8. What are the key objectives in the area of sustainable business in the near future?

The years 2015-2020 will be dedicated to the implementation of the PZU 3.0 strategy. Its signposts for us are our values. In the course of creating this strategy we agreed that we want to focus on being fair both to our customers and our employees; to be efficient and innovative – both in terms of customer service and also about internal procedures. These areas are directly related to our key responsibilities and our business strategy. The objectives of responsible business and direction of our development must be optimised to be consistent with each other. This approach allows us to build the value of the company effectively and, most importantly, to answer the expectations of our stakeholders.

9. What is the biggest challenge when it comes to shaping and developing sustainable business in PZU?

The challenge is to judge the appropriate scale of changes introduced, and thereby to increase efficiency in the management of corporate social responsibility. We are at a unique moment in the history of PZU. We are developing and strengthening a new, modern corporate culture that is open to dialogue and which is tracking the expectations of our stakeholders. The greater are our business ambitions, the more we need to pay attention to the management of corporate social responsibility, as well as transparent communication on objectives and performance. That is why reliable sustainability reporting is of great importance to us. We want to monitor these changes effectively and maximise our positive impact on the quality of social life as well as the condition of the economy, in which PZU is an important participant. In this way we will succeed in contributing to sustainable development and to the development of strong social capital.



1 OUR COMPANY

With a capitalization amounting to 42 billion PLN at the end of 2014 we were the second largest publically traded company in Poland. Strategy 2.0 revolutionized the manner of our operations. We are expanding abroad and developing a new business area – medical services. Who are we today? What do we want to achieve? What will PZU be like in 2020?

In this chapter you will:

- learn many facts about PZU that you surely did not know;
- decipher our Strategy 2.0 and its continuation – Strategy 3.0;
- learn the principles that guide our everyday activity;
- meet our shareholders;
- learn about who works in our company and why students see us as a desirable employer.

16 100

positions were in the PZU Group, of which 7960 in the PZU SA.

101,3%

– the amount by which a shareholder, who had acquired PZU SA shares in May 2010 during the IPO offering, multiplied his or her savings by the end of 2014.

2,8–4,4 mld PLN

– the value of the PZU brand in the ranking of the “10 most valuable Polish brands”, drawn up in 2015 by the weekly “Wprost”.

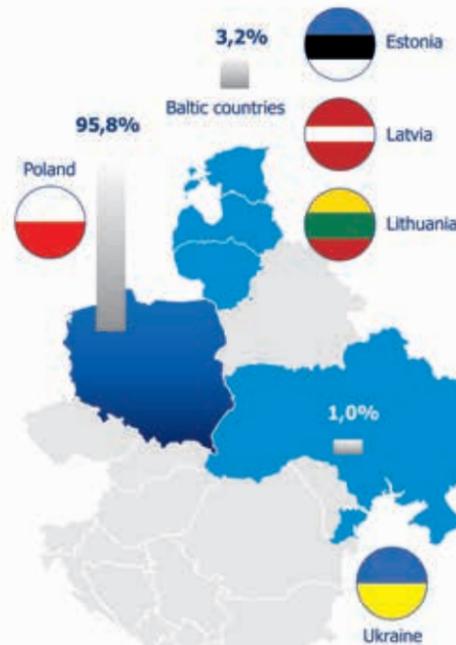
1.1. WHO ARE WE?

We are the largest insurer in Poland – with a market share at a level of 31.5%*. We provide insurance services in particular auto, property, agricultural and tourist insurance as well as liability insurance. We exist to provide our customers with a sense of peace and security. Our insurance services are used by both the average Pole and by small and large companies. We also insure investments that are important for the Polish economy, for example in the energy sector and in rail transport.

PZU SA (we interchangeably use in report the names: Powszechny Zakład Ubezpieczeń, PZU, Company) stands at the head of the PZU Group, the insurance leader in Central and Eastern Europe that in Poland alone services 16 million Poles. The Group encompasses more than 30 companies, of which the largest are PZU SA, PZU Życie and TFI PZU.

* Data as of end of 2014.

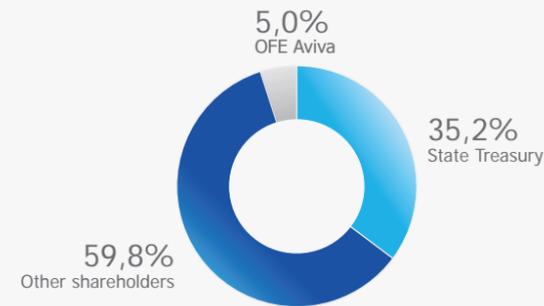
THE PZU GROUP IN EUROPE



Structure of gross written premium (%)

As of 2010 we are listed on the Warsaw Stock Exchange.

PZU SA Shareholder structure – 31.12.2015



THE PZU GROUP IN NUMBERS

The largest customer service network:



414
branches

9 100
exclusive agents

3 000
multi-agencies
electronic distribution channels (helpline, internet)

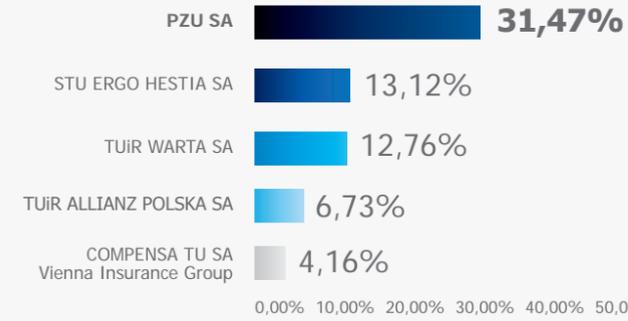
200
– amount of types of insurance offered by the PZU SA

360 mln euro

– the value of the biggest purchase in the history of PZU. In 2014 the company acquired 3 insurance businesses in Baltics and in Poland (Link4).

Largest non-life insurance companies

(share in gross written premium)



Source: KNF

Net profit (m PLN) and ROE (%)



Our 200-year history:

PZU brand

- is one of the best recognized brands in Poland. According to a survey conducted by GFK Polonia (an independent market research institute) in 2013, spontaneous brand awareness was 86%, while aided – 100%.



51 mln PLN

the amount we devoted in 2014 for charitable purposes

8

– each 8 seconds we resolve a claim

16 mln

– the amount of customers of the PZU Group in Poland, including 9 mln customers of PZU SA

8/10

– the percentage of firms in Poland that insure their employers with us

2

– this many policies we conclude in 1 second

PZU SA – financial data:

8 262
million PLN
gross written premium

2 637
million PLN
net profit

21,4%
Return on equity (ROE)

585,9%
Solvency I – solvency ratio of the PZU SA

A
RATING
Standard & Poor's

Data for 2014



More information about financial data are available in financial report at our website www.pzu.pl

1.1.1. Management

MANAGEMENT BOARD OF PZU SA (AS OF SEPTEMBER 1, 2015)



Andrzej Klesyk,
President, PZU SA Chairman of the Board



Dariusz Krzewina,
PZU SA Management Board Member

Responsible for group and health insurance, administration and the PZU Group Network.



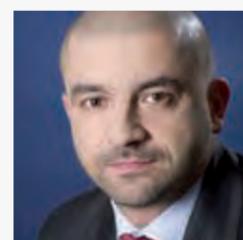
Przemysław Dąbrowski,
PZU SA Management Board Member

Responsible for financial matters.



Rafał Grodzicki,
PZU SA Management Board Member

Responsible for insurance operations, foreign operations (international activity) as well as for the health business.



Tomasz Tarkowski,
PZ SA Management Board Member

Responsible for the area of claims handling and benefits as well as for the Assistance program.



Witold Jaworski,
PZU SA Management Board Member

Responsible for the marketing.

The Company's most important organ is the General Shareholders' Meeting, which includes representatives of shareholders. The manner of operation of the General Shareholders' Meeting is defined in the Code of Commercial Companies. This organ appoints the members of the Supervisory Board, which exercises permanent supervision over the activities of the Company. Three committees operate under its framework: the audit, nomination and remuneration and strategy committees. The Supervisory Board appoints the Management Board.

Supervisory Board (as of September 1, 2015):

- **Zbigniew Cwiąkalski** – Chairman of the Supervisory Board
- **Paweł Kaczmarek** – Vice Chairman of the Supervisory Board
- **Dariusz Filar** – Secretary of the Supervisory Board
- **Zbigniew Derdziuk** – Member of the Supervisory Board
- **Dariusz Kacprzyk** – Member of the Supervisory Board
- **Jakub Karnowski** – Member of the Supervisory Board
- **Aleksandra Magaczewska** – Member of the Supervisory Board
- **Alojzy Nowak** – Member of the Supervisory Board
- **Maciej Piotrowski** – Member of the Supervisory Board

Detailed information on the composition of the PZU Management Board and the PZU Supervisory Board in 2013-2014 and corporate governance are regularly presented in the annual reports available on the website (www.pzu.pl) in the Investor Relation section.

1.1.2. Selected Awards

- Award of the 25th anniversary of the Polish economy for the metamorphosis of a colossal state service provider – plebiscite by "Puls Biznesu".
- The campaign "Can you love? Say No to road maniacs" won the International Magellan Awards competition for 2014.
- The campaign "Can you love? Say No to road maniacs" – Social Campaign of the Year 2014
- Title of IT Leader in 2014.
- Grand Prix in the Media Trends Innovation Award 2014 for the campaign "Firmly helpful PZU agents".
- Gold Effie in 2014 for "Seriously helpful PZU agents."
- First place in the ranking of European Trusted Brands 2014 – PZU the most trustworthy company operating on the Polish insurance market according to the readers of "Reader's Digest".
- The main prize in the seventh edition of the "Leaders of Philanthropy" in the category of companies that have provided the most money to charity.
- First place in the category "Investor Relations" and the second place in the ranking of the main poll 'Listed Company of the Year', organized by "Puls Biznesu".
- Title of Top Brand in 2013 the VII edition of the ranking of PRESS-SERVICE Media Monitoring and of the "Press" monthly publication that examined the image of companies in the media.
- Award of the XXIV Economic Forum : PZU – Company of the Year in 2013.
- Top Employers Certificate for 2014.
- HR Certificate for the Highest Quality for the years 2013 and 2014.
- Employer of the Year – Top 5 for 2014.
- The winner of the first edition of "Ethical company", organized by "Puls Biznesu".
- "Financial institution friendly mediation" Distinction – for 2014. Awarded by the KNF [The Polish Financial Supervision Authority].
- Compliance Polish Association Award for 2014 – "The best compliance on the Polish financial market."
- Silver KTR in 2014 for the housing campaign.

1.2. HOW DO WE OPERATE?

1.2.1. Strategy 2.0

MISSION. Our purpose is to provide our customers with a sense of peace and security.

VISION. The PZU Group, thanks to its strong customer focus and high operational effectiveness will be the largest and most profitable insurance firm in Eastern and Central Europe.

Strategy 2.0 for 2012–2014 was a revolution in the philosophy of the manner of conducting our business. It had **four principles**:

1. Business philosophy: actively managing customer relations;
2. Distribution and service: a multi-channel, integrated model of sales and service;
3. Operations: full automation, “paperless” philosophy;
4. Organization: a good functioning Group, organized according to customer segments.

All of our organization and effort was directed towards our customers. The new logo reflects the deep changes that we have gone through internally and that encompass several hundred IT projects, changes of processes in terms of customer needs and the creation of standards, for example, in claims handling.

WHAT WERE THE PILLARS OF STRATEGY 2.0 AND WHAT WAS NECESSARY FOR ITS IMPLEMENTATION?

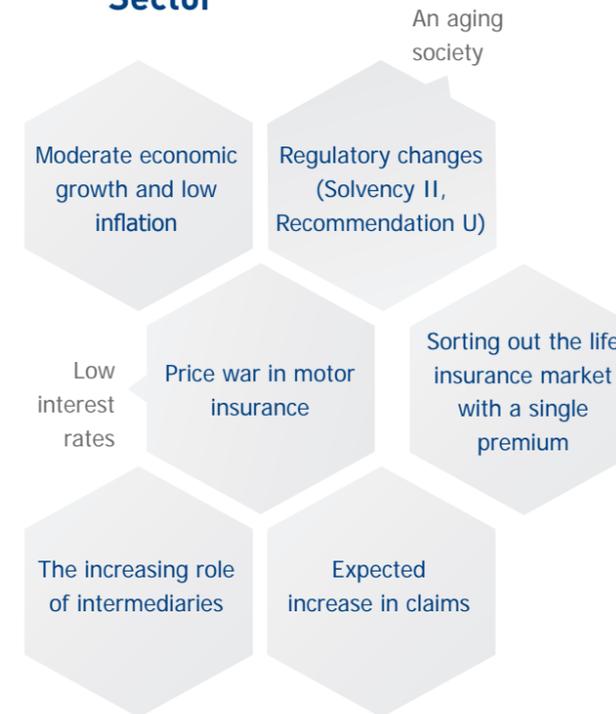
BUSINESS PILLARS	1. Mass Client: <ul style="list-style-type: none"> • Profitably maintaining our position in non-life business • Growing life business • Building a position in investments 	2. Group Client: <ul style="list-style-type: none"> • Profitably sustaining our leadership position in life business • Cultivating individual relations (Klub PZU Pomoc w Życiu [PZU Help in Life Club]) • Dynamic growth of health insurance 	3. Corporate Client: <ul style="list-style-type: none"> • Rebuilding our market position while preserving profitability 	4. Other Operating Areas: <ul style="list-style-type: none"> • Effective capital and investment policy • New international expansion model PZU International • Strategic marketing / Corporate Social Responsibility
FACILITATORS	5. Middle-office: modern and integrated customer service model 6. Back-office: effective operations and flexible IT 7. HR: business partner / engaged employees / performance-oriented culture 8. Branding: PZU is a modern and genuinely customer-focused company			

WHAT HAVE WE ACHIEVED THANKS TO STRATEGY 2.0?

PROFITABILITY	COSTS	MARKET SHARE	EVEREST	BRANCHES	BRAND	REGION
Above average profitability of 27% (ROE). The best insurance companies in the world reach the level of 10-15%	The achievement of a very good cost efficiency	We have stemmed the decline in the share of the property insurance market	One of the most advanced IT policy systems in the world. Increase of operational efficiency	Convenient network of revitalized of PZU branches without architectural barriers. High quality of customer service	A refreshed brand underlines our transformation to a company offering new products, using new technology	A strengthening of the position in the European market. Purchase of Link4

More information about PZU 2.0 Strategy results are available in annual report at our website www.pzu.pl

1.2.2. Challenges in the Insurance Sector



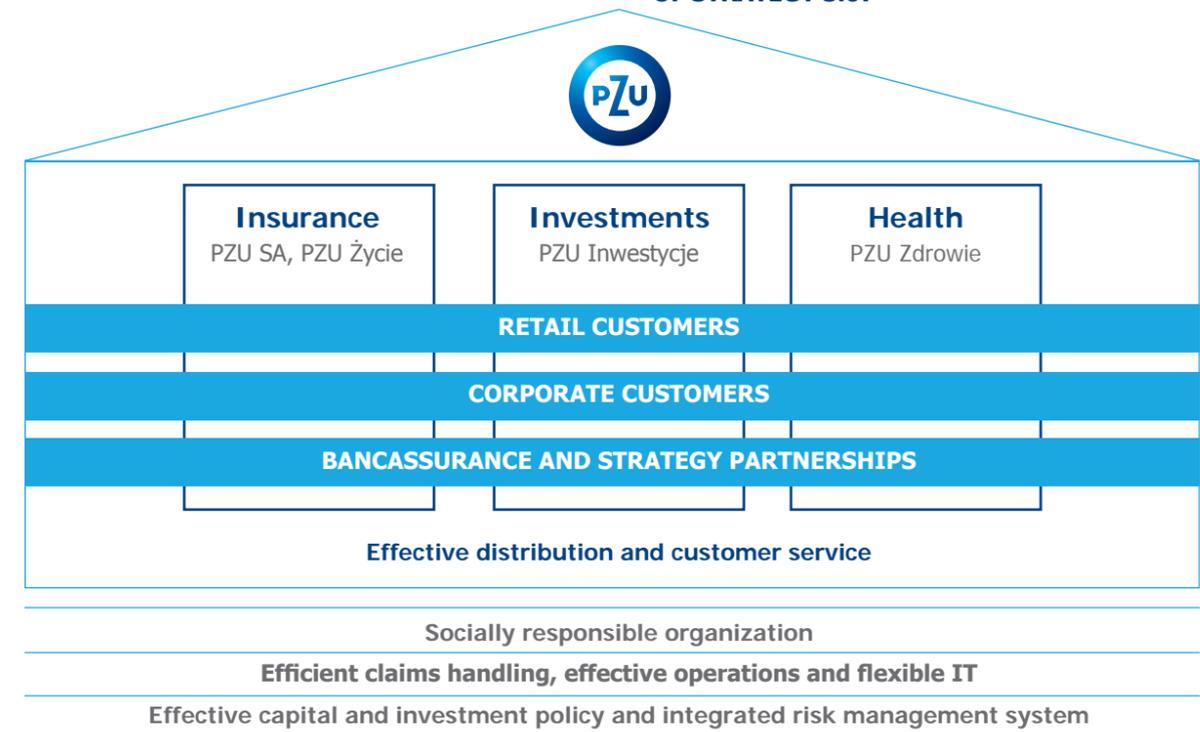
1.2.3. Our Plans for the Future – Strategy 3.0

In January 2015, we adopted Strategy 3.0, which develops our activity thanks to the solid foundations created by Strategy 2.0. It also constitutes an answer to the question of how to develop in light of the challenges that we face. The foundation of our activities, as with Strategy 2.0, will be the customer, his needs and expectations.

VISION. We are transforming PZU from an insurer into a Group based on three strong pillars. By 2020 the PZU Group will reach the position of market leader in the areas of asset management and private health care.

Strategy 3.0 was based on three main values: we are innovative, we are effective, and we are fair.

WHAT ARE THE PILLARS OF DEVELOPMENT OF STRATEGY 3.0?



WHAT WILL OUR BUSINESS LOOK LIKE? THE PREMISES OF STRATEGY 3.0

Area	Indicators	2013	2020	Main competitors / market*
Size of the business	1. PZU Group's non-life insurance market share in Poland (%)	31,8%**	>35%	Player no 2: 15,5%
	2. PZU Group's life insurance market share in Poland in regular premiums (%)	43,3%	>43%	Player no 2: 9,9%
	3. Share of PZU's third party Customers assets in the TFI market's assets (net of non-public assets) [%]	3,6%	>11,5%	Player no 1: 14,2%
	4. PZU Health's revenues (PLN million)	74,9	>650	Player no 1: ~740
	5. Share of foreign business premium in PZU Group premium (%)	2,8%	>8,0%	n/a

* Data regarding the main competitor in private healthcare for 2012. The other data are for 2013.

** Exclusively PZU SA.

1.2.4. Strategy of Corporate Social Responsibility (CSR)

REALIZATION OF THE "CSR PLAN" ADOPTED IN 2013

Pillar	Area	Strategic goals 2013–2014	Realization
SOCIETY	Financial awareness	Implementation of the LBG model and the evaluation of the effects of strategic programs, conducted in key areas of social engagement.	Partial We have audited the efficiency of investment in selected running projects in 2014 and we have measured the effectiveness and evaluated the social campaign "Can you love? Say No to road maniacs" (2014 edition). Due to the assessment of the costs to results relation we decided not to implement the LBG model and aimed to achieve our goals by the use of different methods.
		The effective implementation of a program of financial education and safety for children and adolescents.	Achieved From 2012 onwards we were involved in the creation of standards of corporate foundations in Poland. The apogee of the project, run by the Polish Donors Forum, took place in 2013-2014. In 2015 the standards were published. We also care about the implementation of good practices, such as creating strategies, monitoring and reporting.
		Building and promoting standards of modern philanthropy.	Achieved From 2012 onwards we were involved in the creation of standards of corporate foundations in Poland. The apogee of the project, run by the Polish Donors Forum, took place in 2013-2014. In 2015 the standards were published. We also care about the implementation of good practices, such as creating strategies, monitoring and reporting.

SOCIETY	Safety	Developing a strategic review of the social activities undertaken in the area of safety and the publication of a dedicated report.	Achieved	Overview of social activities is included in the report prepared on the occasion of the 10th anniversary of the PZU Foundation.
	WORKPLACE	Employee engagement and a result-oriented culture	In progress – a new goal concerning employee engagement.	Strategy 2.0 has transformed our organization, focusing it on the customer. You can read more about strategy and employee satisfaction in Chapter 1. In the new Strategy 3.0 we set the goal of – to> 65% in the area of employee engagement.
Achieved			We have built a strategy for employee volunteering. Our volunteers during 8,045 hours of work have helped nearly 21,500 people in need. We are proud of that. More about volunteering in Chapter 3.	
MARKET	High standards of customer service and ethics in action	Implementation of a multi-channel, integrated model of sales and customer service, based on developed standards.	Achieved	We have built a completely new model of sales and customer service in a short time. For more information, see Chapter 1, where we write about strategy and Chapter 2 that concerns its implementation. We plan to strengthen this integrated model, because it is the basis of our new strategy, and we want to go completely to a digitalized customer service.
		Ethical cooperation as the foundation of our relationship with our environment.	In progress	In the report period, we undertook a lot of activities that build a culture of compliance in the PZU Group and act in accordance with ethical standards. You can read about what we have achieved in Chapter 1, in the section on ethical culture.
		Finalization of work on the code of conduct for suppliers and the development of a plan for its implementation.	Resignation	After an internal discussion we finally decided not to continue work on the code. This is because of the emergence of PZU Best Practices, about which you can read in Chapter 1. An additional code turned out to be unnecessary. In Chapter II we describe our procurement practices.
NATURAL ENVIRONMENT	Awareness of environmental impact and education of employees	Identification of key areas of direct and indirect impact in environmental protection.	In progress	We have identified areas of activity of the Company, which impact on the environment is the greatest. Activities undertaken in these areas are described in the section on environmental protection.
		Development of guidelines for an environmental issues management system in the company.	In progress	We have defined the basic principles of the environmental policy of the PZU Group, designating directions of action in the area of environmental protection.

