



# PZU 2.0 Changing for Good

As a leader of the insurance market in Poland and one of the largest financial institutions in Central and Eastern Europe, we place strong emphasis on conducting our business in a socially responsible way. The framework for our activity is provided by both external codes and our own guide to social responsibility, called "PZU Best Practices". Reporting CSR results is becoming a business standard among Polish and international companies. This report is the second one in PZU's history. It presents our recent achievements and our plans for the future constituting our response to the challenges of the environment and expectations of our stakeholders. We hope that the information provided in the report will be interesting for you and will encourage you to look for more insights about our company's activity in the area of corporate social responsibility. For more information, visit: [www.pzu.pl](http://www.pzu.pl)

PZU Corporate Social  
Responsibility  
Report 2011–2012

# About the report

“PZU 2.0 Changing for Good” report covers the activities and results related to corporate social responsibility of PZU SA and PZU Życie SA (further referred to as PZU) between 1 January 2011 and 31 December 2012. The report was based on GRI G3 guidelines, using a sectoral supplement for the financial sector. The data contained in the document were disclosed at B+ level.

For further information on PZU’s activities in the CSR area, please contact the Sponsorship, Prevention and CSR Team.

Please, send your queries and opinions related to the report to:

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The report could not be published without the involvement, knowledge and feedback of many people in the company. We would like to thank all the employees and teams involved in the development of the report.

Working with you on data collection, discussions and analyses supported us and enabled us to get a broader perspective on CSR at PZU.

We would like to extend our thanks to everyone for the months of joint effort that were not only a big challenge for us but also an opportunity to develop and look for new experiences that we want to build on in the future.

In our everyday work, we try to minimise our environmental impact. In order to protect the environment, we printed the report on Cocoon Offset 100% recycled paper. It is made of waste paper from the processing of fully FSC certified paper. The product is manufactured in a totally chlorine-free process.

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# Dear Readers,



On behalf of PZU, I have the honour to present you our Corporate Responsibility Report for 2011–2012. CSR is our commitment towards stakeholders but also an obligation for us as a leader of the insurance sector in Poland. We want to promote best practices and contribute to raising the awareness of CSR importance. We hope the report provides sufficient evidence that we take the obligation very seriously.

It has been barely two years since we published the first CSR report in 2011. From the perspective of more than two hundred years of PZU's history, two years may seem short and insignificant. For us, however, the period was extremely important. For us, however, these were "as many as" two years. In such a short time and despite macroeconomic hardship, we managed to create a completely new organisation. We called it PZU 2.0.

PZU 2.0 is a modern, customer-oriented, operationally efficient institution that offers innovative insurance and investment solutions. Deep business and cultural transformation of the largest financial group in this part of Europe is reflected by the refreshed PZU logotype. It is also a message sent to our existing and prospective customers: just look at how we have changed for you.

The changes brought a positive business effect: we significantly improved both our financial results and efficiency. In 2012, PZU attained the highest net financial profit since its listing on the Warsaw Stock Exchange. Our activities were also very well received and appreciated by investors.

Although attainment of business objectives is an important measure of success, our priority is to change the way PZU team members think.

Employees share our corporate values (wisdom, imagination, simplicity) and they are united under one goal: the benefit and development of our company. In the period in question, we undertook a number of HR-related initiatives to foster employee identification with the company and create conditions for them for optimal competence development. This enables our team to offer our existing and prospective customers exceptional customer service quality.

In the process of improving our operating model, we managed to maintain our best asset: the trust of our customers and other stakeholders. Sustainable, long-term growth is possible only when we make our plans to include the needs of our stakeholders. This principle is reflected in our everyday actions that have been summarised in this report.