1.2.5. Responsible Business 2015–2020

Strategy 3.0, adopted in 2015, stresses the role of corporate social responsibility (CSR). This is for us the foundation for the realization of our main business objectives.

The assumptions in our CSR activities for the years 2015-2020 will focus on three areas: the workplace, entrepreneurship and innovation, and on social issues. All of these areas support our business and enhance our reputation.

Employee engagement and a culture based on efficiency and innovation	Innovation and entrepreneurship	Social activity
We want to hire the best employees and create a professional, committed and effective team. As an employer, we will support the development of our employees both in the professional and private spheres, assisting them in the realization of their passions. The objective of Strategy 3.0 is a level of employee engagement of > 65%.>65%.Cel Strategii 3.0 to poziom zaangażowania pracowników na poziomie >65%.	We want to support the growth of Polish entrepreneurship and innovation through the support of Polish entrepreneurs and scientists, as well as seeking and supporting external initiatives that link with the activities carried out by the PZU Group. We also intend to provide financial support for the initiatives of entrepreneurs on a commercial basis, including through venture capital funds.	Our social activity is well established. We intend to continue to work in five areas important for us to support our business and build social capital: 1) safety in driving, rescue services; 2) health; 3) financial and insurance education; 4) culture – sponsorship of our national heritage; 5) local communities.

Who coordinates CSR activity in PZU?

The whole of CSR activities is managed by the director of Social Engagement. Decisions concerning PZU's involvement in initiatives in this area are taken by the Director of Corporate Communications or the Committee for Sponsorship, Prevention and CSR the members of which are (as of Aug 31, 2015):

- Managing Director for Corporate Affairs in the PZU Group;
- Director of Corporate Communications;
- Member of the Management Board of PZU SA supervising the Office of Corporate Communications;
- Director of the Marketing Office;
- Managing Director of Corporate Sales PZU SA;
- Director of the Underwriting and Strategic Clients Office PZU SA;
- Director of the Corporate Sales Office PZU Życie SA;
- Director of the Sales Office PZU SA;
- Director of the Claims and Benefits Office;
- Chairman of the Board of the PZU Foundation;

- Director of the Product Management Office PZU SA;
- Director of the Health Products Office;
- Director of Social Engagement in the Office of Social Corporate Communications.

How do we communicate about our CSR activities?

Once every two years we publish a condensed report of corporate social responsibility according to the international standard of the Global Reporting Initiative. CSR issues are also addressed in annual reports. A lot of information can also be found on our website. In 2013 we started a blog "To Help Means One Can" (www.pomoc.toc.pzu.pl) and the www.dajemyrade.pl page.

The main purpose of the blog is to show CSR issues in a modern way and to show projects carried out in this field by the PZU Group and the PZU Foundation. Since the inception of the blog in June 2015 it has been visited by nearly 130,000 unique users, and each of them has read at

least two texts. An essential place of promoting the content published on the blog is the Facebook page "To Help Means One Can – the Social Responsibility of PZU", in which we communicate with a more than 75-thousand strong community. The PZU "To Help Means One Can" blog is the first such CSR blog among large companies in Poland.

Created in December 2013, the www.dajemyrade.pl portal is in turn a tool used to educate customers and to disseminate knowledge about insurance. We were able to build a place with a large resource of diverse content, provided in a comprehensible and interesting way. In 2014 the portal was visited by 191,955 users with 299,243 page views.

What important initiatives, from the standpoint of corporate social responsibility, do we support?

- the document "Best Practices of WSE Listed Companies";
- partnership with the Responsible Business Forum;
- Partnership for Road Safety;
- membership in the Coalition for Responsible Business;

- Diversity Charter;
- partnership with the Association of Individual Investors – The program "10 out of 10".

5 years

of sustainability reporting in PZU. Our first report we published for 2010.

1.2.6. Risk Management

Risk management has two objectives: it allows us to consciously identify and resize adopted risk and prevent its acceptance at a level that threatens the financial stability of PZU.

The Office of Risk is responsible for coordinating the risk

WHAT KEY RISKS HAVE WE IDENTIFIED?

Risk	Description
Insurance	The risk of loss or of an adverse change in the value of insurance liabilities due to incorrect assumptions about pricing and the creation of reserves.
Market	The risk of loss or of an adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and volatility of market prices of assets, liabilities and financial instruments.
Credit and concentration	The risk of loss or of an adverse change in the financial situation resulting from fluctuations in the credibility and creditworthiness of issuers of securities, of counterparties and of any debtors that materialize in the form of a default of a counterparty or an increase in the credit spread. Risk resulting from a lack of diversification in the portfolio of assets or from large exposure to default risk by a single issuer of securities or a group of related issuers.
Operational	The possibility of incurring a loss resulting from inadequate or failed internal processes, actions of people, functioning of systems or from external events.
Lack of compliance	The risk of legal sanctions, financial losses or loss of reputation as a result of non-compliance of the PZU Group with legislation, internal regulations, or the standards of conduct adopted by the PZU Group, including ethical standards. These may be risks associated with non-compliance with social or environmental standards.



A detailed description of all risks can be found at <http://raportroczny2013.pzu.pl/pl/zarzadzanie-ryzykiem/profil-ryzyka>

HOW DOES THE PROCESS OF RISK MANAGEMENT LOOK LIKE WITH US?



The identification process begins with the appearance of an event affecting risk, for example, a proposal. Identification is based on the identification of the sources of risk and the estimation of its impact.

Risks are analyzed for significance and are subject to measurement. The overall assessment of the Company's risk is reflected in what is known as the Risk Map. The evaluation of measurable risk is carried out by the entity for risk matters, while that of immeasurable risk is carried out by the appropriate bodies on the basis of separate internal regulations.

Monitoring involves the review of the risk of deviations from the implementation of the assumed reference points, e.g. from plans, from the value from the previous period, etc.

Reporting allows communication of risk; supports risk management at various levels of the organization – from the Supervisory Board throughout the business organization.

Management activities are specified in the risk management policies. These actions may include, in particular: risk avoidance, risk transfer, risk limitation, acceptance level of risk and tools to support these activities, i.e. limits, reinsurance programs and underwriting policy reviews.

management in the areas of: market, credit, concentration, insurance and operations. The Office of Compliance is responsible for the coordination of compliance risk management. In the structure of the risk management system are also the Committee of Credit Risk and the Asset and Liability Management Committee.

There is an integrated risk management system in operation at PZU, which consists of four thresholds:

- 1) the Supervisory Board – oversees risk management and assesses the adequacy and effectiveness of the process;
- 2) the Management Board – organizes and ensures operation of the risk management system, including by adopting strategies, policies and determination of risk appetite;
- 3) committees – make decisions on reducing the level of individual risks to the framework set by the appetite for risk;
- 4) the three types of organizational units:

- organizational units and cells that manage risk on an ongoing basis,
- specialized cells involved in the identification, monitoring and reporting on risks (Risk unit, Planning and Controlling unit, Actuarial unit, Reinsurance unit, Legal, Security unit, Compliance unit, Human Resources unit and technology unit),
- internal audit, which undertakes an independent assessment of the risk management processes.

1.2.7. Ethical Culture



Marcin Góral
– Director of the Office of Compliance

PZU is not just a company that you can rely on. It is also a credible and reliable enterprise, guided by ethical values, which are upheld by an effective compliance system. This constitutes a very clear signal to our investors, shareholders, customers and business partners. The systemic risk management of compliance means less waste, less cost, and hence – stable and secure profit.

Our Mission “We are here to provide our customers with peace of mind and a sense of security” is supported by three values that guide us every day.

WHAT VALUES DO WE FOLLOW?

We are fair

- Our offer is transparent and meets the real needs of customers.
- We apply clear rules.

We are innovative

- We continuously adapt to the changing needs of our customers.
- We constantly are seeking improvements.

We are effective

- We provide customers with efficient and friendly service and competitive prices.
- We control costs and take care of efficient processes.

What are “PZU Good Practices?”

The document “PZU Good Practices” is the PZU Group code of ethics. It includes standards of conduct, including ethical principles applicable to all employees. The code of ethics of the PZU Group serves to shape the organizational culture and attitudes of employees, disseminates and promotes a culture of compliance with applicable laws and makes decisions based on ethical criteria.

The rules of procedure recorded in “PZU Best Practices” concern:

- customer relationship;
- handling sensitive / confidential information;
- work environment and human rights;
- fair competition;
- communication with the market and contact with the media;
- compliance with the law;
- conflict of interest;
- acceptance of gifts;
- reporting ethical problems.

In large organizations, such as PZU, particular attention is paid to the issue of conflict of interest, the rules for accepting gifts and other benefits, as well as the possibility of reporting irregularities, known as whistleblowing. The above-mentioned questions are governed by three separate documents – “Principles of managing conflicts of interest”, “Rules of accepting gifts or benefits” and “Whistleblowing procedure”. We do not accept gifts or favors from clients, customers or collaborators that could create an informal commitment, conflict of interest or otherwise adversely affect the work done by us. In addition, in PZU the solutions (the above mentioned whistleblowing) described below are in use.

How we manage the questions of ethics and compliance with regulations?

The Office of Compliance is responsible for the monitoring of whether PZU actions are in compliance with the regulations of the law and accepted standards of conduct, as well as for the management issues of ethics. It takes action to not only promote ethical behavior in the organization, but also its support in the process of compliance risk management. The office, ensuring a consistent application of the compliance function in the PZU Group, performs analyses of internal regulations, processes and systems relating to

compliance risk. It also coordinates cooperation with the authorities of public administration and is responsible for the proper implementation of the reporting obligations of a listed company. The office collaborates with other units in PZU and with the Management Board. Each PZU employee creates the culture of compliance. From his or her actions it depends on how friendly and inspiring becomes the internal environment and how it will be seen

outside of PZU. PZU's image and strong brand are based not only on a professional range of products, but first and foremost on people who co-create it. For this reason, we realize a lot of communication activities to promote a culture of compliance in the PZU Group and the principles and values referred to in "PZU Best Practices". Communications of the Office of Compliance is a signed with the mark of the 'Compliance Owl'.

WHAT ACTIONS WE TAKE TO IMPLEMENT "PZU BEST PRACTICES" AND OTHER RULES OF CONDUCT?



E-learning course in the field of PZU – Best Practice
We trained 11,750 employees of PZU SA and PZU Życie in 2012-2014, including 1,389 employees in 2013-2014.

Compulsory training in the field of ethics compliance for new employees
In 2014 we started a new series of training sessions. They were attended by 525 employees.

Newsletter "Z pierwszej ręki" [At first hand] The magazine "Świat PZU" [The World of PZU]
We used the newsletter to inform employees about PZU – Best Practices. The magazine also addresses ethics.

Office of Compliance internal training
In 2014 the Office of Compliance conducted training in the compliance of a publically traded company (86 participants), control of the antitrust authorities (250 participants) and compliance with competition law (100 participants).

Book edition of "Dobrych Praktyk PZU" [PZU – Best Practice]
At the time of adoption of PZU – Best Practices employees received the book edition.

The Compliance Bulletin and information campaigns
In the reporting period, the Office of Compliance issued a series of publications within the framework of the Bulletin and the magazine "World of PZU". The Office also conducted three campaigns for PZU Head Office staff. They received materials concerning the reporting of gifts and conflicts of interest.

How can one report a violation to us?

An important solution in our company is the ability for employees to report irregularities, which is known as whistleblowing. Each application is dealt with while maintaining a guarantee of confidentiality pertaining to both the applicant and the information provided by him or her. Any ethical concerns and violations of laws and internal regulations can be submitted by employees:

- by phone or fax – to the dedicated contact number for this purpose;
- post – to the postal address of PZU SA / PZU Życie SA – Office of Compliance;
- e-mail – to the dedicated e-mail address for this purpose: compliance@pzu.pl;

- personally – during a conversation with an employee of the Office of Compliance.

The presented registered or anonymous submission shall be examined by a designated team of people in the Office of Compliance.

In the years 2013-2014, there were no incidents of corruption in PZU SA.

In the reporting period, there were noted cases of non-compliance in the provision of products and services. Proceedings are underway.

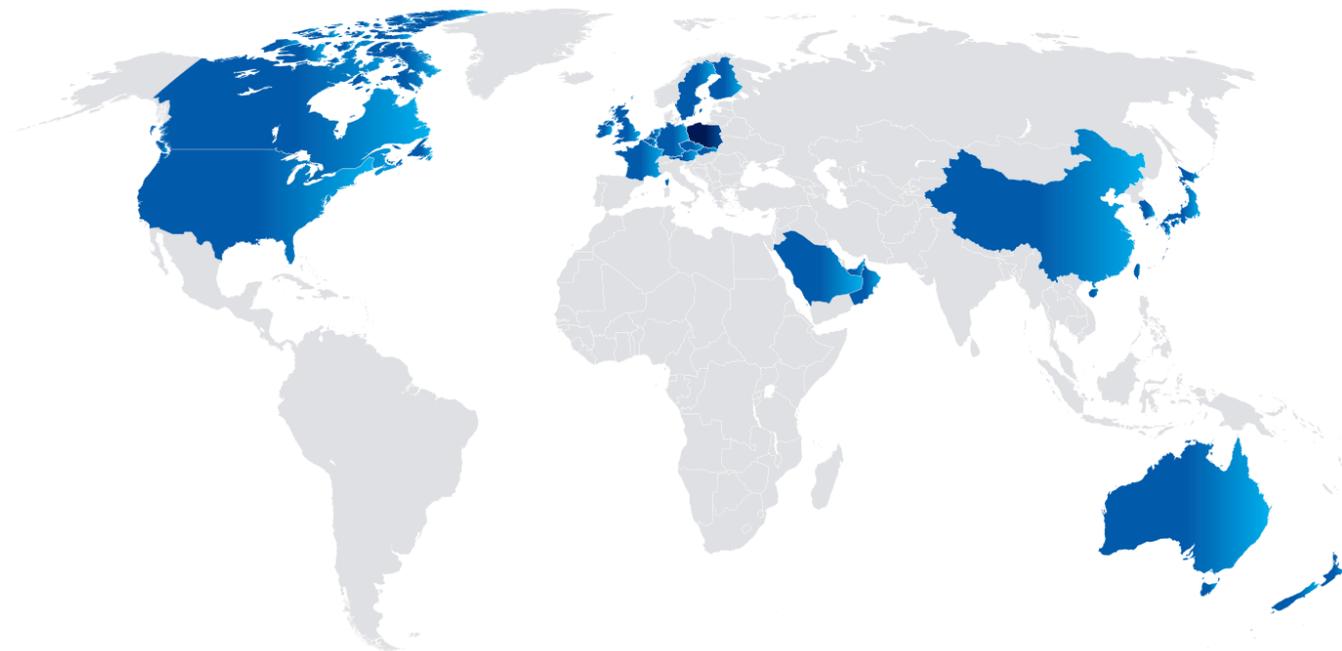
Amount of fine	Decision	PZU response
1 643 557,80 PLN	Decision of the President of the OCCP RWR 41/2009 of Dec. 30, 2009 alleged: 1) the violation of the collective interests of consumers by entering into the general conditions of insurance contractual agreements listed in the register of abusive clauses involving the possibility of payment of compensation in net worth – excluding VAT and refusing to pay compensation – in the case of the illegal import of the vehicle in the customs territory of the EU; 2) violation of the collective interests of consumers through the use of contractual provisions in breach of art. 813 § 1 of the Civil Code. For the use of the above practices a total monetary fine was imposed of 14,792,020.40 PLN (4,930 673.40 PLN with regard to accusations described in point 1 above and 9,861,347,00 PLN with regard to claims described in the point 2 above). The decision, according to PZU SA, is incorrect and was fully contested in 2010. As regards the allegations described in point 1 above, the decision was finally and definitively set aside by judgment of the Court of Appeal in Warsaw of June 11, 2013. In regard to claims described in point 2 above, the decision came into force on Nov. 06, 2013, but the Court of Appeal reduced the amount of the fine imposed on PZU SA to a sum of 1,643,557.80 PLN, which was paid in 2013.	A cassation appeal by PZU SA (in the extent to which the above mentioned decision has not been repealed) was accepted for deliberation on Jan. 28, 2015. We are waiting for a hearing date.
150 000 PLN	Decision of the KNF (Polish Financial Supervision Authority) of March 9, 2013 to impose on PZU SA a penalty amounting to 150,000 PLN for non-payment of compensation on time.	On Sept.19, 2013 we filed a request for a retrial; we are waiting for this motion to be considered.
150 000 PLN	Decision of KNF of Nov. 4, 2014 to impose a fine in the amount of 150,000 PLN for non-payment of compensation on time.	On Nov. 21, 2014 we filed a request for a retrial; we are waiting for consideration of the above motion.

1.3. WHO OWNS PZU?

The shareholders are our owners. From the moment of PZU's IPO it shares profits with its shareholders and makes sure they receive the best quality information at the right time.

PZU SA debuted on the Warsaw Stock Exchange on May 12, 2010. And since then it has been included in the WIG20 index. With a capitalization of nearly 42 billion PLN at the end of 2014, PZU was the second largest listed company in Poland, and its share of the WIG20 index amounted to 14.4%. PZU is also included in the following indices of the Warsaw Stock Exchange WIG, WIG30, WIG-Poland and WIGdiv.

PZU SA SHAREHOLDER STRUCTURE FOR 2014



1.3.1. Responsible Indices



Piotr Wiśniewski
– Manager of the Investor Relations Team

Investors appreciate socially responsible companies. ESG criteria complement traditional analysis, based on the risk / earnings relation when selecting companies for the investment portfolio. The investment in companies with a high level of sustainable development in the long term may bring a better return than a broad market index.

Stock Exchange. The presence in this index reflects not only the good financial situation of the company and the quality of its corporate governance, but also communicates to investors of the presence of high-quality practices in the workplace, the environment and in social activities. It also means lower non-financial risks and access to a range of non-financial information for investors.

Since 2012, PZU's shares are also included in the CEERIUS (CEE Responsible Investment Universe) index of sustainable development listed on the Vienna stock exchange. Companies that belong to the index fulfill social and environmental criteria.

Investors have increasingly focused analysis on issues related to sustainable development and corporate social responsibility. There are specialized funds, for which ESG (environmental, social and governance) criteria are the basis of the investment process. Companies that are managed in a sustainable way, conducting correct social dialogue and investor relations are evaluated higher. Caring for the high criteria related to the presence in these indexes is part of building our shareholder value.

From February 1, 2012 PZU is included in the first in Central and Eastern Europe RESPECT Index, listed on the Warsaw

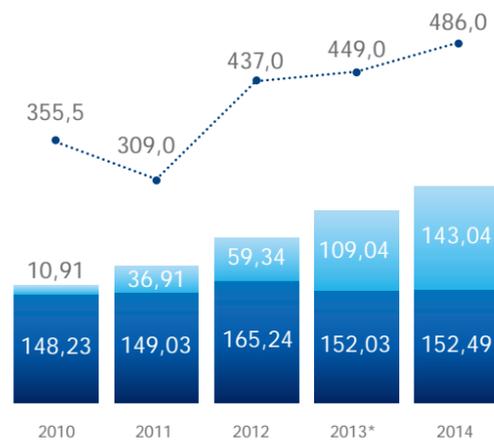
RESULTS OF PZU, WIG20 AND RESPECT INDEX IN 2012-2014

Increase / decrease 2013–2014



1.3.2. Dividends

BOOK VALUE PER SHARE AND GROSS ACCUMULATED DIVIDEND PER SHARE (PLN)



■ Cumulative gross dividend per share
 ■ Book value per share
 ● The closing price from the last session (market value)

* Dividend payment from surplus capital in the amount of PLN 20.00 per share in 2013 year.

In May of 2014 the "Capital and Dividend Policy of the PZU Group for 2013-2015" was updated. Its aim is to reduce the cost of capital and increase returns for shareholders. The main policy objectives are:

- payment of a dividend of 50 to 100% from the consolidated annual profits of the PZU Group;
- maintaining the solvency margin on a level of not less than 250%;
- maintaining assets to cover the reserves of each company in the PZU Group i.e., PZU SA and PZU Życie at not less than 110%;
- optimizing the financing structure through the conversion of capital surplus to subordinated debt.

101,3%

– the amount by which a shareholder, who had acquired PZU SA shares in May 2010 during the IPO offering, multiplied his or her savings by the end of 2014.

1.3.3. Communication with our Investors

The Management Board of PZU is taking steps to increase the transparency of the Company and reliable communication with the investor. For the execution of specific tasks the Investor Relations Team is directly responsible.

We care about the use of "Principles of conducting PZU's information policy in terms of capital market participants", with which you can become acquainted on our website www.pzu.pl.

Communication with the market participants means also a reliable and transparent implementation of the obligation of listed company. Since 2010 PZU SA through the Office of Compliance implements properly the disclosure requirements of the listed company, consequently minimizing the risk of non-compliance in this area.

We are implementing "Best Practices of WSE Listed Companies". We also participate in the program of the Association of Individual Investors: "10 out of 10 – communicate effectively," which goal is to create high standards in terms of the communication of listed companies with individual investors.

Our efforts have been recognized with numerous awards and distinctions. For instance, in 2014, we won first place in the category "Investor Relations" and second place in the ranking of the main plebiscite "Listed Company of the Year" carried out by "Puls Biznesu."

More information is available on dedicated website www.pzu.pl/relacje-inwestorskie

Stable results of PZU

Despite the unfavorable economic and regulatory conditions PZU Group's financial result for 2014 years amounted to nearly 3 bln PLN. Gross written premiums grew by 2.5% compared to 2013 and closed a total of 16.9 billion PLN.

1.4. WHAT KIND OF EMPLOYER ARE WE?



Anna Jastrzębska
 – Director, Employee Development Management

A very strong point of PZU as an employer is its investment in employee development. The priority in this area has become the development of leadership – especially engaged leadership that supports employee innovation. We identify employees with the greatest potential and include them in what is known as the PZU Talent network. This year we launched two programs for them: TalentUp and SmartUp.

We are a big employer. At the end of 2014, we employed 9,900 people, which represents 7,960 fulltime jobs. In PZU SA and PZU Życie we employed a total of 11,400 employees. We are also very dynamically changing company. We are



DISTINCTIONS:

Top Employers Poland



Employers Accreditation ACCA Poland



HR Highest Quality



High Quality Traineeships



transforming ourselves from an insurance group into a group with three pillars of business, including investment and health. We are expanding into the countries of Central and Eastern Europe. Our expanded organizational structure means that we are looking for the best and at the same time we provide interesting opportunities for career development.

We also work with a number of people on the basis of civil contracts. They are not included in the records of employment. In 2013, 3,440 persons were working with us on such a basis and in 2014 – 4,970. This applies mainly to agency agreements (agents in workplaces and schools).

WHAT DOES OUR ORGANIZATIONAL STRUCTURE LOOK LIKE?

Headquarter	Specialized units:	Regional branches + branch network:
<ul style="list-style-type: none"> • Management Board of PZU • Centrum of planning and management 	<ul style="list-style-type: none"> • They perform tasks on behalf of the companies of the PZU Group or in a given geographical territory • Contact Center, insurance operations, claims handling, accounting operations, personnel and payroll operations, debt collection, administrative support 	<ul style="list-style-type: none"> • Direct and full service operations for customers

HOW MANY PEOPLE DO WE EMPLOY?

Scale of employment in PZU SA and PZU Życie in the years 2013–2014

By gender:		By full or part time:			
2013 7 211 in PZU SA*	2013 4 102 in PZU SA*	2013 11 120 in PZU SA*	2013 – of which women: 7 121 in PZU SA*	2013 193 in PZU SA*	2013 – of which women: 90 in PZU SA*
2014 7 196 in PZU SA*	2014 4 204 in PZU SA*	2014 11 171 in PZU SA*	2014 – of which women: 7 090 in PZU SA*	2014 229 in PZU SA*	2014 – of which women: 106 in PZU SA*
2013 6 068 in PZU SA*	2013 3 701 in PZU SA*	2013 5 245 in PZU SA*	2013 2 980 in PZU SA*	2013 4 524 in PZU SA*	2013 3 088 in PZU SA*
2014 6 063 in PZU SA*	2014 3 839 in PZU SA*	2014 5 218 in PZU SA*	2014 2 941 in PZU SA*	2014 4 684 in PZU SA*	2014 3 122 in PZU SA*

By employment contract:			
Indefinite time period	– of which women:	Specified period of time	– of which women:
2013 9 733 in PZU SA*	2013 6 179 in PZU SA*	2013 890 in PZU SA*	2013 530 in PZU SA*
2014 9 676 in PZU SA*	2014 6 107 in PZU SA*	2014 983 in PZU SA*	2014 560 in PZU SA*
2013 8 357 in PZU SA*	2013 5 160 in PZU SA*	2013 832 in PZU SA*	2013 490 in PZU SA*
2014 8 367 in PZU SA*	2014 5 121 in PZU SA*	2014 899 in PZU SA*	2014 503 in PZU SA*

Trial period	– of which women:	Substitution	– of which women:	Employment contract	– of which women:
2013 147 in PZU SA*	2013 92 in PZU SA*	2013 543 in PZU SA*	2013 410 in PZU SA*	2013 11 313 in PZU SA*	2013 7 211 in PZU SA*
2014 136 in PZU SA*	2014 77 in PZU SA*	2014 605 in PZU SA*	2014 452 in PZU SA*	2014 11 400 in PZU SA*	2014 7 196 in PZU SA*
2013 123 in PZU SA*	2013 73 in PZU SA*	2013 457 in PZU SA*	2013 345 in PZU SA*	2013 9 769 in PZU SA*	2013 6 068 in PZU SA*
2014 119 in PZU SA*	2014 64 in PZU SA*	2014 517 in PZU SA*	2014 375 in PZU SA*	2014 9 902 in PZU SA*	2014 6 063 in PZU SA*

By position:

Employees	– of which women:	Higher management	– of which women:
2013 10 987 in PZU SA*	2013 7 112 in PZU SA*	2013 326 in PZU SA*	2013 99 in PZU SA*
2014 11 059 in PZU SA*	2014 7 096 in PZU SA*	2014 341 in PZU SA*	2014 100 in PZU SA*
2013 9 537 in PZU SA*	2013 5 992 in PZU SA*	2013 232 in PZU SA*	2013 76 in PZU SA*
2014 9 653 in PZU SA*	2014 5 986 in PZU SA*	2014 249 in PZU SA*	2014 77 in PZU SA*

By region:



	Gdańsk	Katowice	Cracow
2013	450 in PZU SA*	1 654 in PZU SA*	662 in PZU SA*
2014	453 in PZU SA*	1 621 in PZU SA*	653 in PZU SA*
	391	1 303	574
	392	1 284	569

	Lublin	Łódź	Poznań	Szczecin	Warsaw	Wrocław
2013	525 in PZU SA*	1 018 in PZU SA*	1 388 in PZU SA*	687 in PZU SA*	4 368 in PZU SA*	561 in PZU SA*
2014	523 in PZU SA*	1 004 in PZU SA*	1 379 in PZU SA*	672 in PZU SA*	4 545 in PZU SA*	550 in PZU SA*
	441	977	1 219	584	3 801	479
	437	962	1 218	569	4 001	470

* We provide aggregate data for PZU SA and PZU Życie, because most of the jobs of our employees are split between these two companies. For the purposes of this report we have separated the number of people whose job concerns PZU SA, including EU staff.

1.4.1. Restructurization

We are changing, and this requires personnel changes. On February 28, 2013, we entered into an agreement with the trade unions on the restructuring of employment. In 2013, this restructuring encompassed 2,200 people in PZU SA and PZU Życie, including staff reductions amounting to 538 employees. The following year, restructuring was continued and encompassed 642 people, including staff reductions of 170 employees. People made redundant and those, which did not accept proposed changes in their conditions of employment, were presented more favorable conditions of departure than those mandated by law. There is not a Collective Labor Agreement (ZUZP in Polish) in the company.

1.4.2. Conditions of Employment

Human Resources deal with employment and remuneration policy in the PZU Group.

In 2014, we completed the process of evaluation of work positions in PZU. We also introduced the WOW (result – rating – values) grading system, which consists of an annual employee assessment and an annual development plan.

What are the main elements of the annual evaluation system?

- “We reward performance” – a new system of managing work performance is a quarterly assessment of the achieved objectives (matched to the level of management and the specifics of the business) – and their rating impacts the amount of bonus.
- “Evaluation of the DNA of PZU” – a model to assess the competence of employees and leaders.
- “Annual assessment of the employee” – an employee development plan based on the analysis of the objectives and assessment of competence.

On what benefits can persons in our employ rely?

- Employee Retirement Plan;
- free medical care;
- drug insurance, life insurance, discounts on PZU Group products;
- sports cards;
- investment and renovation loans and grants;
- vacation subsidies;
- the Benefit Deals program (allows one to make purchases at attractive, discounted prices, purchasing cards, special offers – e.g. the Macro card);
- Training (PLUS, MBA) and the partial financing of studies;
- PZU Sports Team (the possibility of practicing sport in specialized sections).

WHAT ARE THE MAIN EMPLOYMENT AND REMUNERATION POLICY OBJECTIVES IN THE PZU GROUP?

<p>Rewarding and retaining the best employees</p> <p>through a market competitive remuneration policy and through training and professional development.</p>	<p>Planning for successors for positions</p> <p>in the PZU Group through career paths and development programs for employees and managers.</p>	<p>Attracting top talent,</p> <p>including young talent by building up the image of the employer of choice and the use of effective recruitment and selection.</p>	<p>Supporting the non-professional activity</p> <p>of employees of the PZU Group, including by engaging them in CSR activities, e.g. corporate volunteering.</p>
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1.4.3. Employee Satisfaction

Every eighteen months we conduct a survey among employees with the assistance of the outside company AoN Hewitt. Since 2011, the amount of fully engaged employees has increased by 9 percentage points and now stands at 49%. The study analyzed more than 19 aspects affecting such engagement, for example, processes, resources, adequacy of work and career development. The most recent survey was conducted in 2014. We noted then a few percent change. Workers changed their opinion on the benefits provided to employees (an increase of 15 percentage points). The second largest increase concerned the aspect of the “employee development” (up by 7 percentage points). In the new Strategy 3.0 we put emphasis on an increase in employee engagement. At the same time the percentage of employees satisfied or rather satisfied with their work is 89%.

We monitor all employee comments and grievances. In the years 2013-2014 employee complaints or grievances did not concern significant violations and irregularities in working conditions or other employer related areas. In 2013 one complaint was made to the Antimobbing Commission. The allegation of mobbing was not, however, confirmed.

1.4.4. Employee Development

We provide employees the space to develop competence. We are changing intensively and the raising of skills related to strategic objectives is important for us.

WHAT DEVELOPMENT OPPORTUNITIES DO OUR EMPLOYEES HAVE?



WHAT ARE THE MOST IMPORTANT DEVELOPMENT PROGRAMS?

<p>Lider 2.0 – leadership development program dedicated to higher management team</p>	<p>Menedżer 2.0 – management development program dedicated to mid-level management</p>	<p>Inspiratorium Menedżer [Manager’s Inspirational Guide] 2.0 – playable platform on-line supporting the development of managers in the program Manager 2.0 and also motivation for self-development</p>
<p>Programs focused on talent in the context of the PZU talent network –“Talent”</p>	<p>TalentUP – development program for specialists with management potential</p>	<p>SmartUP – development program for managers in the form of General MBA studies combined with the introduction of innovative solutions in PZU</p>
<p>The DNA Competence development program of our organization – PLUS (Professionalism-People-Skills-Training) prepared for all employees of PZU in the form of a selection of trainings</p>		<p>“Conscious of one’s self” – a development program for women within the framework of the Women’s Association of PZU</p>

The terms of use of the development opportunities designate three main procedures:

- 1) "Procedure for the training and development of employees";
- 2) "Procedure for postgraduate and specialized forms of professional development";
- 3) "Procedure to improve foreign language skills by employees."

All employees are subject to an annual evaluation process as a result of which the given employee's supervisor prepares an "Annual Development Plan". Under such the plan, we recommend the application of the principle of 70-20-10, which assumes that 70% of competence development occurs as a result of experience gained in the workplace, 20% in the exchange of knowledge, and 10% through formal training.

AVERAGE HOURS OF TRAINING**



* We do not carry a record of hours of training broken down by gender. The number of hours has been calculated on the basis of the HRM training management system. It was assumed that participation in training is equal for both sexes.

** Training indicators only apply to training to improve the skills of employees closely connected with the performance of duties. They do not include mandatory training and promoting compliance with occupational health and safety rules, the managing of everyday risks independent of position and company-wide preliminary training.

1.4.5. Employee Safety

The Safety and Health (BHP) Team is responsible for supporting the employer in implementing provisions in the area of occupational safety and health. Measures influencing job safety are based on open and clear communication with employees. A safe and friendly place to work is our top priority, which we provide to our employees, contractors and other persons providing work in the PZU Group.

In the report period we have implemented the AED project in major locations, the main goal of which is, among others, the creation of a rapid response team in case of the necessity for first aid. AED Rescuers undergo regular training in first aid, enhanced by further subjects and cases. We equipped the largest PZU locations in Poland with AED defibrillators. For our efforts we received in 2014 a letter of recognition from the Ministry of Labor and Social Policy, who is organizing the National Contest for the Improvement of Working Conditions.

What health and safety rules are in force with us?

- Health and safety rules are designated by law and our internal regulations. The most important of these include:
- Resolution No. UZ/78/2014 of the Management Board of PZU SA on Guidelines for the management of personal protective equipment, work clothing and footwear in PZU SA;
 - Ordinance No. Z/31/2011 of the President of the Management Board of PZU SA on the duration and frequency of periodic training in the fields of safety and health at work;
 - Resolution No. UZ/131/2010 of the Management Board of PZU SA from March 19, 2010 on rules for refunding employees of PZU SA the cost of corrective vision devices;
 - Circular No. 0/81/2011 on corrective vision devices in PZU SA;
 - Safety Instructions of the PZU Group (PZU SA / PZU Życie SA);
 - document "Risk assessment in the PZU Group" (PZU SA / PZU Życie SA).

In 2014, there was an increase of indicators in relation to 2013. This is a result of accidents occurring during trips by the staff of individual offices (e.g. team building, office councils), including the inadequate securing of games meant to integrate employees by the external company organizing the games. Another reason for the growth rates in 2014 was the increase in the number of traffic accidents, including one incident classified as severe. We conduct a register of accidents at work in headquarters and in each of the regional offices.

Health and Safety (OSH) Team

- conducts periodic reviews of facilities where our employees work, in order to check that the working conditions meet requirements and ensure that work can be carried out safely.
- advise on the changes in the arrangement of work premises so that employees could work comfortably and safely.
- supports employees in obtaining refunds for the purchase of glasses and in obtaining benefits resulting from accidents.
- conducts training in the area of OSH and first-aid so that workers know more and to feel safer

NUMBER OF ACCIDENTS, LOST DAYS AT WORK, BODILY INJURIES, ILLNESSES AND ABSENTEE RATE AT PZU SA

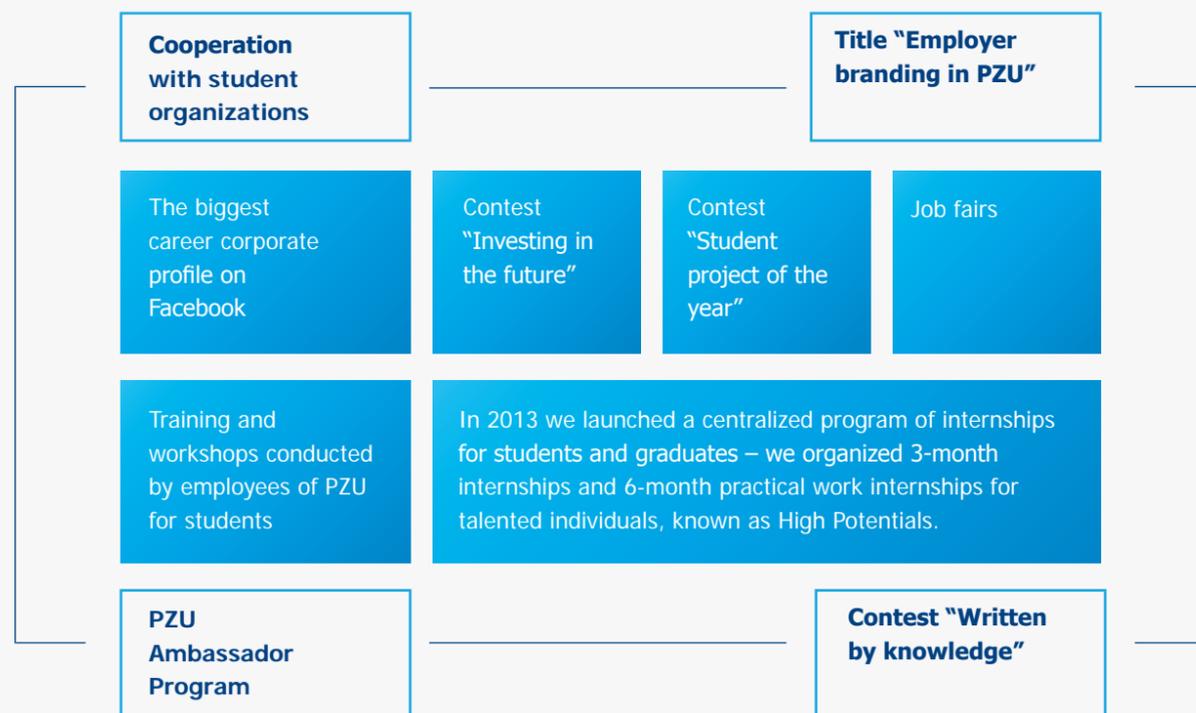


	2013	2014
Number of total accidents	51	61
– including fatal accidents	0	0
– including severe accidents	0	1
– including collective accidents	0	0
number of working days lost	1 433	2 137
Indicator of working days lost LDR *	0,71	1,07
Number of bodily injuries	39	63
Injury rate (IR)*	0,02	0,03
Number of occupational diseases	0	0
Absentee rate *	5,71	8,5
The number of accidents amongst subcontractors in total, including severe, fatal and collective accidents	0	0

* the data was calculated in accordance with the GRI G4 Guidelines

1.4.6. Traineeships and Internships

STAŻE I PRAKTYKI WYSOKIEJ JAKOŚCI In 2014, we offered over 80 traineeships and internships in various Polish cities, including the practical trainings that were funded as part of competitions such as "Win an Internship", "Careersfere" or "Career Program", as well as in the framework of the Capital Market Leaders' Academy. The program satisfies the assumptions of Polish Quality Standards for Internships and Practical Training of the Polish Human Resources Management Association.

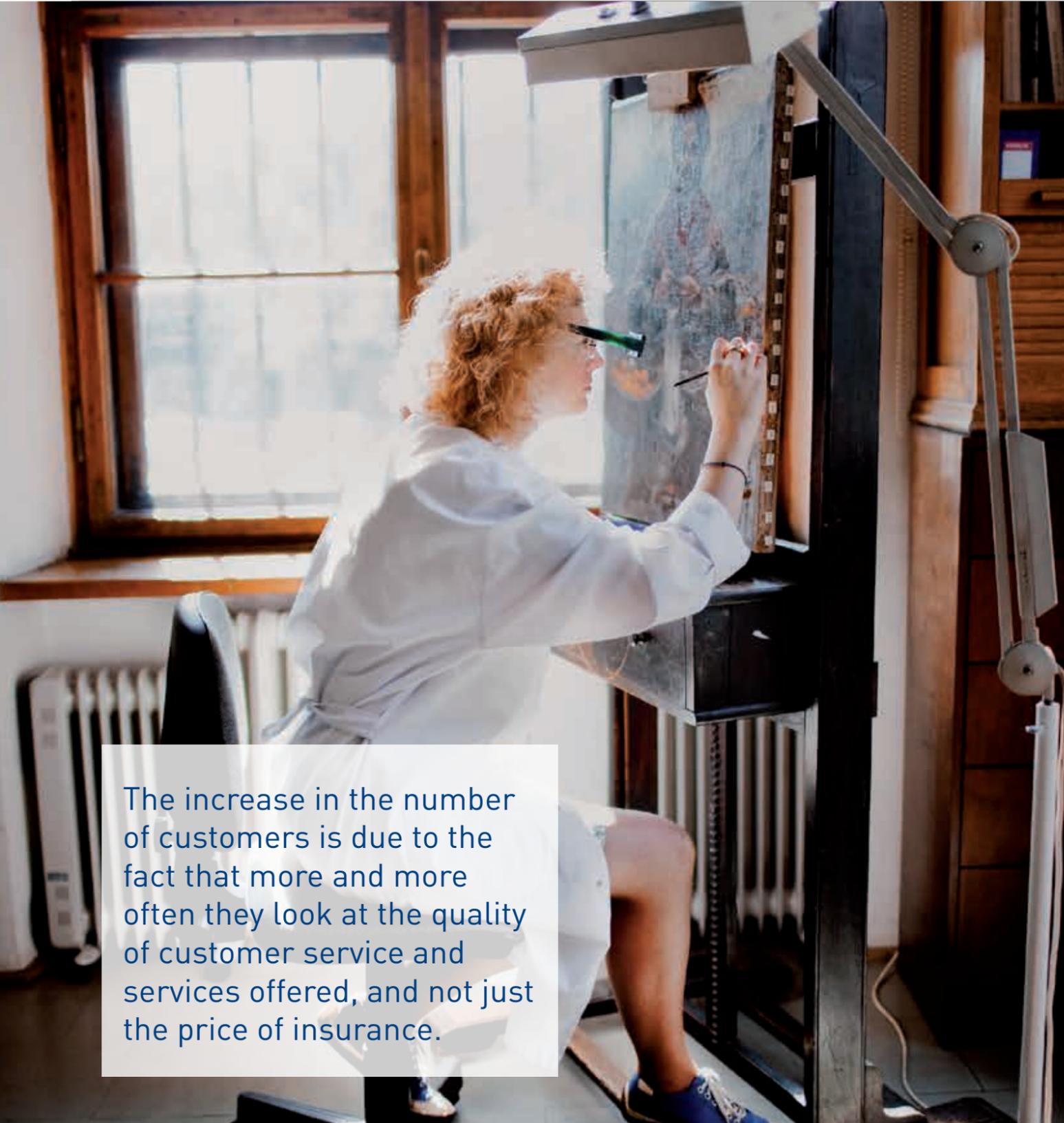


PZU. Przyciągamy najlepszych

Thor, syn Odyna. Bóg.
 Piorunująco dobry w obsłudze młota. Nieziemski w aplikacjach biurowych.
 Boski w powożeniu kozłami. Wszchemocny.
Kandydat do pracy w PZU.