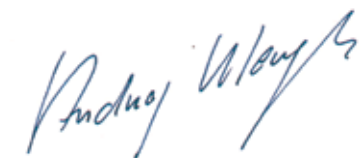
Our highest standards of responsible and sustainable management are evidenced by the inclusion of our company in the lists of socially responsible companies: the Warsaw RESPECT Index and the Vienna CEERIUS Index. Listing of PZU stock in the RESPECT Index proves that we are constantly undertaking initiatives that confirm our high involvement and orientation towards our stakeholders' needs.

We are striving to meet the challenges facing us and the entire insurance sector in the context of corporate social responsibility. Responding to the needs of our stakeholders, we are changing our company on the basis of ethical standards in marketing, sales of our services and transparency of our product range. We want our stakeholders to trust PZU as an adviser and a partner.

Our aim in the area of corporate social responsibility for the years to come is the implementation of strategic principles

developed with our employees and external stakeholders. On the basis of an analysis of sectoral trends and the environment, we developed four pillars of our activity for the next two years. These include: customers, employees, society and the environment. Our business activities will focus on implementing high customer service standards and ethical conduct and on building the commitment of our employees. Our involvement in social development is founded on programmes implemented with our numerous partners in the area of broadly understood safety and financial education. Dynamic development of our company with concurrent care for our stakeholders will enable us to maintain the position of a market leader and actively promote modern standards of conducting business, taking account of the needs of the society and the environment. And this is what we intend to do.

Yours sincerely



**Andrzej Klesyk**  
President of the Management  
Board of PZU



## About **us**

PZU – we are evolving

Company management

Corporate governance  
and investor relations

Strategic approach to CSR

Improving stakeholder  
dialogue

About reporting

Key issues



# PZU

## - we are evolving

We are one of the largest financial institutions in Central and Eastern Europe and a leader of the insurance market in Poland. We are one of Poland's most dynamically growing capital groups. We also conduct business in Lithuania and Ukraine. For more than 200 years, we have been providing comprehensive protection in all the key areas of personal, public and business life. We are responding to increasingly complex financial needs of our customers

and their families. We help them to protect their future by managing an open pension fund, investment funds and savings plans. PZU Group conducts business operations in four key areas:

- property and other personal insurance – offered by Powszechny Zakład Ubezpieczeń SA (PZU SA);
- life insurance – offered by Powszechny Zakład Ubezpieczeń na Życie SA (PZU Życie SA);
- open pension funds – offered by Powszechne Towarzystwo Emerytalne PZU SA (PTE PZU SA) which manages the open pension fund Otwarty Fundusz Emerytalny PZU "Złota Jesień" (OFE PZU);
- investment funds – offered by Towarzystwo Funduszy Inwestycyjnych PZU SA (TFI PZU SA).

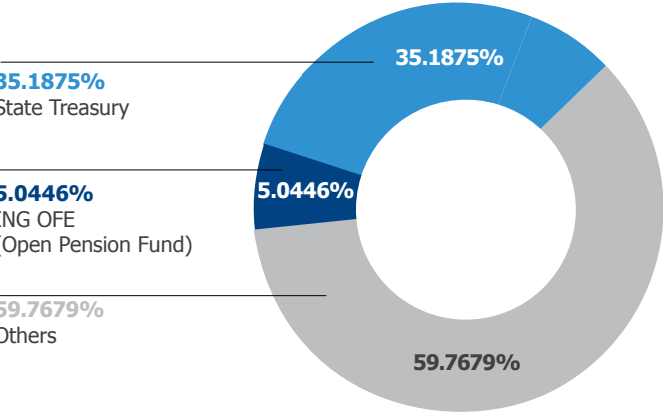
Our core strength is the PZU brand, the oldest and the most recognisable insurance brand in Poland. In 2012, its value was estimated at more than PLN 2.4 billion, which landed us in the fourth place on the list of Poland's most valuable brands developed annually by "Rzeczpospolita" daily.