Też czujesz się najlepszy w tym, co robisz?
 Wejdź na przyciagamynajlepszych.pl

Logos at the bottom: **top EMPLOYER POLSKA 2014**, **STAŻE I PRAKTYKI WYSOKIEJ JAKOŚCI**, and **PZU**.



The increase in the number of customers is due to the fact that more and more often they look at the quality of customer service and services offered, and not just the price of insurance.

Photography from the exhibition "People of the PZU" presenting social engagement of PZU, 2012

2 OUR BUSINESS

Our business is very different than it was a few years ago. We changed the logo, we are changing outlets, we are strengthening cooperation with agents, we initiated a revolution in OC, and we are the leader in direct claims settlement. We listen to our customers. Our work is organized around customer segments. For the best service we are successfully computerizing PZU. It sounds like climbing Mount Everest? That happens to be what our new IT system is called.

In this chapter:

- You will learn what services we offer;
- You will be surprised at our actions concerning quality of service;
- You will understand that PZU is not only its branches but a broader network of business partners – at Your service;
- We will show you how changes are evaluated by those on whose opinion we depend – our customers.

16 mln
the amount of customers of the PZU Group in Poland, including 9 mln customers of PZU SA

414
branches

3000
multi-agencies

9100
exclusive agents

2 637 mln PLN
is net profit of PZU SA

2.1. WHAT PRODUCTS DO WE OFFER?



Sylwia Szymula
– Director – Bureau of Customer Relations Management

Putting the customer at the center of all business activities of PZU is a conscious and thought-out strategy. We constantly monitor the changing expectations of customers and tailor our products and services to provide customers with the maximum fulfillment of their needs. We are committed to building a business on a solid foundation - on good, solid understanding and on partnerships with our customers. We believe that this approach will translate into not only the long-term success of PZU, but will also determine the standard in this field for the insurance market in Poland.

We offer a wide range of property and personal insurance for individual customers, small and medium-sized businesses and group and corporate clients.

Motor insurance

The most important product in this group is mandatory liability insurance of vehicle owners and also comprehensive auto insurance. They constitute the most important group of products, both in terms of the number of contracts and the share of gross premiums in the total gross written premium.

Property insurance

protects the property of people insured in the event of its destruction as a result of fire and other calamities.

Personal insurance

provides protection in the case of an accident (or other events expressly covered in the contract protection), which will result in bodily injury, health disorder or death. Protection is expressed through a guaranteed payment of accident benefits as specified in the contract.

Travel insurance

guarantee the protection of the insured while traveling through the reimbursement of costs of medical treatment (or sudden illness), and the organization of assistance services (including medical transportation).

Agricultural insurance

plays an important role, both economic and social. This insurance is used to restore productivity for farms that suffered losses as a result of natural disasters.

Liability insurance

protects the assets of the insured person from threatened burdens resulting from the need to repair damage caused by the insured. Protects the victim against possible insolvency of the person causing the damage.

Legal protection insurance

One of the building blocks of the legal awareness of Poles: provides protection against the risk of litigation and incurring legal costs associated with them. Ensures adequate protection of the legal interests of customers of insurers. They contribute to the elimination of barriers constituted by legal costs.

Financial insurance

constitutes an important element of risk management. Major product lines include: insurance guarantees, banking portfolio insurance and monetary receivables insurance.

2.1.1. Special Products

What are affinity products?

We work with banks, telecommunications operators, utility companies. We provide them with insurance products designed especially for the customers of our partners ("We custom tailor insurance"). These products are adopted by the Management Board of PZU. In total, we offer more than 100 exclusive and unique programs dedicated to the customers of our partners. The Bancassurance Office and the Strategic Partnership Programs are responsible for the creation of these products.

What links companies, our insurance policies and environmental challenges?

Environmental challenges place new demands on businesses. The law requires companies to secure the claims arising from the negative effects that may arise in the environment. To solve the problem of our clients, we offer an insurance guarantee covering the fulfillment of the obligations arising from the removal and elimination of negative effects on the environment and environmental damage. This is called an environmental guarantee. The beneficiary of the guarantee is the environmental protection authority that issues a permit for use of natural resources, for example the voivodship (provincial) marshal.

How do we insure contracts for Poland?

Along with Bank Gospodarstwa Krajowego and PKO BP we gave our guarantee for the construction of a power unit of 910 MW in the Jaworzno III Power Plant – Power Plant II. Other important investments that were secured by our guarantees, include the construction and modernization of individual sections of the railway line section Warsaw-Gdańsk, the construction of the National Forum of Music in Wrocław and the significant for the Polish Armed Forces contract for the purchase of equipment for Leopard tanks.

What is the MBA offer about?

The "Top MBA Loan" is a product that we prepared together with Alior Bank for students of the Master of Business Administration (MBA) degree. This is the first offer on the market that allows Polish student funding for education in the MBA program. The Bank finances the maintenance and training at the most prestigious universities in the world, while we

provide risk insurance repayment of loans granted under the offer for MBA students. This product is distinguished by the fact that the standard security required from the client by the bank has been replaced by insurance of the risk of loan repayment concluded between Alior Bank and us. The Bank does not charge extra fees for this and offers favorable interest rates, lower than in foreign banks that finance studies of this type.

2.1.2. Laboratorium of Innovation

What is the Laboratorium of innovation?

The task of the laboratory is to monitor trends and create innovative solutions focused on the needs of customers and on results that generate business. The Laboratory was established by a resolution of the Board of PZU SA in 2013. In the next year its team was already conducting activities on innovative solutions.

What are examples of Laboratorium initiatives received a positive recommendation to conduct a pilot program?

- **E-signature**
It enables the signing of a policy by using a dedicated device that captures a biometric signature profile. This ensures the highest level of transaction security. E-signature also means a quick access to the policy after the transaction from the level of our IT platform – Everest. We have reviewed the usefulness of this solution in the processes of sales, as well as in customer service processes. We are currently planning to implement it in selected PZU branches.
- **Aztec codes**
Improved the process of concluding motor insurance contracts. Thanks to the ability to read Aztec 2D barcodes from registration documents it is possible automatically supplement a large amount of vehicle data in the Everest system. By automating the process of concluding the insurance the agent has less work and the customer more quickly obtains an insurance quote and receives his/her policy. The pilot was launched on a group of selected agents. We have reviewed the usefulness of the process from the point of view of the agents and the customers. In mid-July 2015 we undertook the full implementation of this solution in PZU.

2.2. WHAT KIND OF COMMUNICATION AND MARKETING PRACTICES DO WE HAVE?

2.2.1. Communication With Customers

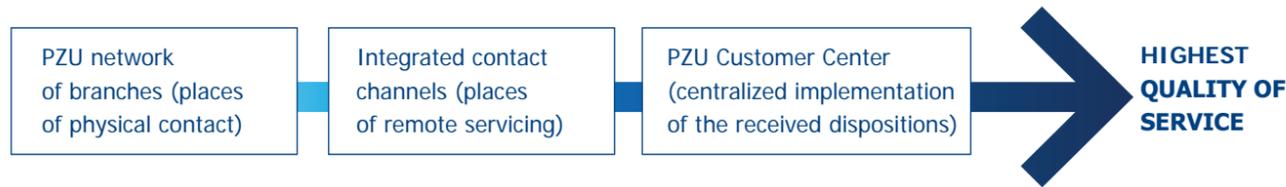
In what ways do we communicate with our customers?

We have built a model that allows the customer to easily contact us and take care of his affairs. In contact with the customer we follow "PZU Best Practices", as described in Chapter 1.

In addition to traditional customer contact channels with PZU, such as direct contacts with agents and employees of PZU branches, there are also many other forms that operate that allow remote contact. Today, without leaving home PZU customers can:

- call for help;
- make a claim and track the progress of its handling;
- buy insurance;
- make many changes on his/her policy;
- declare the purchase or sale of a car;
- pay premiums.

The number of contacts via these channels is very high and will continue to grow.



COMMUNICATION CHANNELS

PZU branches	Telephone	Traditional post	Video chat	SMS
Agent stations	E-mail	Website/forms	Chat	Social media

CONTACT CENTER CHANNELS IN 2014 *

Telephone numbers in service 10 390 000	Participation in Helpline: 31% helpline concerning PZU SA and PZU Życie SA products 25% claims handling and benefits	Traditional post Received by Central office 2 462 000 Sent to clients (massprinting) 19 890 000	E-mails Received kontakt@pzu.pl 2 655 000 Mass e-mailing to the clients 470 000 Social media 1 655 matters	Video chat 4 923 Chat 14 626 Servicing of website forms 392 000
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* The Contact Center supports both PZU SA and PZU Życie customers, which is why the data presented includes both companies.

How did we develop remote communication channels?

In 2013 we decided to build an alternative to telephone communication channels for customers. See the solutions that we have implemented in 2013-2014:

- 1 Chat on the website www.pzu.pl**
 - By means of this chat service employees of the Contact Center provide information on insurance products that help the Customer navigate through the www.pzu.pl website and suggest how to complete the forms online.
 - The next step in the development of this channel will be a dynamic chat, which will respond to customer behavior on the website – e.g. in the situation of his/her lack of action.
- 2 Video chat**
 - The Video chat enables a Customer to have meeting with a representative of PZU without leaving home.
 - During such a call the Customer may make a claim, obtain information about the status of the liquidation of damage and buy insurance.
 - This Video Chat will bring us in the next period an opportunity to start servicing the deaf and hearing impaired.
- 3 Video tips**
 - Video tips come in many forms, for example: comments from specialists, infographics, manuals.
 - We want, thanks to this, to advise Customers that find themselves in various situations or to provide instruction regarding the proper completion of the most widely used web forms.
 - We use this not only on the pzu.pl site, but also in e-mail communications.
- 4 Callback form**
 - With it the customer can, during a conversation on the helpline, choose a topic of conversation, leave a phone number and select a time limit within which he or she wishes to be contacted.
- 5 Social Media Command Center**
 - We created the Team to Service and Monitor Social Media, which is responsible for the company's image in the network and thus also for enhancing its image.
 - The team conducts daily monitoring of the internet and of social media, engages in discussion forums, respond to customers' posts on Wykop.pl, Twitter and Facebook, replies to private questions of Customers through a dedicated application Help Center.
 - It deals with, among others, topics related to the sale of insurance, claims handling service, the Assistance product, and also with communication, advertising or CSR activities.
- 6 Transpromo letters**
 - This is correspondence by letter, which combine substantive elements (e.g. relating to a transaction) with elements of promotion, offering customers a measurable benefit.
 - The whole concept is based on the philosophy of using simple language and its leitmotif is to build positive relationships through contact with customers. Thus, our lists are of more personal in nature, and the client finds in them important information shown with the help of infographics or preventive elements related to safety.
- 7 Central address for paper and electronic correspondence**
 - The centralization of these functions enables the implementation of uniform service standards and tools for the control of the process to answer Customers.
 - As a result, Customers are assured that their cases get to where they will be serviced.

Why are we simplifying the manner of communication?

We are experts in insurance and it is our job to introduce the customer to our specialized world. Therefore, our language of communication must be accessible and understandable. Forms must be tailored to the needs and capabilities of customers, otherwise – as authors – we are responsible for communication misunderstandings.

For this reason, since 2013, we are implementing the principles of plain language. Their goal is to adapt messages to customers and to eliminate factors that hinder communication (e.g. vagueness of a text). We have created principles of correspondence, consistent with the principles of plain language that simplify communication and make it more accessible. We created our standards together with our customers.

In 2014, in collaboration with the Laboratory of Plain Polish from the University of Wroclaw we conducted an audit of the written and spoken language, which we use in communicating with customers. The conclusions of the audit were the basis for the implementation of a number of initiatives to improve our language of communication.

What initiatives have we introduced in order to better communicate with our customers?

Four initiatives that deserve special attention are the result of the audit conducted earlier. Namely:

- 1) the establishment and implementation of “Standards of correspondence with the client”;
- 2) creating and sharing materials about the principles of plain Polish, for example “Simple language in PZU” or the “Guide to Proper Polish”;
- 3) e-learning training with the rules of writing in plain language that more than 7,500 persons have completed;
- 4) classroom training for employees of various offices, both at headquarters and in regional offices.

What is the role of the Council of PZU Customers

No one can tell us about their expectations as well as the customers themselves. Therefore, in October 2012 we established the Council of PZU Customers. It consists of customers who want to support the PZU in building services of the highest quality – people who use these services every day.

Council members advise us on: selected initiatives undertaken by PZU, means of communication with the customer, customer service processes, marketing materials and social activities.

In the years 2013-2014 eight workshops with customers were held, during which we collectively discussed 26 different initiatives and business solutions. Many proposals made by the Council were introduced and millions of customers use them. The Council of PZU Customers is a very effective way of consultation with customers.

How do we care for the highest standards of external communication?

In caring for the highest standards of external communication we formulate our messages, based on:

- “Principles of Good Insurance Practices”;
- “Code of Ethics in Advertising”.

Thanks to a conscientious respecting of the established principles in the reported period we did not note any submission regarding non-compliance in the area of marketing communications, including advertising, promotion and sponsorship.

2.3. WHAT ARE WE DOING, TO ENSURE A HIGHER STANDARD OF CUSTOMER SERVICE THAN OTHER INSURANCE FIRMS?

All of our strategy and organizational changes are focused on our customers. That is why ensuring a high standard of service is our priority.



Paweł Menkiewicz
– Director of the Network Management Office

“The branch is PZU in miniature” – that is how the complexity of the operation of each branch of PZU can be summarized. Sales plans, operational efficiency, but above all, the quality of customer service is a priority in our daily work in the branches. We believe that high standards in customer relations are the key to success. Professional, knowledgeable, skilled – such are the employees of the branches of PZU. We are constantly raising the bar in terms of quality of customer service, that is why we are expanding product and process training specifically for branch employees. Long-term “investment” also means systematic modernization of the branches of PZU. The most visible change is a standardized appearance the branches, both inside and outside – as an expression of respect for the customers visiting us.

2.3.1. Service in Branches

Why are we changing the PZU branches?

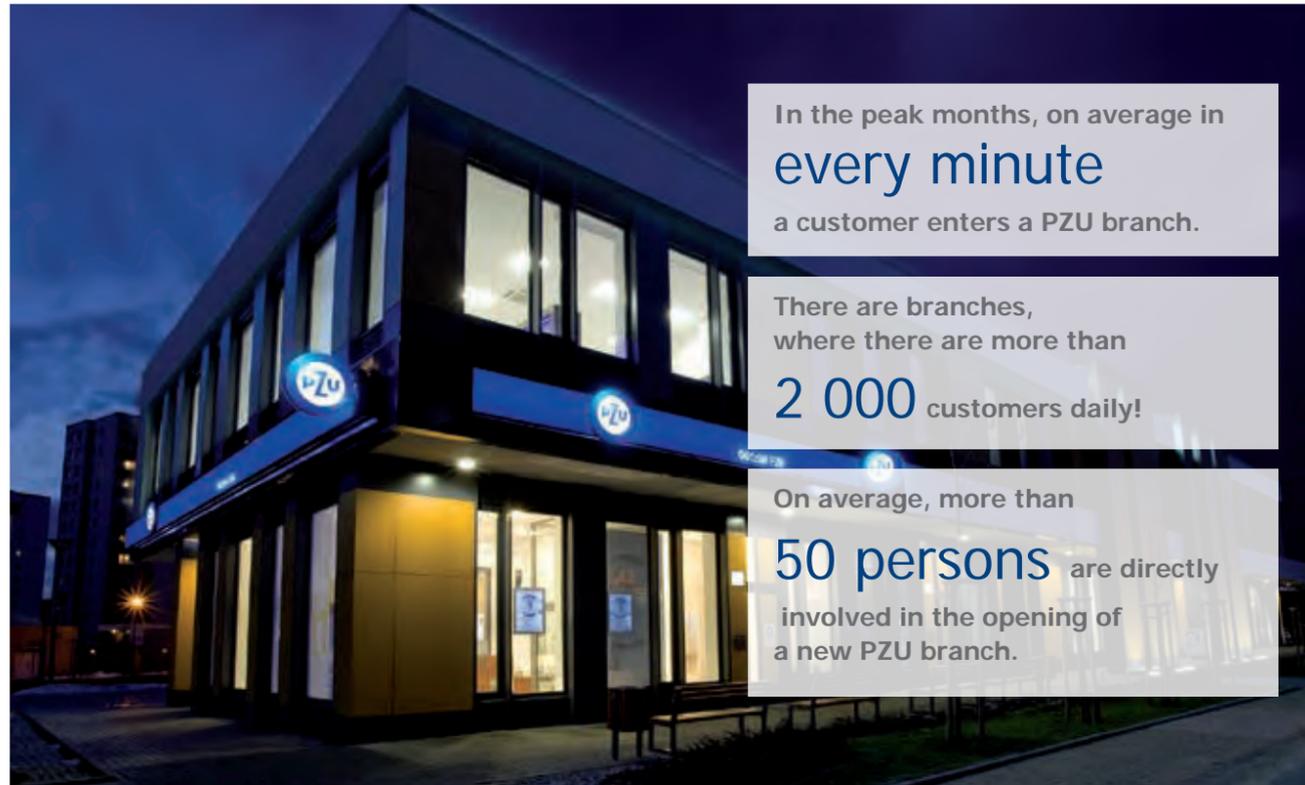
With customer service at the highest level, every detail matters. Therefore, our actions begin by creating a good first impression at the moment in which the customer is looking for our branch and eventually crosses its threshold. For several years we have been renovating and changing our branches, and if we deem it necessary, changing their locations to those more accessible and recognizable by customers. Changes in the branches are based on four assumptions:

- 1) functionality;
- 2) easy access;
- 3) modernity;
- 4) comfort.

We try to take care of every detail. This applies for example to the special labeling of the branch, the construction of ramps for people with disabilities or changes in the opening hours of branches that are adapted to the expectations of the residents of a given community. Neither do we forget about our youngest customers – in several branches we have created special play areas for children, who can play with teddy bears or color, while their parents have a meeting with a customer advisor.

76%
of our customers were satisfied with the service and work with us (general customer satisfaction survey carried out by an external company);

BRANCHES IN NUMBERS



Photography of PZU branch in Wrocław after renovation

Let's not forget about the standards of service amongst our exclusive agents. What is meant by the program Agent 2.0?

Our customers have at their disposition not only our branches. They are supported by nearly 5,500 exclusive agents of PZU SA. We want our customers to see the establishments belonging to us and to our exclusive agents as consistent. Therefore, at the beginning of 2014, we launched the program Agent 2.0, which has three objectives:

Objective 1: We achieve it through the development of standards of interior equipment for the offices of exclusive agents. Such a standard includes items as furniture, internal visualization materials (graphics, logos, posters) and the labeling or marking of the facility.

Objective 2: We have completed it by implementing standards of customer service in exclusive agencies, which are consistent with those prevailing in our offices. The main assumptions of the introduced standards are:



- effectiveness – we give the customer exactly what he expects;
- attention – we create an atmosphere of trust and we focus on the customer;
- professionalism – we care about our appearance, knowledge and our common workplace;
- empathy – we show the customer care and understanding;
- response – we help the customer in every situation.

The proper approach during service, according to the SUPER principles, ensures the building of long-lasting and positive relationships with customers.

Objective 3: It results from the implementation of the two previous tasks. With the introduction of high visual standards of our facilities and the improvement of the quality of customer service we want to develop uniform rules on exclusive cooperation with agents.

How do we ensure competent service in our establishments?

Po przekroczeniu progu naszej placówki o zadowoleniu After crossing the threshold of our facility the satisfaction of our customers is decided above all by the attitude and competence of our employees and agents. That's why we put a lot of work into the preparation and implementation of training programs to upgrade the skills and the level of professionalism in customer service.

We organize training, especially that relating to our product offering, using modern teaching methods. We create materials that not only make the training more attractive, but above all to enable the rapid transfer of knowledge. An important addition to any training are tests of knowledge and awareness on the basis of which the person conducting the training can verify the level of assimilation of knowledge by the participants.

In 2014:

- trainees have passed almost 5,000 knowledge tests;
- employees and agents spent nearly 10,000 days on Everest training, while maintaining fully operational branches;
- 2,300 exclusive agents completed the e-learning course on customer service standards, and nearly 1,900 agents participated in stationary training. As a result, we ensure our customers with high quality service regardless of the sales channel.

The second form of knowledge transfer consists of e-learning, to which employees and agents have access via a training platform. This allows them to consolidate and deepen the knowledge acquired during classroom training.

Special training projects for employees of PZU, which raise the standards of customer service, are:

- ULTIMA 1.0 – training for directors of branches on which we discuss, among others things, the approach to sales conversations and the provision of feedback;
- STARTER – deployment training at the beginning of cooperation; we teach not only the principles of conversation with the customer and the principles of our insurance products, but also the handling of our new Everest system;
- ADO or Academy of Branch Directors – increased the awareness of the concept of internal control and its impact on everyday processes among managers;
- Everest – training devoted to our new information system that supports our employees and agents in their daily work.

How will computerization provide us with one of the best standards of service?

In 2013, we radically changed the quality of work by implementing a new IT system. The Everest platform has replaced 14 legacy systems so far, and we want it to replace 21 more in 2016. It is one of the most modern insurance systems in Europe. It allows one to quickly respond to customer needs and market trends. On November 18, 2013, in Lublin, we issued our first policy in this system. By November 2014, thanks to this system, we sold 1.2 million policies. Every day we are issuing 12,000 policies. As many as 80% of our intermediaries has been introduced to and have implemented this system (as of November 2014). Technology has a huge impact on customer communication, speed and efficiency of service. IT solutions will provide us with a competitive advantage in customer service.

How do we care about the relationship with the client after he leaves the branch?

We make sure to keep in touch with the customer also after the use by him or her of our services. This is the purpose of the service model, which consists of different service campaigns. They consist in regular contact with

customers who have purchased our key products at the time of various events on their policies. Sometimes just a reminder about a premium, or we talk about the results of the customer's investment, and sometimes – on the anniversary of the policy – we present our other solutions or suggest broadening the scope of the present insurance. Thanks to these regular contacts within a campaign we want to build and strengthen relationships with customers. The customer feels then that he/she is handled professionally and knows that we care about him.

2.3.2. Customer Service in the Contact Center

How we changed our approach to telephone conversations with the customer?

In the last two years we have introduced not only new channels of communication with customers, we have also created a Laboratory for Innovative Customer Service, through which we change the way we talk with our customer on the phone and handle his matters. Here is a list of initiatives that changed our Contact Center and enabled us to build closer relationships with our customers:

- **The "Turning on Inspirations and Relationships" (WIR) group within the Assistance Team:**
 - we rejected scripted calls in order to create space for openness and listening carefully to the person on the other side of the handset,
 - consultants began to pay attention not only to consciously expressed needs of the customer, but also, as far as possible, to surprise him, by providing a WOW effect in what might be a difficult situation for him. This is most illustrated by the example of delivering to the customer, in addition to roadside assistance and a replacement vehicle, also coffee, about which he mentioned during his conversation with the consultant.
- **Customer assistant:**
 - a pilot project, during which we resigned from IVR,
 - we focused on reducing the number of transfers and on the closing of cases during the first call. The customer was greeted with a short message and immediately connected with his assistant, or consultant of our team,

- in case of questions beyond the scope of knowledge of the assistant we transferred the customers to the regular helpline, providing the end consultant a summary of the case,
- after starting the Customer Assistant pilot project it turns out that we are able to handle almost 70% of customers during the first contact.
- **"Another point of hearing":**
 - a customer audit carried out by persons with physical disabilities or who are blind in cooperation with the Efektum company,
 - our auditors do not receive any hints of substance; their job is to listen to conversations and the evaluation of these conversations from the customer point of view – or rather from the customer's "point of listening" – as regards mutual understanding, the tone of the conversation, our attitude on the matter and establishing relationships.

This innovative way of customer service met with great interest. We are constantly seeing much higher customer satisfaction scores in the WIR group compared to the already high performance in the assistance department. Thanks to the laboratory we do not look at the customer only through the prism of knowingly designated needs, but stand a step higher to meet additional needs (security, affiliation or recognition).

DO YOU KNOW THAT...?

Our new approach, of which we are proud, we submitted to the "Golden Handset 2015" contest. We took first place. The jury members congratulated us on our courage and confidence in our own consultants and in giving him or her greater responsibility than before.

How do we control the quality of service in the Contact Center?

Every day in the Contact Center the quality of service is supervised by specialist staff from the Quality Control Team. Their tasks include:

- listening to conversations and reading chats and e-mails;
- performing Mystery Call types of tests;
- conducting testing of quality;
- checking the organization of work and the atmosphere in which individual teams are working.

The results of the testing of quality and the research of the work atmosphere and organization are reported each month to top management and to individual managers and team leaders. Each tested contact with a customer is included in the report received by the team leaders. As a result, everyone is informed about current training needs and areas on which individual teams should work.

- The quality of customer contact is also watched over by:
- **leaders working in individual teams** (conduct individual coaching and also do so with consultants, and also organize workshops, which work on current problems);
 - **Training team** (focuses on such aspects of communication with the customer as relationship building, matching solutions to customer needs and simple language, and prepares candidates preparing to work as consultants).

2.3.3. Customer Satisfaction

How do we verify customer satisfaction with the service?

There is no better way to verify the satisfaction of our customers than to ask them about this directly. That is why we conduct regular satisfaction surveys that focus on obtaining information on customer satisfaction with services or our offer. The results are as follows:

- **76%** of our customers were satisfied with the service and their cooperation with us (general customer satisfaction survey carried out by an external company);
- **95%** is the level of satisfaction of customers visiting our branches (average across the PZU branch network);
- **97%** is the average level of service quality assessment in the study "mystery shopper". It involves auditing the department by a person playing the role of an individual customer. In the reporting period, we can boast of implementation of 32 waves of research;
- **93%** is the indicator of satisfaction surveys of our Contact Center. In the years 2013-2014 we conducted quarterly surveys on a sample of 3,000 customers. It included an assessment of the waiting time for connection to a consultant, the degree of consultant courtesy during the call, the degree of understanding and also of the completeness of the information provided.

2.3.4. Consideration of Complaints and Grievances

What we are guided by when we consider complaints and grievances of our customers?

1,67%

– was the total share of complaints in the number of claims and benefits.

21,1 days

– was the average time taken to consider complaints and grievances*.

* Due to the consideration of other variables in calculating indicators in the years 2013-2014, we decided not to present data broken down into two periods. We report the value of indicators at the end of 2014.

In every business, it happens that a service or product does not fully meet the expectations of the customer and there is a complaint. The role of responsible business is to design and carry out the entire process in order to quickly and reliably clarify the matter. At PZU we attach great importance to the fact that our actions are carried out at the highest level and as soon as possible, that decisions are made objectively and that explanations are presented to customers in a straightforward and clear manner.

Formally, the process of handling complaints is also regulated by external regulations (e.g. by KNF [the Polish Financial Supervision Authority] and EIOPA) and by internal regulations, controlling its form, in matters such as:

- issues of the definition of a grievance / complaint;
- rules on the provision of information to the customer on how to lodge a complaint;
- time limits within which one must answer the complaint;
- the scope of information that should contain answers to the customer.

As part of our approach, we make the best efforts to meet the requirements imposed upon us. It is equally important for us to learn from complaints and improve our products and processes. Thanks to the tools supporting the process of dealing with complaints we have full knowledge about which areas of the company are the most “complaint prone” and in which we most often recognize customer complaints. This knowledge indicates to us continued paths of development and helps to eliminate sources of customer dissatisfaction.

In 2014 we undertook a number of different initiatives that have helped us streamline the process and affect the growth of customer satisfaction. We’ve simplified, among others, communication with the customer, implementing the principles of plain language.

How do we inform our customers about the possibility of making a complaint or presenting a grievance?

Information on the rules for the receipt and handling of complaints are included on the PZU website (www.pzu.pl/obsługa-i-pomoc/obsługa-klienta2/zmiany-w-umowie/reklamacje) and inform the customer about:

- possible forms of filing the complaint;
- data to be included in the text of the declaration;
- general assumptions about the process later service – e.g. information about the date of consideration (within 30 days).

2.3.5. Data Security

How do we protect our customers’ data in PZU SA?

Nowadays, information security largely determines the quality of services provided. If we want to strengthen our position as market leader, we must see to it that data security is top notch. Thanks to actions undertaken in the reported period we did not note cases of complaints regarding breaches of customer privacy and losses, leakage or data theft.

Policies regulating the matter of data protection:

- “Information Security Policy of PZU SA”;
- “Detailed rules for the security of information protected by PZU SA”;
- “Instructions for PZU SA systems management”.



They allow us to:

- adequately protect data flow;
- ensure that the system properly processes information;
- limits the possibility of unauthorized access to data;
- checks whether the data security policy is working properly.

2.4. WHAT DOES OUR PROCESS OF HANDLING CLAIMS LOOK LIKE??



Radosław Bedyński
– Director – Office of Claims and Benefits

The elimination of damage or the provision of a benefit is a “moment of truth” – that gives the customer an answer to the question of whether the purchased insurance product meets his expectations. PZU’s strategic goal is to have the best claims settlement on the Polish market. That is why we are investing in development, why we are systematically implementing new, innovative solutions for settling claims, which are designed to achieve these objectives. These include direct claims handling, our own fleet of replacement vehicles or guarantee of quality of vehicle repair that PZU, as the insurer in Poland, introduced into the market.

How do we understand responsibility in the approach to claims handling?

The moment of reporting and claims handling is very important for our customers. We are aware of this. Applying for compensation after damage is a difficult moment. Our clients depend on the rapid finalization of the case, good communication with the insurer and a limitation of paperwork. In our opinion, the actions of a responsible insurer should go beyond consideration of these expectations and the efficient organization of the liquidation process. Many needs cannot be satisfied only by the payment of the amount due. We would therefore like to assist injured parties in finding their way in a new and often harsh reality.

90%

90% of customers were satisfied with the claims handling process.

What have we done to streamline the claims handling process?

- 1) We introduced as the first in the market the Direct Claims Handling service.
- 2) We offer our customers short claims handling time.
- 3) We introduced the function of PZU Guardian.
- 4) We created an online platform PZU Pomoc (Assistance).
- 5) We provide our customers with a fleet of our own replacement vehicles.
- 6) We introduced a quality certificate in the PZU Pomoc (Assistance) Repair Network facilities.

What is a direct handling of claims?

The idea of direct claims settlement (BLS) is very simple: the client having civil liability motor insurance, being injured by a perpetrator, who has civil liability insurance from another insurance company may declare and eliminate the damage via PZU, and not, as before, with the insurer of the perpetrator of the damage.

We were the first to introduce BLS into the Polish insurance market in April 2014 and in this way we initiated a revolution in civil liability motor insurance.*

In April of 2015, the Polish Insurance Association developed an industry agreement concerning BLS. Eight insurers (including us) joined this agreement, representing over 60% of the civil liability motor insurance market, measured by premiums being collected. In thinking about our customers, we decided to both proceed with the market agreement as well as maintain our own BLS solutions for customers affected by those insured in establishments, which have not joined the BLS agreement.

* At the time we called our innovative solution direct liquidation (LB). The BLS name was introduced in April 2015 together with a branch agreement. For the record, we use consistently the most current name – namely BLS.

What criteria must be met to join BLS?*

- The damage takes place on Polish territory.
- As a result of events damage has occurred resulting from damage to a vehicle or property located in the vehicle.
- No more than two vehicles participated in the event.
- There was a collision of motor vehicles or a collision of a motor vehicle with the victim's motor vehicle.
- The victim has a statement indicating the perpetrator or the police have been informed about the incident.
- Notification of the damage was made to the victim's Insurance Company (TUP) or transferred to the TUP by Insurance Company of the offender (TUS) at the request of the victim.
- The victim's claim is covered by the perpetrator's civil liability motor insurance, which is valid on the day of the incident and was concluded in another insurance company operating in Poland.
- A civil liability motor insurance contract was concluded with PZU SA by the victim. The agreement remained valid on the date the notified event.
- The damage has not been reported in another insurance company.

FIRST YEAR OF THE DIRECT CLAIMS HANDLING SERVICE:

- 38 000 – the number of people who trusted the brand and long history of our company by reporting claims in PZU even when the perpetrator was insured in a different company.
- 87% – the percentage of customers declaring that they are satisfied with the Direct Claims Handling service**.

Victims appreciate the speed of service and compensation, as well as additional services associated with the guarantee of quality repair, the organization of replacement vehicle rentals, towing, parking, as well as the offer to enable the sale of the wreck of a vehicle after the occurrence of a total loss.

** Data for the period July–December 2014.

* The criteria were changed on April 1, 2015. In the report we provide the most the most current content (as of Aug. 31, 2015).

WHAT ARE THE BENEFITS OF DIRECT CLAIMS HANDLING?

Benefits from Direct Claims Handling service for our customers: Benefits from Direct Claims Handling service for PZU:

- | | |
|--|--|
| <ul style="list-style-type: none"> • lack of contact with an unknown insurer; • short time from application to payment; • higher quality of service; • number of additional services related to the guarantee of quality repair, replacement vehicle rental organization, towing, parking, as well as the offer to allow the sale of a vehicle wreck after the occurrence of a total loss; | <ul style="list-style-type: none"> • increase customer satisfaction; • convince customers about the validity of the payment of a higher amount for the service of good quality; • overcome the price war between competitors in the insurance market. |
|--|--|

What is a fast track claims handling?

In addition to standard claims handling processes we have introduced fast track claims handling, which up to simplify the formalities for our customers. Fast track is very convenient for customers whose losses:

- are minor;
- do not require inspection, medical research and collection of documentation.

For this type of damage we foresee the obtaining of required customer data in a telephone interview, during which we estimate the amount of damages. This path therefore represents the unquestionable advantage of a period of time to claim liquidation shortened to a minimum and the relief of the customer from having to provide documentation. We note a continuous increase in customer interest in this form of liquidation in all areas of liquidated damages.

Who are the PZU Guardians?

To help accident victims, we have set up a team to aid victims of accidents caused by PZU SA civil liability motor insurance policyholders – what are known as PZU Guardians. It is composed of experienced specialists with practical and theoretical knowledge in the field of civil law and insurance. They work throughout the country in order to easily make personal contact with victims and help them return to functioning after a fateful event. They meet with victims in their homes and during the conversation determine the scope of support.

ON THE SITE WWW.OPIEKUN.PZU.PL ONE CAN OBTAIN THE FOLLOWING INFORMATION:

- the extent and manner of help provided by PZU Guardians;
- important information needed in the process of the handling of a claim;
- professional advice, interviews and articles by experts from the area of rehabilitation, social and professional activation and psychology;
- profiles of Guardians and their areas of activity.

HOW CAN A PZU GUARDIAN HELP?

Profiles of Guardians and their areas of activity

Diagnosing the needs of the injured party.	Reliable information for the victim about his/her rights and support in preparing the documentation.
Organization of treatment, medical and social rehabilitation, professional and psychological support.	Providing information on the support from state institutions as well as foundations and associations acting on behalf of accident victims.

HOW DOES THE PLATFORM ONLINE HELP WORK AND HOW CAN WE, THANKS TO IT, HELP CUSTOMERS?

Client problem	Objective of the platform:	Platform		
Sale of damaged cars and other items after the occurrence of damage.	Help clients with the remains of the damage.	Sale of vehicle or other items via online auction.	The participants of the auction are only reliable players cooperating on the permanent contract with the administrator of the platform.	The bid submitted by interested party is a guarantee of purchase vehicle at a specified price without having to take follow-up sales and without any additional costs due towing, parking, etc.

* Since the beginning of the service (2011), we offered help in the utilization of more than 291,000 vehicles and nearly 54,000 items of property.

How we help the victims and our business partners in the organization of replacement vehicle rentals?

In 2014 we, as the first insurer on the Polish market, created the largest private fleet of replacement vehicles. We provided 300 hybrid Toyota Auris vehicles to our business partners, which victims could rent as replacement vehicles. Thanks to this:

- we created Poland's first fleet of hybrid replacement vehicles;
- we provided victims with comfortable and ecological vehicles signed with the logo of PZU;
- we offered the highest standard at a reasonable market price, not higher than 100 PLN net per day of rental (for a Class C vehicle);
- we enabled for the cashless organization of this service.



Fot. Samochód zastępczy

CERTIFICATE OF QUALITY

It gives the opportunity to submit any claims resulting from improperly performed service to PZU Pomoc (Assistance) – thus the client does not need to get involved in the whole complaint process in the repair facility.

This confirms that this repair is to the highest standards of quality.

Valid for two years from the time of the repair.

In addition, in the framework of comprehensive service from December 2014 we proactively suggest to each victim that during the reporting of the damage from a civil liability motor insurance policy he or she can arrange the rental of a replacement vehicle. For years we have been developing cooperation with a network of rental vehicle companies across the country.

How do we help victims in the repair of their cars?

For many years we have been developing cooperation with auto repair shops in the area of vehicle accident repair. We created in the process the PZU Help Repair Network. It is made up of a group of workshops providing assistance to customers who have suffered damage to their vehicles. We are obliged to pay for compensation for that on the basis of the customer's insurance policy. Help is based on the support of the customer from the beginning of the event so he will not have to wonder what, where and in what order he should report and what kind of documents he should provide. The purpose of cooperation with the PZU Help Repair Network is to ensure the customer has the highest standards of customer service and repair services.

In 2014 we introduced a new solution. To each customer who will order a repair in 'our' institutions, we will issue a **Certificate of Quality** that guarantees that the repair is based on the highest standards of quality.

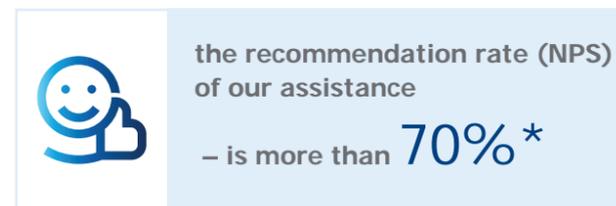
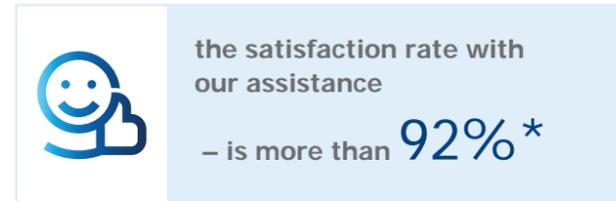
Are our customers satisfied with the claims process?

To evaluate our actions, we use various methods for customer satisfaction surveys, including:

- telephone interviews;
- focus groups;
- personal interviews;
- online surveys;
- Council of Customers meetings.

We also conduct regular surveys of satisfaction with the quality of services offered by the PZU Emergency Center and by our partners.

Two main parameters are monitored in the area of communications – the rate of customer satisfaction and (since 2014) the recommendation indicator (Net Promoter Score). The confirmation of the effective implementation of assistance services carried out by PZU is the maintenance of a high level of monitored indicators.



* Data from 2014

2.5. WITH WHAT KIND OF PARTNERS DO WE WORK IN ORDER TO PROVIDE BETTER CUSTOMER SERVICE?

To provide the best and most accessible customer service among all insurers in the market, our institutions are strengthened by our network of business partners.

THE NETWORK OF OUR BUSINESS PARTNERS:

9 083 exclusive agents, including 1 703 employed in 2014 Thanks to agents we reach to what is known as mass customers with all types of insurance, in particular with motor, property and individual insurance.

2 963 multi-agencies Multi-agencies similarly serve the mass customer and offer all types of insurance.

900 brokers Insurance brokers work mainly with our Corporate Client Division and service companies.

10 banks and 6 strategic partners We work with leaders in various industries, creating customized products for them. For example, in the area of strategic partnership cooperation is focused primarily on companies in the telecommunications and energy sectors, through which is offered electronic equipment insurance and Assistance services.

On what basis do we work with our business partners?

The principles of cooperation with agents and multi-agents are set by the agency agreement. It regulates, among others, the following issues:

- the principle of the segmentation of agents depending on the sales results obtained and on career path development;
- principles of the remuneration by commission and additional components of remuneration (bonus system);
- elements of sales support (benefit and loyalty programs);
- training and product development;
- sales competitions.

With other partners we conclude relevant agreements. The appropriate cells operating within the Sales Office are responsible for cooperation on behalf of PZU.

How we take care of our relationships with our exclusive agents?

In our daily work we care about shaping good relationships with all our business partners. Due to the specific relationship with exclusive agents we make a special effort to support this very group in the realization of daily tasks. We have created for them a comprehensive incentive system, which includes:

- a commission and bonus system;
- training cycles, both soft (e.g. sales skills) and hard (product training or the service of IT systems);
- sales competitions, so that the winners have the opportunity to visit many attractive places in the world;
- the PZU SA Congress of Mass Sales to which we invite the best agents;
- a system of benefits whereby agents can buy products and services of quality brand suppliers at preferential rates;
- the program "A-Level Support", which rewards good performance in the indicators of service quality of the given exclusive agency.

We support our agents by implementing a modern system, which is the Everest platform. We also provide sales support through various electronic and printed advertising material and gadgets for customers.

2.6. HOW DO WE COOPERATE WITH SUPPLIERS?

WHO ARE OUR SUPPLIERS?