Our strategic goal is to transform the company into PZU 2.0, an institution that is even more strongly customer-oriented, operationally efficient, is recognised for its investment competence and that offers innovative healthcare solutions. PZU 2.0 is a modern company that has maintained what has been the core building block of our capital: the trust of our customers. The effectiveness of the development path we have taken is confirmed by the company's financial results.

The corporate seats of PZU SA, PZU Życie SA, PTE PZU SA, TFI PZU SA, PZU AM SA and PZU Pomoc SA are located at al. Jana Pawła II 24 in Warsaw, while PZU Centrum Operacji SA is located at ul. Postępu 18A in Warsaw.

### Ownership structure

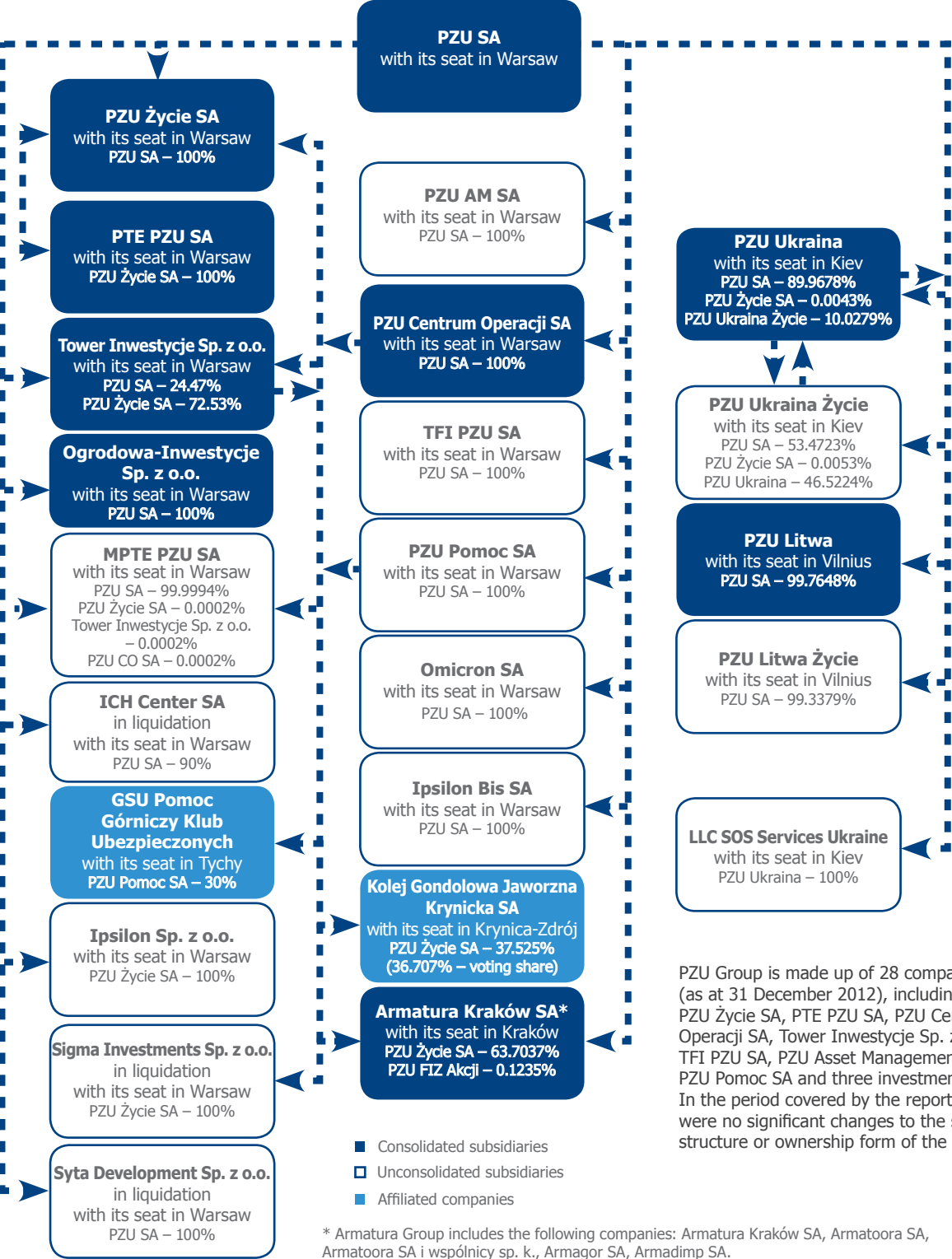
The largest shareholder of PZU is the State Treasury that as of 31 December 2012, held 30,385,253 shares constituting 35.19% of PZU's share capital. The other shareholders held a total of 55,967,047 shares, i.e. 64.81% of the Company's share capital.