The company currently works with **4 000** partners.

Annually, we perform more than **400** tendering procedures and **900** bids to existing contracts for the purchase value of over **1,3 billion PLN**

Each month we register approx. **1 000** contracts.

Today's purchases significantly change the role of suppliers who also affect a company's competitive advantage and are an invaluable source of information about the market. That means that suppliers of goods and services are an important group of stakeholders for PZU. What goods and services we buy has a significant impact on the level and shape of services to our clients, which is why cooperation with suppliers is subject to constant evaluation in order to improve quality. In addition, with key business partners we have developed forms of cooperation to ensure long-term innovation potential.

The Purchasing Office is based on partnerships with reliable suppliers and an integral part of the contracts signed with suppliers is the PZU Code of Good Practices. Thus, each of our suppliers declares that in its activities it complies with the standards laid down by the Code, concerning a friendly working environment, respect for the dignity of persons and of honesty and integrity.

How does the road to purchasing look like in PZU SA?

The Purchasing Office is engaged in purchasing goods and services for the PZU Group – including administrative, corporate, construction and repair services and in the area of IT.

In the process of selecting suppliers of goods and services we are always guided by the principle of competitiveness, so most shopping is done by tender. The Purchasing Office wants to be an innovative partner who cares about continuity, flexibility and optimal business costs. The foundation of transparency in the procurement process is internal regulations that define the organization of the procurement process, decision-making levels, as well as the roles of participants in the process. When selecting suppliers we use the "Procedure for selecting suppliers", "Principles of concluding agreements" as well as "PZU Best Practices", as well as the principles of security and compliance. They guarantee that purchasing in companies will be carried out in a transparent manner and in the most optimal form.

We consciously influence the market and we shape business standards in our environment. We introduce business partners to our standards of procedure and evaluate their offerings solely on the basis of merit and business value. We honor our commitments, ensuring also that the payments and other statements are completed on time and in accordance with the agreed terms of the contracts.

How do we build relationships with our suppliers?

Building cooperation with business partners based on mutual trust, respect and professionalism is very important for us. We are committed to building quality and long-term relationships, so we often do not sign a single contract, but rather a long-term agreement. We appreciate the cooperation with those suppliers who use proven market practices and represent the highest level of professional ethics.

An expression of our efforts to well-functioning communication with suppliers is our regular meetings organized suppliers and partners of the PZU Group.SA.

What we do to increase the efficiency of our purchasing practices?

We consistently strive to improve efficiency in our purchasing practices. Our priority is the timely provision of desired goods and services of the best quality. For this purpose:

- thanks to coherent approach and the integration of companies we strive for the development and optimization of PZU Group purchase expenses;
- we exchange experiences in the framework of the PZU Group for the application of commercially proven and

- most efficient purchasing practices;
- we analyze each supplier in terms of timeliness, quality and cooperation in a given area;
- we systematically investigate satisfaction with the services provided by our suppliers among our internal customers;
- we constantly we are looking for innovative solutions.

We are helped in this by the "Expanding Horizons" project, which involves regular meetings with suppliers presenting their new ideas. We consider meeting with them as an opportunity to exchange experiences and as a source of business value for both parties.



The PZU Group annually designates more than PLN 50 mln for social causes. In this way we share our success and at the same strengthen our business and build our reputation and social capital.

Photography from the exhibition "People of the PZU" presenting social engagement of PZU, 2012

3 OUR WORLD

As a leader in the insurance market, we are aware of how important a social role we play. We try to act not only as an entrepreneur seeking to develop his business, but also as an active citizen, responding to social problems and challenges. This is a win-win situation – both for our stakeholders and us. Although we are not a manufacturing company, our impact on the environment is also significant for us.

In this chapter:

- You will meet our stakeholders;
- We will show you what we do to increase safety in Poland;
- We will outline our social activity in the areas of health, culture and education;
- You will learn how our corporate volunteering works;
- We will present the PZU Foundation;
- We will reveal how we affect the environment and by how much we have decreased the 21.3 km of documentation that we created and archived in 2012.

51 mln PLN

we dedicated to social investment in 2014

64%

Poles encounter with the social campaign "Kochasz? Powiedz STOP wariatom drogowym"

8 665,9 km

was "run" on 16 PZU sport events

21 500

is the number of beneficiaries of PZU corporate volunteering

3.1. WHAT DOES OUR ENVIRONMENT LOOK LIKE??

3.1.1. Map of Stakeholders and the Forms of Dialogue with Them

We are a large firm and each day we are not just interacting with customers but also with societal organizations and the state administration; we also have an impact on the environment. That is why we created the Stakeholder Map, which shows our network of relationships – our world and our methods of communication with it.



Michał Witkowski
– Director of the Office of Corporate Communication

PZU conducts activity in the field of CSR under the slogan “We support what is important” based on the assumption that only our common action will build a better tomorrow. That is why we are supporting nation-wide and local projects concerning safety, health, education or culture. We listen to our customers and together we make decisions on concentrating on that which is important. The purpose of our activity is not only to optimize the societal and group activity of PZU but also first and foremost to reflect the responsibility that rests upon one of the largest Polish employers and financial-insurance companies.

We built the map two years ago while working on the report for 2011-2012. The basis was the definition of stakeholder identification – as a subject that affects us and which we affect in our business. We have identified in this way, the main stakeholder groups.



Employees

Forms of dialogue

- annual/quarterly conversations;
- internal meetings;
- internal portal/intranet;
- message boxes to clarify ambiguities;
- Workers’ Council and trade unions;
- internal publications;
- actions to provide Information and to broaden organizational knowledge;
- engagement survey.

Purpose of dialogue

- listening to employees’ opinions;
- ensuring employees the possibility of development;
- creating a satisfying workplace.

Customers

Forms of dialogue

- corporate website;
- researching opinions and satisfaction level;
- Customer Council;
- Financial and insurance education programs.

Purpose of dialogue

- collecting customer expectations and opinions;
- taking into account the voice of the customer in designing business solutions;
- creating products and services tailored to customer needs;
- creating transparent conditions of tenders and contracts.

[G4-24, G4-25, G4-26, G4-27]

Local communities

Forms of dialogue

- Direct and ongoing communication.

Purpose of dialogue

- implementation of sponsored projects and those dealing with preventive activities;
- supporting community development;
- being a responsible citizen.

Non-governmental organization and public institutions

Forms of dialogue

- building partnerships and conducting societal analysis;
- mutual planning, realization and evaluation of projects;
- Involvement in initiatives and projects to promote CSR and the standards of corporate foundations;
- organization of joint conferences, seminars – acting on behalf of the third sector community and those of academia;
- sharing know-how (training).

Purpose of dialogue

- execution of education and society programs on education, safety, social welfare, culture and the protection of cultural heritage.

Suppliers

Forms of dialogue

- meetings with new and existing suppliers;
- CSR questionnaire.

Purpose of dialogue

- supporting the implementation of the Company’s strategy and access to innovation;
- forming business standards in our environment and promoting good purchasing practice.

Investors and shareholders

Forms of dialogue

- regular meetings during conferences, discussion panels (in groups in the company as well as individually);
- quarterly reports, factsheets and presentations of results;
- ongoing cooperation between Investor Relations with stakeholders (institutional investors, individual investors, analysts and organizations of the capital market);
- meetings and teleconferences with the Management Board;
- Company website;
- internet information channels.

Purpose of dialogue

- ensuring informational clarity;
- building values;
- distribution of profit to shareholders.

Business partners: agents and brokers

Forms of dialogue

- annual, monthly and current meetings with agents;
- satisfaction and opinion questionnaires;
- internal communication portal for agents;
- training and sales support;
- ‘Elite Agents Club’ and ‘Elite Advisory Group’.

Purpose of dialogue

- presentation of strategic plans;
- discussion of ongoing matters dealing with cooperation to ensure mutual benefit.

Central administration

Forms of dialogue

- cooperation in the form of debates and conferences;
- answering questions and taking into consideration recommendations;
- legislative cooperation with the Polish Insurance Association.

Purpose of dialogue

- ensuring compliance with requirements and regulation;
- supporting the development of new rules on the market, including good practices.

STAKEHOLDERS ABOUT US



dr Mirosław Kachniewski
– President of the Board, Polish Association of Listed Companies

PZU's social responsibility is implemented in different areas and at a very high level for many years. Proof of this are the very good evaluation results achieved in the framework of an ESG project and that PZU is listing among the most responsible companies in what is known as the Respect Index. Particularly noteworthy are the campaigns dealing with prevention – projects that are well integrated into the strategic objectives of the company, allowing for a high 'return' on investment in corporate social responsibility by reducing claim amount and thus improving financial results. In contrast, I am most personally impressed by the grand scale of activities that alter the lifestyle of Poles by promoting sport, but understood differently – not as sponsorship of the biggest stars but the encouraging of sport on a mass scale.

[G4-27]



Paweł Oksanowicz
– journalist

I encountered the company while I was carrying on three episodes of "BISON" for PiN radio and in the TV channel – Polsat Business. I collaborated intensively on the report "25 Years of Responsible Business in Poland, THINKTANK". Mutual expectations are proportional to the sizes of the partners in these relationships, but I never felt that I am contacting an insurance giant. Management and employees are eager to talk, are knowledgeable and smart. Challenges for PZU? The insurance offer should not miss reflecting today's complex modernity – people want to go to the Himalayas, to insure their voice or a leg. But seriously – certainly a challenge is the automatization of services (via the Web) and preserving the values of the company, such as tradition, familism and job security. CSR – it is wonderful that people in PZU understand the link between social responsibility and the business that they are creating.



Maria Mach – Bureau Director, Polish Children's Fund

The Polish Children's Fund supports highly talented students from Polish schools and young scientists and artists, giving them the opportunity to develop talents and interests at a level of which they are not able to achieve on their own. The essence of our program of assistance for the very talented is to create a bridge between the environment of eminent scientists and artists and young, full of enthusiasm, people who want to follow in their footsteps. Both groups can meet, work together and learn from each other during scientific workshops, seminars and research internships organized by the Fund. The PZU Foundation has been a strategic partner of the National Children's Fund from 2012 onwards. For the first time in our more than 30-year history, we have received the support of a true partnership. In the employees of the PZU Foundation we have met many people genuinely interested in our activities, understanding their meaning and significance. What unites us is a common belief that by wisely supporting the brightest, we support the whole of society. Thanks to the fact that the strategy of selecting partners by the Foundation for PZU is well thought out and consistent, we get to know people working in similar areas, exchange experiences and undertake joint projects. This is the real added value of this partnership.



Marek Tronina
– Director of the Foundation "Warsaw Marathon"

Cooperation of the 'Warsaw Marathon' Foundation with PZU SA began in 2013. At the moment, PZU supports us in the organization and promotion of the Warsaw Marathon and the Warsaw Half-Marathon. The support is both financial and promotional. The largest benefit that these relationships provide us is the possibility of measures that without the support of a title sponsor would be difficult to carry out. I mean primarily social, informational and communication activities. In my opinion the biggest challenge that PZU must meet in connection with the sponsorship and support of running events is building its image as a promoter of running, and not just their own commercial activities. It is difficult, because a sponsor always expects return on investment, but also necessary, because only in this way can one build its credibility. Of course, the very fact of providing such broad support for running in Poland is proof that the company takes its social responsibility seriously, but – as always in this type of activity – you have to try to do it even better. I am convinced that all participants in projects related to PZU gain from such cooperation – with PZU at the helm.



Beata Majcher
– Head of External Relations of the National Museum in Cracow

"We want to have this museum as our comforter in times of doubt in our own work. We want it to be a treasure of national feelings, for the charm and beauty of the works of art that are organized here to sow consent, love and to connect us" - these are words of the first director, Władysław Łuszczkiewicz, delivered at the opening of the National Museum in 1883. The 'national' museum that was being created became a matter for the entire nation – all Poles living under occupation and those who were in exile. The museum halls, decorated in the first headquarters of the Museum that was the Cloth Hall was filled with works of art, mostly gifts of artists and collectors who often donated the achievements of an entire life. One of the most important Polish patrons and the largest donor to the National Museum in Krakow was Feliks Jasieński, who gave us his collections. Today PZU – Patron of the National Museum in Krakow – encompasses the activities of our institution in its support, allowing for the implementation of number of projects. Partnership and cooperation are at the root of many activities undertaken by the Museum by a Patron, and such social responsibility is now continued by PZU.



Katarzyna Obuchowicz-Skopiec
– Director's Advisor for Strategic Sponsoring and Image Events, Royal Łazienki Museum in Warsaw

The collaboration between the Royal Łazienki Museum and PZU sets a new trend in the relations between culture and business where both sides are engaged equally from concept to execution of the project. It is very important to us because it guarantees that the role of PZU is not just a passive transfer of funds for which the museum exposes its logo in return. PZU is actively involved in the development of sponsored programs and has an impact on their final shape. Thanks to the patronage of the PZU, we are not only still raising the level of safety for the museum and our visitors, but we can offer them a wide spectrum of projects i.e. Zone of Silence Music Festival or enjoying continuing popularity – Night of Museums.

[G4-27]

To which organizations do we belong?

We are involved in numerous organizations and associations. The most important are:

- Polish Insurance Association – from Jan 1, 2004;
- Insurance Guarantee Fund – from Jan. 1, 2004;
- Polish Motor Insurers’ Bureau – from Jan. 1, 2004;
- Mining Families Foundation [Fundacja Rodzin Górniczych] – from Jan. 30, 2007;
- The Polish Federation of Private Employers Lewiatan – from Nov. 26, 2010;
- Employers’ of Poland – from Sept. 1, 2002;
- Polish Association of Listed Companies – from June 22, 2010;
- Polish Institute of Directors – from Oct. 25, 2012;
- Partnership for Road Safety – from Dec. 7, 2010 ;
- The Compliance Polska Association – from Oct. 16, 2013;
- Polish Marketing Association – from 2010;
- Responsible Business Forum – from Sept, 2010.

How do we share expertise with our environment?

As an important player in the Polish economy we are involved in the exchange of experiences and the sharing of expertise with the business environment. We participate in the most important for the country’s development conferences and business forums. With our cooperation the following (amongst others) are held.:

- The Economic Forum in Krynica;
- European Forum for New Ideas in Sopot;
- Congress of CFOs of Listed Companies;
- Congress of Managers of Listed Companies;
- the WallStreet conference;
- the Professional Investor conference;
- European Economic Conference;
- New Industry Congress;
- The Congress of Women;
- International Maritime Congress in Szczecin;
- Baltic Business Forum.

Moreover, we co-organized with the weekly “Polityka” a series of debates on important social issues, we took an active part in meetings and reports of the THINKTANK center. We have worked with demosEUROPA – Center for European Strategy, which resulted in a series of debates for the management of PZU, concerning, among others things, pension systems and the role of Poland in Europe.

On the other hand, by entering into a relationship with Kurhaus Publishing, the publication Szkoła Liderów [School of Leaders] by Philip Broughton with a foreword by President Andrzej Klesyk appeared on the market. Experts from the PZU Group also participated in the events taking place abroad, such as the Leader Conference in Zagreb and the XIII International Yalta Finance Forum.

We take a very active part in the work of the Polish Insurance Association. At the forum we discuss and participate in work important for the sector, such as regulatory changes (Solvency II) or an industry agreement on the direct handling of claims.

As one of the largest companies in Poland we support the debate about the key factors of development and economic growth, co-creating the milieu of discussion on this topic. As the leader in the insurance market we want to have an impact on social and economic change in Poland. Company experts also keep an expert blog (www.blog.pzu.pl). This is a clear signal to our investors and shareholders that PZU has the best specialists in the country – and wants to share their knowledge and experience in a modern and open to the discussion manner. When selecting actions, we are guided by the scale and importance of the events, our possibilities and results for our brand reputation. Decisions concerning PZU’s role in projects aimed at sharing expertise are taken in the Office of Corporate Communications with referrals and support from units and entities possessing the appropriate professional qualifications.



European Forum for New Ideas 2013, Plenary Session hosted by Andrzej Klesyk, Chief Executive Officer, PZU S.A.

3.2. WHAT HAVE WE DONE TO INCREASE SAFETY AND PREVENTIVE MEASURES?

We believe that our social activities should result directly from our business activities, that is, from that over which we have influence. Our everyday work is the insuring of the property and activities of our customers, providing them peace of mind and a sense of security. Therefore, it is natural for us to undertake the commitment to improve the level of safety in Poland and to shape the responsible and safe behavior.

Changing attitudes and mentality is a long process. Therefore, we recognized preventive measures as a strategic objective in which we intend to engage in over the long term. We believe that through our actions we will gradually contribute to the creation of the very important social benefit that is improved safety. And thus we will do our bit for the process of increasing the social capital, comfort and quality of life in Poland.

What is a prevention fund?

According to the Act on Insurance Activity every company in our industry can create what is known as a prevention fund. Its account receives funds from company revenue, while the fund’s means are allocated for the elimination of hazards to life and health of people and for the protection of property. In other words – the main purpose of the prevention fund is the widely understood improvement of safety. As a leader in the insurance industry in Poland, we designated the largest amount of funding for preventive measures.

As part of our preventive actions ‘we care about safety in every aspect’ – we support local communities in areas important for them; each year we devote several tens of million of PLN to support the Police, the State and Voluntary Fire Brigades, the Tatra Voluntary Rescue Service, the Mountain Voluntary Rescue Service, the Water Volunteer Rescue Service and we finance social campaigns promoting road safety. Below you will find descriptions of selected initiatives that we have undertaken.

HOW MUCH HAVE WE SPENT IN 2013 AND 2014 FROM THE PREVENTION FUND? [IN PLN]

Actions	2013	2014
Actions to prevent accidents	17 774 202	16 639 771
Actions to prevent theft	4 236 283	4 948 011
Actions to prevent fire	3 977 323	3 110 327
Other	1 100 743	2 232 014
Sum	27 088 551	26 930 123

WHO HAVE WE SUPPORTED IN THE FRAMEWORK OF PREVENTIVE ACTIONS AND SAFETY IMPROVEMENT?

Areas of preventive actions in the PZU Group:

safety on the road

cooperation with rescue units – professional and volunteer

supporting local actions to improve safety

nation-wide prevention campaigns

For more information please visit: www.pzu.pl/grupa-pzu/dzialalnosc-spooleczna/programy-i-projekty.

3.2.1. Selected Societal Campaigns Concerning Preventive Measures And Safety

Campaign "Can you love? Say NO to road maniacs"

In the period covered by this report, we inaugurated a new face of the social campaign "Can you love? Say No to road maniacs" conducted by the PZU Foundation. This time we focused on family relationships, encouraging family members and fellow passengers to pay attention to the behavior of drivers. As part of the campaign we cooperated with the police, with universities and schools throughout the country.

The symbol of the action became a blue heart, where you can write a slogan encouraging loved ones to drive safer. We have launched the online service www.stopwariatom.pl that within three months was visited by over one million people. Nearly half of them took the psychological test "Check if you are a road maniac?"



Success of the campaign

64% of Poles have had direct contact with the advertising message of the campaign.

73% of the target group (drivers) had direct contact with the advertising message of the campaign.

50% of persons remembered the campaign slogan and **80%** of those polled emphasized the need to undertake this type of societal campaigns.

PZU in the Safety Zone

Together with Robert Moskwa we organized, on the occasion of a series of mass happenings, 25 events, the theme of which was safety improvement. During the events, participants were able to:

- observe demonstrations by paramedics;
 - try a rollover simulator;
 - take part in a screening of a film in the 5D cinema;
 - participate in safety lessons prepared especially for women.
- We also organized Special safety zones in Lithuania (2013), Latvia and Estonia (2014).



PZU Bezpieczna Flota

Program "Safe fleet PZU"

According to statistics about 1800 persons are killed each year in Poland in road accidents in the course of their work duties. Therefore, in 2013 we began launched the second edition of the training program "Safe fleet PZU", which is directed to the vehicle fleet sector. In the new edition of the program:

- we expanded the range of training courses for drivers with C and D license categories, because of the greater diversity of size of these cars than in the case of category B;
- we introduced an 8-hour training session on first aid;
- we began the execution of defensive driving training, combined with elements of ecodriving.

Program "Auto Mobility Centrum"

We worked with the Auto Mobility Centrum consortium that was founded by the Disabled Drivers Assistance Association [SPiNK], the Motor Transport Institute, and Automobilklub Polski [Automobile Club of Poland]. Its aim is to reduce barriers to mobility of persons with disabilities by enabling them to safely drive vehicles and safe transport, thanks to the professional adaptation of means of transportation. Under the program:

- we have financed the purchase of taxis adapted for the transport of persons with disabilities and their carers;
- we have subsidized 50% – in cars with PZU insurance – of the cost of the purchase and installation of professional equipment to support safe driving of vehicles by disabled persons and the transport of persons with disabilities.

The Adventures of a Teddy Bear The Rescuer



The "Misie ratują dzieci" Association [Teddy Bears Save the Children Association]

Since 2010 we have been consistently implementing our cooperation with the "Teddy Bears Save the Children" Association (www.misie.sos.pl), which deals with the prevention of accidents and treatment and counseling for victims of tragic events. Children are the main recipients of the measures implemented. The main project of the association was the construction of the Rescue Teddy Bear House in Dźwirzyno near Kołobrzeg. A Therapeutic and Training Center was created in it, which offers:

- group and individual therapy sessions for accident victims and their families;
- psychological and legal assistance to children orphaned by an accident;
- training for emergency services, concerning the modern model of the organization of assistance to victims of accidents, taking into account psychological trauma;
- training in first aid.



Taxi adapted for the transport of persons with disabilities and their carers

3.3. HOW DO WE PROMOTE HEALTH AMONG POLES?

The area of health is extremely important in the business operations of PZU. Strategy 2.0 for 2012-2014 assumed the dynamic growth of the company's health insurance market. That is why we have decided to promote an active lifestyle as part of our social commitment. Our activities focus on:

- supporting mass and amateur sporting events;
- PZU Routes to Health program;
- subsidizing institutions involved in health care.

Activities in the field of promoting a healthy and active lifestyle are financed by PZU Zycie SA, however, they constitute an important area of the Group's social commitment, which is why we mention them in this report. For more information, please see www.pzuzdrowie.pl.

What kind of sports events do we support?

Lately, the most popular mass physical activity of Poles is running. Hence, our decision to support events that first

and foremost promote a healthy and active lifestyle, including, in particular, running events. The most important of these are:

- the PZU Warsaw Marathon;
- the PZU Warsaw Half Marathon;
- the PZU Running Festival in Krynica;
- the PZU Royal Cracovia Half Marathon;
- the Łódź Marathon "I Care about Health".

We are also the exclusive sponsor of Yared Shegumo, a Polish silver medalist in the marathon at the 22 European Track and Field Championships in Zurich in 2014.

PZU Running Map

In 2013 we started running activities from the 35th PZU Warsaw Marathon. This event's success meant that we decided to get involved in more mass sports events.

What is the PZU Routes to Health program about?

The PZU Routes to Health is a grant competition for municipalities of up to 50,000 inhabitants to build in their area a mini sports facility. Those who propose the most interesting location routes and ideas for animation activities,

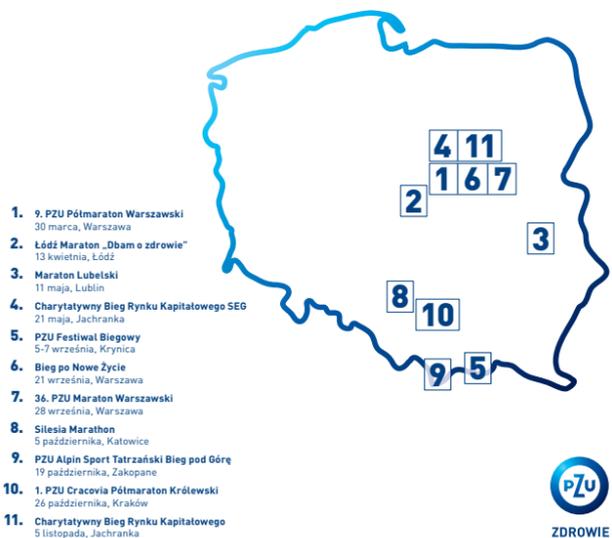
receive equipment for the routes and funding for animation activities as well as sports equipment rental. In the 2014 edition in cooperation with the Foundation V4Sport, we equipped 30 municipalities throughout the country with installations for exercise. By the end of 2016 there will be over 100 PZU Routes to Health.

9 TRAINING INSTALLATION:

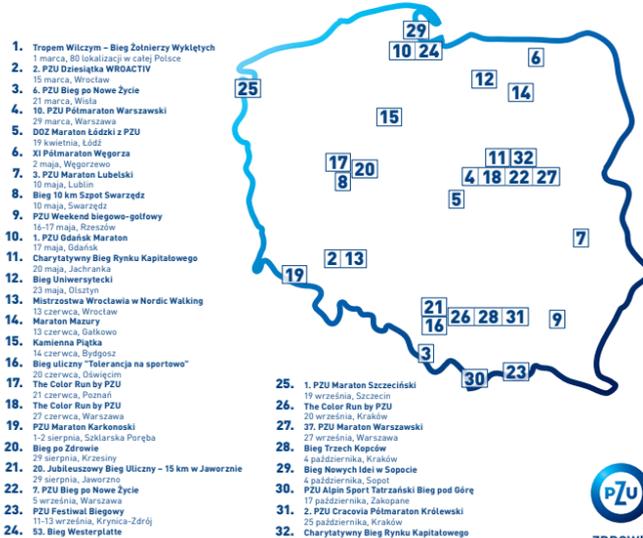
- 1 – Curved Balance Beam
- 2 – Ladder Barrel Oblique
- 3 – Slalom Cones
- 4 – Fitness Rods
- 5 – Parallel Logs
- 6 – Fitness Railing
- 7 – Fitness Bench
- 8 – Slant Hurdles
- 9 – Straight Balance Beam



PZU RUNNING MAP IN 2014 R.



PZU RUNNING MAP IN 2015 R.



With which organizations do we work with on behalf of health?

- In cooperation with the Polish Ultrasound Society we provided funding of ultrasound sonograms for the prevention of various diseases, with particular emphasis on cancers of the abdominal organs, urogenital system, thyroid, breast and lymph nodes.
- We supported the Foundation for Children "Help on Time" by transferring funds to equip its clinic to enable it to undertake the Tomatis Method of therapy as well as for a room for art therapy.
- We have been a partner of the Special Olympics – a sports organization acting on behalf of people with intellectual disabilities.

- In the Department of Teleradiotherapy in the Regional Oncological Center in Łódź through our support a specialized space was established enabling the conducting of radiation therapy using the latest equipment.
- We have been a partner of the Polish Union of Oncology for the project "Healthy Municipality", targeting a reduction of threats to human life and health by improving the situation of oncology in Poland (stimulation of the number of performed tests for the early detection of breast cancer, cervical cancer and cancer of the large intestine).
- We invest in companies offering medical and hospital services.

3.4. HOW ARE WE SUPPORTING CULTURE AND NATIONAL HERITAGE?

Through concern for Polish culture and the arts we have over the years supported many initiatives and cultural institutions. Meet some of the institutions and events that we support.



Patronage of the National Museum in Cracow

PZU supports the Museum and all its institutions, not only financially. We strive to be a true patron and initiator of a number of ideas that will help attract younger generations to the Museum. In the Gallery of Polish Nineteenth Century Art in the Cloth Hall we worked on the concept of the implementation of the mobile application, "Bodybuilder", which premiere took place during the Night of Museums 2015.



Support of the activity of the Royal Castel in Warsaw – Museum

On the list of projects co-financed by PZU there are almost 150 exhibitions, concerts, festivals and other cultural events organized by the Royal Castle in Warsaw. We insure its assets and carry out a program to improve safety for the years 2014-2016.



Cooperation with the Royal Łazienki Museum in Warsaw

For the Museum we prepared a program of safety improvements, consisting of the expansion of the technical security system and its installation, and on the physical protection of persons and property on the premises of the institution. As a patron of the museum, we were present at all the events taking place on its premises.



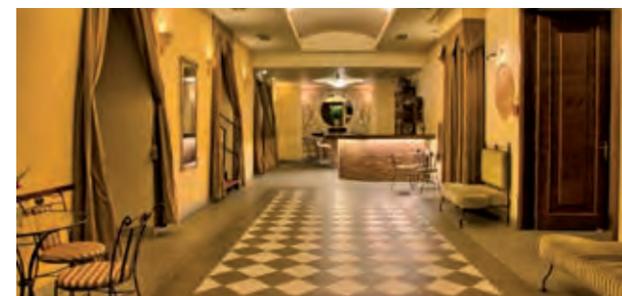
Support of the activities of the Warsaw Rising Museum

With a view to promoting culture and history, we supported the celebration of the 69th and the 70th anniversary of the Warsaw Uprising. In collaboration with the Museum we prepared in two languages: Polish and English, the mobile application "Memory City".



The application "Bodybuilder":

- has been prepared for the Royal Castle in Warsaw – Museum, The Royal Łazienki Museum in Warsaw and the Gallery of Polish Nineteenth Century Art in the Cloth Hall;
- allows the photography of works of art without flash illumination;
- recognizes the photographed images and supplements them with tidbits about exhibit items, and also allows the use of five educational games that reinforce obtained knowledge.



Patronage of the Theatre "Kamienica"

The Company is the Golden Patron of the theatre, whose founder and creator is Emilian Kaminski. The theatre "Kamienica" is more than THEATRE. These words are confirmed in each of the corners of the place and every man, who spends his time here – regardless of whether he is an employee, or a spectator. Theatre is a place that in particular way combines modernity with tradition, history with present times, education with entertainment. In the Art Nouveau interiors are three scenes featured with modern equipment, allowing for artistic activities. In more than 100 years old building, you can find memorabilia of the masters of the stage and Varsovians. In the repertoire of the theater audience find titles which commemorate the historical characters and events, comedy performances and items for children and youth on education and prevention.



Support of the Villa Decius

PZU supports the Villa Decius in Krakow since 2008. Our support helped to implement of strategic projects such as the Visegrad Summer School, Homines Urbani Award, named Sergio Vieira de Mello, European Club, Sunday at Decius, Music in the courts Europe, Heritage of Chopin and post- conference publications. In 2009 and 2015, PZU Zycie SA was awarded Decius Prize – the highest distinction awarded to Patrons of Villa Decius.

In 2013 PZU was the partner of the largest cultural events organized by the Krakow Festival Office: Opera Rara, Sacrum Profanum Music Festival Film, Conrad International Literary Festival Festival St John's Fair, Wreaths.



ICE Krakow Congress Centre

In 2014, PZU was a sponsor of the opening concert in the ICE Krakow Congress Centre – an object that is a concert hall of the biggest cultural events in Krakow. We sponsored a concert of 2014 "Here and now", who inaugurated the activities of the ICE Krakow Congress Centre.

The main message of the work created specifically for Congress Centre by Zbigniew Preisner, one the most outstanding contemporary Polish composers was the place of man in the history of modern civilization, in the existential passing. Both music and libretto by Ewa Leipzig refer to the climates Krakow, which no longer exists.



In 2015, we expanded our activities in the field of culture by undertaking cooperation and becoming a patron of the following institutions:

- the National Museum in Warsaw;
- the National Theatre in Warsaw.

DO YOU KNOW, THAT...?

In 2014 the PZU Foundation financed the renovation of the Cadillac that was transported from the USA by sea for Józef Piłsudski in 1935. The vehicle was placed in a specially prepared for display case in the Royal Łazienki Park near Belweder.



The PZU Foundation is a member of the European Foundations Centre and the Polish Donors Forum.

3.5. WHAT DOES THE PZU FOUNDATION DO?



Izabela Rakuć-Kochaniak
– Director PZU Foundation

In the years 2013-2014 the PZU Foundation has carried out several important initiatives nationwide – first and foremost an award-winning social campaign “Can you love? Say No to road maniacs.” We were also recognized for our efforts in support of Polish education – the PZU Foundation received a distinction in the competition “Propagator of Science 2014,” organized by the Ministry of Science and Higher Education and by the service “Science in Poland,” of the Polish Press Agency. One of our initiatives was the assumption by the PZU Foundation of a strategic partnership for the finale of the Contest of the Work of Young Scientists of the European Union, which for the first time in history took place in Warsaw. As one of four Polish foundations we joined the ranks of the European Foundation Centre in Brussels – an institution uniting the most active NGOs in Europe.

The PZU Foundation, funded by PZU SA, bases its work on cooperation with expert civil society organizations and institutions from all over Poland. Together with our partners we diagnose social problems and strive to solve them. We focus on supporting long-term projects, making it possible to achieve lasting social change.

In the years 2013-2014 we provided grants totaling **32,497,593.26 PLN**.

130 non-governmental organizations and institutions received funding for projects nationwide.

36 of them were supported by us both in 2013 and in 2014.

Areas of Foundation activity	Scale of support
Education	18 291 610 PLN
Care and social assistance	5 319 250 PLN
Health care	3 220 562 PLN
Culture and art	4 333 781 PLN

In which activities does the PZU Foundation get involved?

The Foundation’s activities are consistent with the overall vision of the social commitment of PZU. It leads social, educational and cultural projects, corporate employee volunteer program and projects related to safety and health, e.g. the social campaign “Can you love? Say No to road maniacs” or the program “PZU Routes to Health”.

In the years 2013-2014 we took part in the project “Standards for Corporate Foundations”, carried out by the Polish Donors Forum. Together with 44 corporate foundations we have worked at the development of self-regulatory principles and practices for foundations created by companies.

3.5.1. Educational Programs

Supporting education is our priority. Our activities focus on supporting institutions implementing solutions of modern education. Above all, we want to provide conditions for the development of the most talented pupils and students. The many years of activity of the PZU Foundation in the field of education has been awarded by the Ministry of Science and Higher Education and by the Polish Press Agency with the title “Propagator of Science 2014”.

WITHIN TWO YEARS:

We have awarded more than **440** bridging scholarships (Bridge Scholarship Program of the Educational Enterprise Foundation and the program “We Fulfill Dreams about Science” of the EFC Foundation);

We have financed **1,000** workshops for talented young people (Polish Children’s Fund);

Thanks to cooperation with the Prof. Bronisław Geremek Center Foundation more than **40** workshops in history were held.

The extraordinarily talented assistance program

We are a strategic partner of one of the oldest organizations in our country, namely the Polish Children’s Fund. During more than 30 years of its existence it has developed a consistent model of professional support to the most talented students in all fields. In this framework, capable young people take part in activities that are organized in the best universities and research centers across Poland. Each year, through our strategic partnership with the PZU Foundation, hundreds of students have the opportunity to participate in activities that match their talents: research workshops, camps for general development, music workshops, concerts and exhibitions.

Below we have described selected Foundation projects. For more information please see www.fundacjapzu.pl

The Astrid Lindgren Contemporary Book for Children and Youth Literary Contest

The Foundation "ABCXXI – All of Poland Reads to Kids" for over 13 years has been promoting reading in Poland. Since 2006 it runs a literary contest, which we have partnered with from the beginning. The competition aims to recognize the best contemporary writers of books for children and young people. Thanks to this the most valuable items, that meet high standards in terms of language, artistic values, plot, and transmitted values, are published.

Contest of the Work of Young Scientists of the EU

This is prestigious and very difficult competition organized by the European Commission for high school students who are engaged in scientific work. After passing through the national qualifying sessions participants compete with each other at the European level and compete for scholarships and internships in major research institutions. In 2014, for the first time, the finals were held in Poland. It was organized by Polish Children's Fund and the University of Warsaw, a strategic partner of the PZU Foundation.

Bridging Scholarships Program

We have been supporting the program implemented by the Educational Enterprise Foundation since 2006. In the 12 years of the project 1,156 scholarships for first year of university and 32 Prof. Bronisław Geremek scholarships for the best students of the humanities have been awarded from PZU Foundation funds.

The Wislawa Szymborska Award

The prize is international in character and is awarded each year for a book of poems published in Polish – originally written in Polish or translated into Polish. Its aim is to attract readers' attention to the difficult art of poetry and to encourage publishers to print Polish authors as well as translations of foreign poetry. The PZU Foundation is a strategic partner of this event since 2013.

3.5.2. Corporate Volunteering

The PZU Foundation since 2012 has been implementing an employee volunteer program in the PZU Group. In 2013 work was begun on the preparation of its strategy. Thus we conducted a survey among employees, diagnosing their needs, expectations and previous experience of volunteering. We also organized Poland's first dialogue session dedicated to the subject volunteering. The areas of engagement indicated in questionnaires and the developed models of cooperation were the basis for the approved in 2014 "Strategy for employee volunteering in the PZU Group".

WHAT ARE THE FOUR AREAS OF CORPORATE VOLUNTEERING IN PZU?



What measures have we realized in the framework of employee volunteering in 2013-2014?

- Civic volunteering is an employee activity involving self-identifying social needs, usually in their immediate environment. Within this area we realize a grant competition called "Volunteering is the joy of action". Twice a year we reward via this competition the best ideas for social activities. Among the beneficiaries of the work of our volunteers were the charges of childcare centers, young people and children from schools and kindergartens, the disabled and the elderly, as well as animals from shelters.
- Skills based volunteering consists of all those voluntary activities that raise the level of knowledge and skills of children and youth. It is based on sharing the knowledge, competence and experience of PZU employees. In the framework of the skills based volunteering the CEO

Andrzej Klesyk, participated in meetings with the students of Warsaw high schools. In addition, representatives of PZU's management participated in the "Olympics of social projects" as mentors for teams of high school students who performed their own projects on social issues.

- Family Volunteering is based on the voluntary commitment of PZU employees' families in social activities. The results of a survey conducted among our employees showed that most would become engaged in voluntary work precisely together with their families. Hence the

idea of family volunteering, which is a grant competition for the most interesting local initiatives involving whole families, organized in cooperation with the Academy for the Development of Philanthropy in Poland. Eighteen projects were selected from across Poland.

- Health-promoting volunteering includes, at the moment, the involvement of PZU volunteers PZU in running events. We are working on preparing a special program in this area of volunteering.

VOLUNTEERING IN THE YEARS 2013–2014 IN NUMBERS*



* Data for the PZU Group.

In addition, the PZU Foundation initiates occasional voluntary actions such as "Children's Day with PZU Volunteers" or "St Nicholas with PZU Volunteers". In 2013 and 2014 we completed nine such meetings in various cities in Poland.

How do we promote corporate volunteering in our organization?

To promote the idea of volunteering in PZU, we created an Academy of Volunteer Leaders, composed of Regional Leaders of Volunteering. These are employees who conduct informational and publicity activities related to employee volunteerism on a regional level. In the framework of the Academy we prepare each year a series of trainings for leaders to increase their leadership skills and polish their skills in communicating about volunteering. It is also an excellent opportunity to exchange experiences and good practices.

3.5.3. Other Activities and Projects of The Foundation

The Foundation undertakes more than 200 projects. In addition to the aforementioned the following should also be mentioned:

- grant competitions that allow non-governmental organizations to develop interesting and innovative projects for the benefit of local communities in small towns and villages. In the framework of these competitions we support innovative educational ideas ("With PZU after school"), systemic programs to promote independence and social activity of people with disabilities ("Young disabled – able with PZU"), initiatives increasing access of children and young people to culture ("PZU with Culture");
- cooperation with the Junior Achievement Foundation on the project "Safe journey. From a penny to a buck";
- partnership with the Association "Good Education" on the project "Academy of Good Education";
- strategic commitment to the program, "Noble Package" [Szlachetna Paczka], implemented by the SPRING Association [Stowarzyszenie Wiosna].

3.6. WHAT IS OUR APPROACH TO ENVIRONMENTAL PROTECTION?

Ecology and environmental protection are criteria that determine our decisions and actions in the area of administration, logistics and property management. In the PZU Group's environmental policy, implemented since 2013, we follow the principles of:

W polityce ekologicznej Grupy PZU, wdrażanej od 2013 r., kierujemy się zasadami:

- sustainable development;
- a high level of environmental protection;
- precautionary approach and anticipating the possible negative effects of actions;
- prevention, pollution prevention and liquidation at their source;
- integrate elements of environmental protection into strategy and business policy;
- partnership – the need of the undertaking by all entities cooperating with us of joint efforts to protect the environment.



WHAT ARE WE DOING TO LIMIT THE USAGE OF ELECTRIC ENERGY IN OUR BUILDINGS?

We are constantly striving to reduce electricity consumption in the office buildings of the PZU Group. In this regard, we focused on:

- consolidation of contracts for the supply of electricity;
- optimization of the power procurement for buildings, according to the needs and the nature of their operations;
- modernization of energy facilities;
- gradual replacement of light sources with energy-efficient versions;
- environmental education of employees.



Katarzyna Majewska
– Management Director for Administration, Purchasing and Real Estate

Conducting business in a responsible way towards the environment is an integral part of the activities of PZU. As a company that specializes in giving people a guarantee that they can feel safe even in the most difficult situations, we are also obliged to ensure that we give them a sense of security in the area of the environment in which they live. The first action encompassing work to care for the environment is proper communication and the learning of habits among the several thousand employees of the PZU Group in Poland. As part of our area of expertise we presented to them in a mini guidebook and, by means of non-standard communications (including Remind Me stickers), some simple but very effective rules of pro-environmental conduct. They contain, among others, the 3Rs principle (reduce, reuse, recycle) as well as reducing the number of print outs.

Our goal in 2015

The main goal that we set ourselves for 2015 was the relocation of more than 1,700 people to office space that meets the highest standards of environmentally friendly policies, certified by the quality mark BREEAM (Building Establishment Environmental Assessment Method).

What have we achieved in the reported time period?

- the thermo-modernization of 28 PZU units. Activities in this area encompassed, among others, the PZU Head office building, known as the Tower, in Warsaw. Office windows were covered with the foil, which during the summer months keeps the indoors cool by reducing heat transfer from outside, and also reduces UV radiation, which increases work comfort.



WHAT ACTIONS ARE WE UNDERTAKING TO REDUCE THE USE OF PAPER?

In the years 2013-2014 the amount of printouts in PZU (PZU SA and PZU Życie SA) fell by 5%, that is, from 117 million pages in 2013 to 111 million pages in 2014. To this end:

- we introduced printers that automatically prints on both sides;
- we greatly reduced the production of documentation that is subject to long-term archiving. In 2012 we produced and archived 21.3 km. of current documentation whereas in 2014 it was only 9.1 km. This allowed for the reduction of retained records by 457.5 tons per year;
- we devoted outdated sales printouts for office use, thus saving printing paper.