As of 6 January 2013 (including votes of shareholders holding more than 5 per cent of the total number of votes).

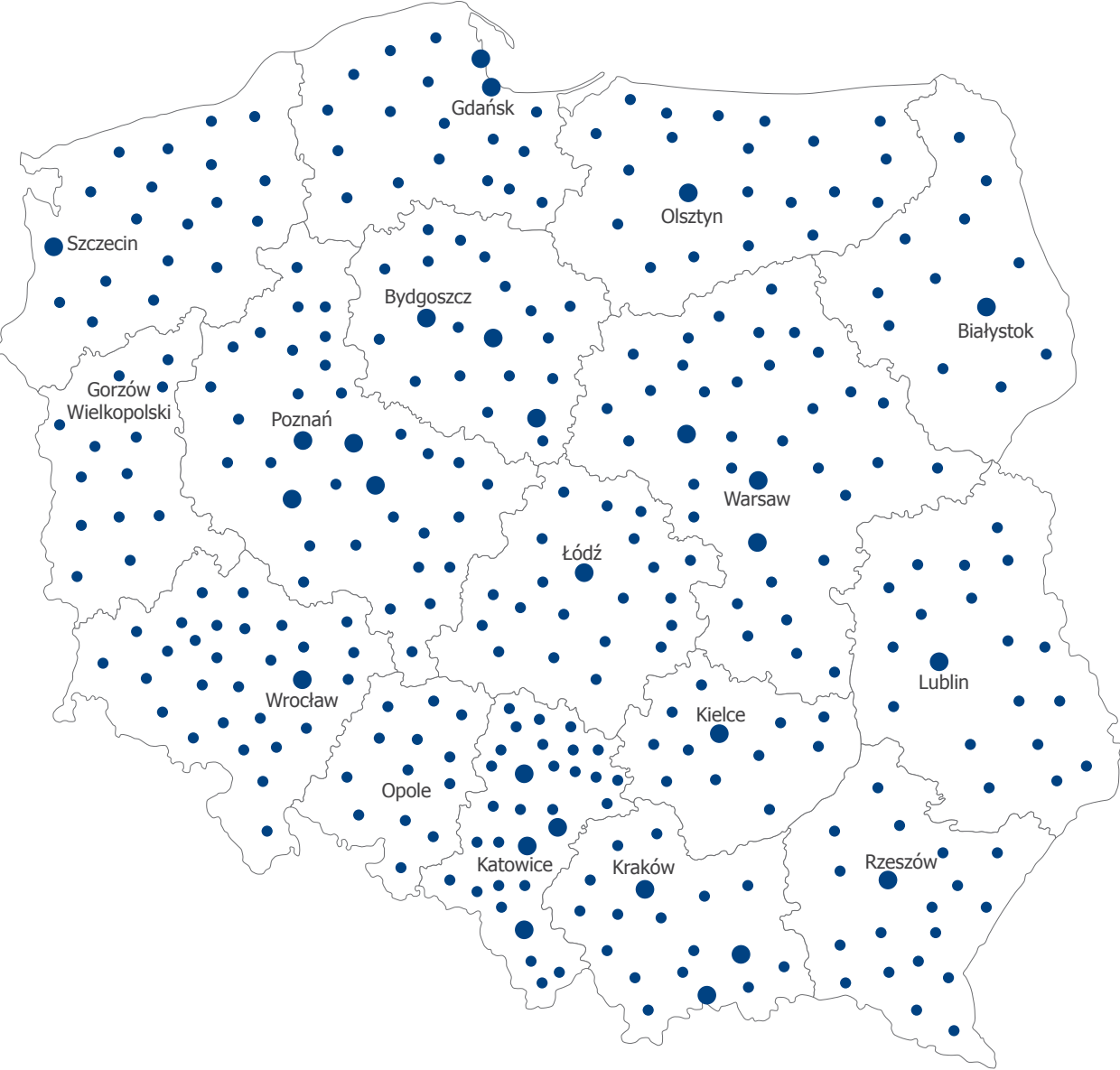


### PZU Group structure



PZU Group is made up of 28 companies (as at 31 December 2012), including PZU SA, PZU Życie SA, PTE PZU SA, PZU Centrum Operacji SA, Tower Inwestycje Sp. z o.o., TFI PZU SA, PZU Asset Management SA, PZU Pomoc SA and three investment funds. In the period covered by the report, there were no significant changes to the size, structure or ownership form of the company.

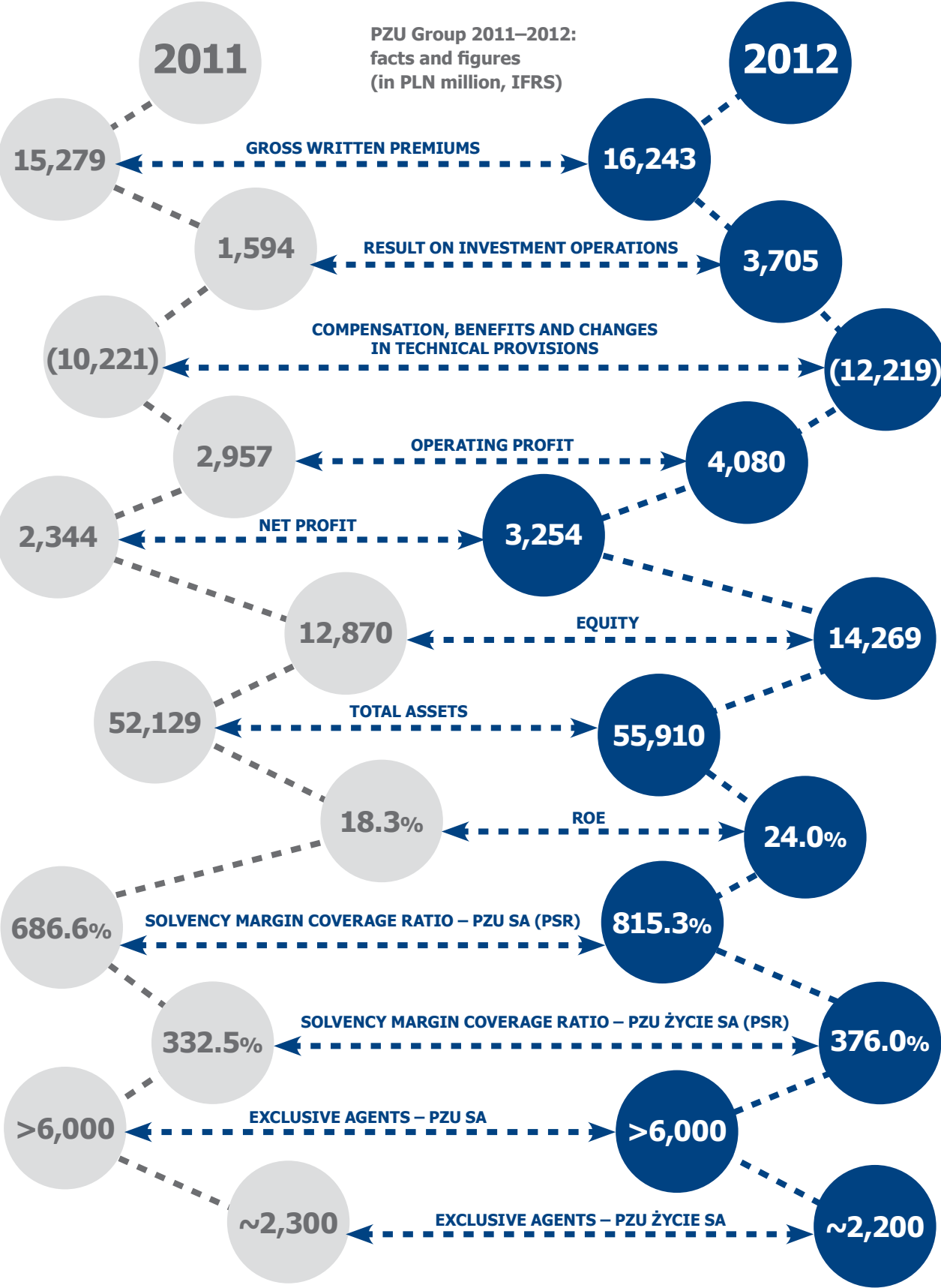
Map of Branch locations



- More than one branch
- One branch

We have the largest network of outlets in Poland that includes more than 400 PZU Branches. We are present in the vast majority of poviats towns, and operate several branch locations in the largest agglomerations. This means we are available to serve our customers

almost in every city district. We are constantly making sure that customers can see we care about them and this is why we perform ongoing studies and surveys regarding the location of our branches. We want to be sure that their location meets the needs of our customers.



For detailed information and financial data for PZU, please visit [www.pzu.pl](http://www.pzu.pl).

OUR PRODUCT PORTFOLIO

Our product range includes more than 200 insurance and investment products. According to the new segmentation strategy, we divide solutions into those designed for mass customers, group customers and corporate customers. Furthermore, we are building our image and position on the savings and investment market, by creating a strong subbrand called PZU Inwestycje, which reflects our competences and expertise in asset management.

- Customers in each segment can find a comprehensive range of solutions, including:
- property and other personal insurance, including in particular motor vehicle insurance (the most important group of products offered by PZU, both in terms of the number of insurance agreements and the share of the gross written premium in the total gross written premium) as well as property, personal, agricultural, travel and third-party insurance;