We recycle all packaging (boxes of office supplies, toners, packaging, cartons of printing), which we process into separators for parcels and into packages of forms for agents. In addition, traditional newspapers are replaced by their electronic versions – in 2013-2014 ten dailies, seven weeklies and seven monthlies were replaced by e-newspapers, which led to a monthly reduction of the paper by 120 kg.

RAW MATERIALS AND CONSUMABLES USED

[G4-EN3]

	2013	2014
Paper and forms (volume/mass/cost)	55,073,320 pieces 275,367 kg 1,973,389 PLN	59,876,305 pieces 299,382 kg 2,605,496 PLN
Paper	254,62 t	253,29 t

Detailed information about the activities of the Foundation is available at: www.fundacjapzu.pl.

- Modernization of air conditioning.
From mid-2014, we realized the process of modernizing the installation of air conditioning in buildings of the PZU Group, accompanied by the gradual decommissioning of air conditioners that use ozone-depleting substances. Devices have already been replaced in five of the nine regional offices. In 2015, we want to do this in the remaining branches.
- Implementation of measurement control.
To increase oversight of consumption and emission factors unfriendly to the environment, we have prepared a control system for electricity, heat, gas, oil and coal metering in all units of the PZU Group in Poland. Records of measurements begin in the period 2015-2016, so that we can designate specific numerical indicators pertaining to the reduction of consumption for the coming years.



HOW DO WE REDUCE THE ENVIRONMENTAL IMPACT OF OUR FLEET?

We have created Poland's first fleet of replacement vehicles, consisting of hybrid cars. We purchased 300 Toyota Auris hybrid cars, which went to PZU car rental partners across the country.

To limit the environmental impact of our fleet:

- we introduced limit cards on fuel;
- we increased the share of the most economical vehicles (class Opel Corsa / Toyota Yaris) from 63% to 66% (PZU SA);
- we familiarize our staff with the principles of ecodriving.

As a result, we managed to reduce the average monthly fuel consumption from 144 to 143 liters per car (PZU SA, 2013 vs. 2014).

CONSUMPTION OF FUEL OIL, GAS, ELECTRICITY, HEAT AND FUEL

	2013	2014
Fuel Oil (energy consumption in GJ) data for the entire country *	10,754	9,403
Gas (energy consumption in GJ); data for the entire country **	33,238	24,105
Electric Energy (consumption in MWh); data concerns PZU HQ – the TOWER	6,488	5,558
Heat Energy (consumption in GJ); data concerns PZU HQ – the TOWER building	16,120	13,813
Motor Gasoline (in liters and GJ)***	2,443,737 l 84,847 GJ	2,714,814 l 94,259 GJ
Diesel****	106,439 l 3,898 GJ	49,291 l 1,805 GJ

* Conversion factor = 36.636 GJ/m³, information provided by supplier

** Conversion factor = 0.0355 GJ/m³, information provided by supplier

*** Conversion factor = 44.89 MJ/kg, information provided by KOBIZE (The National Centre for Emissions Balancing and Management)

**** Conversion factor= 44.33 MJ/kg, information provided by KOBIZE

How do we handle waste?

For several years we have selective collection of waste in branches and at company headquarters.

In 2014 this initiative was extended to a selected group of local units of the PZU Group and was linked with the process of segregated waste management and with cooperation with municipalities in this regard. Ultimately, the waste segregation process will be implemented in more than 400 units of the PZU Group across the country.

Thanks to the measures introduced in 2013-2014 we now have in PZU SA the recycling of:

- toners at 100% (4,709 kg); waste processed entirely in the Terra plant – recycled using the R12 method;
- furniture at 100% (207,413 kg); waste processed entirely in the Terra plant – recycled using the R12 method;
- electronic devices (computers, memory boards, cables, RAM, home appliances, monitors, binders) at 100% (132,119 kg); waste processed entirely in the Terra plant – recycled using the R12 method;
- HDD at 100% (60 kg); waste processed entirely in the Terra plant – recycled using the R12 method;
- paper at 100% (61,952 kg); waste transferred to Terra for further utilization;

- CDs and other media at 90% (3,852 kg); waste processed entirely in the Terra plant – recycled using the R12 method;
- ferrous metals at 100% (26,454 kg); metals are not processed in Terra, but are transferred to smelting plants for recycling;
- batteries, rechargeable batteries at 100% (4,845 kg); batteries and accumulators are not processed in the Department of Terra, but transferred to battery recyclers.

In addition, we have implemented on a wider scale the practice of selling or donation of equipment withdrawn instead of its harmful disposal. As a result:

- Cisco phones withdrawn from storage found their way into use in Lithuania (400 units) and Ukraine (800 units);
- we launched a program enabling staff to purchase their mobile phones;
- we conducted in the PZU SA and PZU Życie companies a collection of withdrawn mobile phones (approx. 1,700 units), the resources from which we donated to the Foundation "Grow with Us."

VOLUME OF WASTE

	2013	2014
Batteries / rechargeable batteries	1,446 kg	4,845 kg
HDD's	654 kg	60 kg
Furniture	191,070 kg	207,413 kg
Iron furniture	18,638 kg	26,454 kg
Paper	201,461 kg	280,518 kg
CD's	668 kg	4,267 kg
Toners	7,241 kg	4,709 kg
Electronic equipment	72,054 kg	132,119 kg
Composite packaging	2,051 kg	–



We provide a lot more information than that required by law. This report is proof of that. We want you to get to know us and our business as much as possible.

Photography from the exhibition "People of the PZU" presenting social engagement of PZU, 2012

4 BASIC INFORMATION ABOUT THE REPORT

Reporting on Corporate Social Responsibility is not just collecting data. It is primarily an analysis of our impact on the environment and society and our setting of priorities in this area. The preparation of each report according to the international reporting guidelines of the Global Reporting Initiative is a process that requires the involvement of many people.

In this section:

- you will learn how the report was prepared;
- we will familiarize you with the steps of the reporting process;
- we will show you the most important issues of reporting on the sustainable development of PZU;
- will present a list of indicators in what is known as the GRI Content Index.

G4-17 G4-28, G4-29, G4-30

The report presents the results of operations of PZU SA in the period from Jan. 1, 2013 to Dec. 31, 2014., unless specified otherwise in the indicated piece of content. In the report information is also provided on the PZU Group, the PZU Foundation, the PZU Życie company and the PZU brand. In the body we use following names interchangeably: PZU SA, PZU Company.

PZU SA publishes a corporate responsibility report every two years. The previous report for the years 2011-2012 was published in 2013. The PDF version is available on the website www.pzu.pl.

This report was prepared in accordance with the methodology of international reporting guidelines of the Global Reporting Initiative (GRI) in the latest version, known as G4, using the "Core" application option. The previous report was prepared using an older version of the GRI guidelines (G3.1) and encompassed two companies – PZU SA and PZU Życie.



Joanna Gorczyca
– acting Manager of the Sponsoring, Prevention and CSR Team

The new GRI G4 guidelines brought many changes. Most notable was the concentration on the most relevant aspects of the company's vision of reporting. It resulted that the report devotes much space to change and the strategy of our company and to our customers and services. Our stakeholders have heard about them, but selected issues may be new. It was important to us to report to in a transparent and clear manner the change that we have undergone as well as our business activities and social projects that supports them. I hope that through this report you will get to know us even better.

The Process of Preparing the Report

G4-13, G4-18, G4-22, G4-23, G4-32, G4-26, G4-33

Who was involved in the preparation of the report?

The new version of the G4 reporting guidelines has introduced changes in the way the report is prepared and in the selected indicators. The scope of the report was limited, which refers to one company – PZU SA. The report does not contain any adjustments of the information contained in previous reports. [G4-22, G4-23]

Many persons took part in preparation of the report, whom we thank for their time, attention and commitment.

They are:

- company stakeholders, who expressed their opinion on the report and the company through surveys and by providing comments in the report;
- PZU SA employees, managers and specialists from all the key areas of the company as well as senior management;
- the independent educational and consulting company CSRinfo, which supported in a substantive manner the PZU SA reporting process, according to the new GRI G4 guidelines.

The stakeholders in the survey pointed to three key matters:

- 1) the business strategy of the company and its plans for the future;
- 2) customers and the practices addressed to them;
- 3) the social activities of the company and its impact on local communities.

The report was prepared in such a way that stakeholders can find information on all three topics.

What stages made up the reporting process?

An important novelty in the preparation of the report was the process of defining its scope. This process was based on four reporting principles: materiality, stakeholder inclusiveness, the sustainability context and completeness. It consisted of three phases:

- 1) analysis of sustainability issues identified in the GRI standard, issues raised by stakeholders through questionnaires and issues raised by employees during the feedback session to the report. In the analysis of sustainability issues industry trends, public opinion, media reports and a series of internal documents were also taken into account;

PZU GROUP STRUCTURE (01.09.2015)

G4-17



The structure does not cover investment fund.

More information on www.pzu.pl

- 2) prioritization of the most important issues of sustainable development by management, which in the course of the prioritization workshop held on May 14, 2015 discussed and selected key material aspects of PZU SA sustainability reporting. The final prioritization of the aspects of the report was held on the basis of two criteria: the reputation of the company and the implementation of its strategy;
- 3) discussion on the selection of indicators at a workshop for the reporting employees held on May 25, 2015, which allowed the taking of a decision on the selection of the most representative indicators, illustrating the most material aspects of the reporting.

All the above actions enabled the collection of relevant data and the preparation of the content of the report. The data in the report was verified in two stages. The first stage of the verification was conducted internally by various departments

of the company. The second stage of verification was carried out by the independent company Bureau Veritas Poland. Moreover we referred to the GRI Materiality Disclosure Service to verify the proper placement in the report of indicators related to materiality, ie. Indicators from G4-17 to G4-27.

ASPECTS OF PZU SA REPORTING

G4-18, G4-19, G4-20, G4-21,

The process was carried out in accordance with the guidelines of the GRI G4 standard and brought forth the most important aspects of the PZU SA reporting, that is material issues that the report should describe.

In addition to the key aspects, the company also presents in the report those aspects that in the process of defining

KEY MATERIAL ASPECTS OF PZU SA SUSTAINABILITY REPORTING

G4-19, G4-20, G4-21

Aspect	Influence of the aspect outside of PZU SA	Influence of the aspect within PZU SA	Place in the report
1. Transparency of the PZU offer and the responsible selling process	👍		Chapter 2
2. Standards of customer service, including the approach to the handling of complaints and grievances	👍		Chapter 2
3. Product innovations that respond to customer needs	👍		Chapter 2
4. Compliance – compliance with regulations and rules	👍	👍	Chapter 1
5. Adherence to the highest standards of external communication	👍		Chapter 2
6. The approach to claims handling	👍		Chapter 2
7. Acting against corruption	👍	👍	Chapter 1
8. Communication channels with customers	👍		Chapter 2
9. Customer data security	👍	👍	Chapter 2
10. Engaging PZU in specialized projects and research that is important for the sector	👍		Chapter 3

significance gained slightly lower scores. However, they are associated with key aspects and therefore are also included in the report. They include:

- information on financial results and market presence;
- development of an ethical culture;
- risk management;
- satisfaction and employee involvement;
- conditions of employment;
- employee development;
- employee safety and health;
- principles of cooperation with business partners;
- criteria for selecting suppliers;
- preventive programs to improve safety;
- local social activities / volunteering / the activity of the PZU Foundation;
- environmental policy.

Not all of them are described in the same detail as are material indicators. This is due to the significance of the given aspect.

GRI G4 Content Index

The table presents a list of GRI indicators and indicates the page number in the report, for which there is a reference to an indicator. In a situation where there was no corresponding indicator among those proposed by GRI, we used our own or custom indicator. The table also indicates whether the data associated with a given indicator have been independently verified.



GRI CONTENT INDEX

GRI G4 Indicator	Guidelines	Reference in report (page no.)	Independent verification
Strategy and analysis			
G4-1	Statement from the most senior decision maker about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	2-3	
Organizational profile			
G4-3	Name of the organization	6	
G4-4	Primary brands, products, and services	6, 34	
G4-5	Location of the organizations headquarter	86	
G4-6	Number of countries where the organization operates	6	
G4-7	Nature of ownership and legal form	6, 77	
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	6	
G4-9	Scale of the organization	6-7	
G4-10	Total workforce by employment type, employment contract and region and gender	24-25	YES
G4-11	Percentage of total employees covered by collective bargaining agreements	26	YES

GRI G4 Indicator	Guidelines	Reference in report (page no.)	Independent verification
G4-12	Organization's Supply chain	50	
G4-13	Significant changes during the reporting period regarding size, structure, ownership, supply chain	77	
G4-14	Explanation of whether and how the organization applies the precautionary approach or principle	70	
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which organization subscribes or which it endorses	15	
G4-16	Membership in associations (such as industry associations) and / or national / international organizations	58	
Identified Material Aspects and Boundaries			
G4-17	Information on all entities included in the consolidated financial statements of the organization or equivalent documents	77	
G4-18	The process of defining the content of the report and implementing the reporting principles for defining report content	76, 78	
G4-19	Material aspects identified in the process for defining report content	78	
G4-20	Material aspect's boundaries within the organization	78	
G4-21	Material aspect's boundaries within the organization outside of the organization	78	
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	76	
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	76	
Stakeholder Engagement			
G4-24	List of stakeholder groups engaged by the organization	54–55	
G4-25	Basis for identification and selection of stakeholders with whom to engage	54	
G4-26	The approach to stakeholder engagement	54–55	
G4-27	Key topics and concerns raised by stakeholders and the response from organizations as well as through their reporting	54–57	

GRI G4 Indicator	Guidelines	Reference in report (page no.)	Independent verification
Report Profile			
G4-28	Reporting period	76	
G4-29	Date of most recent previous report (if any)	76	
G4-30	Reporting cycle (annual, biennial)	76	
G4-31	Contact point for question regarding the report or its contents	86	
G4-32	In accordance option chosen	79	
G4-33	External assurance	78	
Governance			
G4-34	Governance structure of the organization	8	
Ethics and Integrity			
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	10, 17	
Performance indicators			
GRI G4 Indicator	Guidelines	Reference in report (page no.)	Independent verification
ECONOMIC PERFORMANCE			
Aspect: Communicating financial results and market presence			
PZU custom indicator	Selected financial indicators	7	
Aspect: Principles of cooperation with business partners			
G4-DMA	The approach to governance in the area of cooperation with business partners	49–50	
Aspect: Risk Management			
G4-DMA	The approach to management in the area of risk	15–16	
Aspect: Selection criteria for suppliers			
G4-DMA	The management approach to selection of supplier	50–51	

GRI G4 Indicator	Guidelines	Reference in report (page no.)	Independent verification
ENVIRONMENTAL PERFORMANCE			
Aspect: Materials and Energy			
G4-DMA	Approach to managing environmental impacts	70–71	YES
G4-EN1	Materials used by weight or volume	71	YES
G4-EN3	Energy consumption within the organization	72	YES
G4-EN23	Total weight of waste by type and disposal method	73	YES
SOCIAL AREA – CUSTOMERS			
Aspect: Product and Service Labeling / Transparency of PZU's offer and a responsible selling process			
G4-DMA	Management approach to ensure transparency in the area of PZU's offer and to ensure a responsible sales process	36–43	YES
G4-PR5	Results of surveys measuring customer satisfaction	43, 49	YES
Aspect: Customer service standards, including the approach to dealing with complaints			
G4-DMA	The approach to governance in the area of customer service standards including in the approach to the handling of complaints	39–43	YES
Custom indicator	The average time for dealing with complaints	43	YES
Aspect: Product innovations that response to customer needs			
G4-DMA	The approach to the management of product innovation	35	YES
Custom indicator	Customer satisfaction rate with the use of direct claims settlement	45–46	YES
Aspect: The approach to claims handling			
G4-DMA	The approach to the management of claims settlement	45–46	YES
Custom indicator	Rate of customer satisfaction with the claims handling process	45	YES
Aspect: Channels of communication with customers			
G4-DMA	The approach to governance in the area of communication channels with customers	36–38	YES
Custom indicator	The use of the Contact Center channel	36	YES

GRI G4 Indicator	Guidelines	Reference in report (page no.)	Independent verification
Aspect: Customer Privacy			
G4-DMA	Approach to managing customer data security	44	YES
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	44	YES
Aspect: Marketing Communications / Compliance with the highest standards of external communication.			
G4-DMA	The approach to the management of external communications standards compliance	38	YES
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	38	YES
SOCIAL AREA – SOCIETY			
Aspect: Engaging PZU in specialized projects and research that is important for the sector.			
G4-DMA	The approach to management in the area of PZU's involvement in specialized and research projects and which are important for the sector	58	YES
Aspect: Prevention programs to improve safety			
Custom indicator	The scale of spending on prevention	59	YES
Aspect: Local community activities / volunteering / the foundation's activity			
PZU custom indicator	The number of volunteer workers	69	YES
SOCIAL AREA – ETHICS/COMPLIANCE			
Aspects: Anti-Corruption / development of an ethical culture			
G4-DMA	The approach to governance in the area of anti-corruption and the development of an ethical culture	17–18	YES
G4-SO5	Confirmed incidents of corruption and actions taken	18	YES



GRI G4 Indicator	Guidelines	Reference in report (page no.)	Independent verification
Aspect: Compliance / compliance with laws and regulations			
G4-DMA	The approach to management in the area of compliance (compliance with laws and regulations)	17–18	YES
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	19	YES
SOCIAL AREA – EMPLOYEES			
Aspect: Labor Practices Grievance Mechanisms			
G4-DMA	The approach to governance in the area of employment conditions	26	YES
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	27	YES
Aspect: Customer satisfaction and employee engagement			
G4-DMA	The approach to management in the area of customer satisfaction and employee engagement.	27	YES
PZU custom indicator	Employee engagement index	27	YES
Aspect: Occupational Health and Safety			
G4-DMA	The approach to management in the area of employee safety and health	28–29	YES
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender*	29	YES
Aspect: Training and Education			
G4-DMA	Approach to the management of the development and education of employees.	27–28	YES
G4-LA9	Average hours of training per year per employee by gender, and by employee category	28	YES

* Reported indicator partially with no breakdown by gender and regions.

INDEPENDENT VERIFICATION STATEMENT

To: The Stakeholders of PZU SA

Introduction and objectives of work

Bureau Veritas Polska Sp. z o.o. (Bureau Veritas) has been engaged by PZU SA to conduct an independent assurance of its report "Corporate Social Responsibility Report of PZU SA 2013 - 2014" (Report). This Verification Statement applies to the related information included within the scope of work described below.

This information and its presentation in the Corporate Social Responsibility Report of PZU SA 2013 – 2014 are the sole responsibility of the management of PZU SA. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent verification on the accuracy of information included. This is the first year in which we have provided verification over Corporate Social Responsibility Report of the PZU SA

Scope of work

PZU SA requested Bureau Veritas to verify the accuracy of the following:

- Data and information included in the Corporate Social Responsibility Report of PZU SA for the period 1.01.2013 - 31.12.2014.r

Methodology

As part of its independent verification, Bureau Veritas undertook the following activities:

- Interviews with relevant personnel of PZU SA;
- Review of documentary evidence produced by PZU SA;
- Audit of performance data; back to source – for indicators highlighted in GRI Indicators Table of the Report;
- Review of PZU SA systems for quantitative data aggregation and analysis.

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Verification of Sustainability Reports, based on current best practice in independent assurance.

The work was planned and carried out to provide limited, rather than absolute assurance and we believe it provides an appropriate basis for our conclusions.

Our findings

On the basis of our methodology and the activities described above:

- Nothing has come to our attention to indicate that the reviewed statements within the scope of our verification are inaccurate and the information included therein is not fairly stated;
- It is our opinion that PZU SA has established appropriate systems for the collection, aggregation and analysis of quantitative sustainability related data.

Limitations and Exclusions

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period
- Positional statements (expressions of opinion, belief, aim or future intention by PZU SA and statements of future commitment.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with more than 180 years history in providing independent assurance services.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest.

No member of the assurance team has a business relationship with PZU SA, its Directors or Managers beyond that required of this assignment. We have conducted this verification independently, and there has been no conflict of interest.

The assurance team has extensive experience in conducting verification and assurance over environmental, social, ethical and health and safety information, systems and processes, and understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.

Warszawa, September 30, 2015
Bureau Veritas Polska Sp. z o.o.

Witold Dżugan
Board Member

Grażyna Miller
Lead Verifier

Acknowledgments

Dear Readers,

High-quality non-financial report of such a large company like PZU is associated with a robust process of data selection and gathering.

The development of a reliable sustainability report requires the cooperation and immense amount of work done by a great number of people involved in the reporting process. This year, more than 120 of our employees were involved in the reporting process.

We are most grateful to our employees for their commitment. Your support, recommendations, goodwill and understanding of the importance of the reporting process were invaluable.

We would like to thank our stakeholders for sharing with us the opinion and recommendations concerning the report. Your feedback provided a significant contribution to the process of defining the report content, which is the result of your suggestions and expectations.

What is more, we would like to express our gratitude to CSRinfo who supported us in this year's reporting process. We believe that the results of our joint effort and commitment will enhance the standards of transparency at the Polish market and will provide you with important and useful information about our business and its effects.

CONTACT

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