  - individual life insurance, including protection insurance and unit-linked protection and investment insurance;

- group life insurance, dedicated to both corporate customers and SMEs (including the PZU Club Assistance in Life loyalty programme for persons covered by group insurance);
- corporate risk management;
- financial and bank insurance;
- health insurance, including drug-refund insurance: an innovative, pioneering complementary drug-refund health insurance (launched in the first quarter of 2012);
- insurance for children (school insurance, children’s future solutions);
- investment products, including 25 investment funds and subfunds (as at the end of 2012), investment plans, structured products adjusted to the current market environment, Individual Pension Insurance Accounts (IKZE), Individual Pension Accounts, pension accounts with PZU Open Pension Fund (OFE PZU).

For a full range of PZU products, please visit [www.pzu.pl](http://www.pzu.pl).

PZU SA and PZU Życie SA – key financial data (PLN `000)\*

PZU SA	2011	2012
Operating income	11,467,375.00	11,452,617.00
Operating expenses less personnel costs less taxes	236,999.00	121,226.00
Personnel costs (remuneration and costs of additional benefits)	393,340.00	387,244.00
Dividend paid + interest expenses on contracts	2,272,197.80	1,987,514.00
Dividend paid	2,245,159.80	1,936,882.00
Interest expenses on contracts	27,038.00	50,632.00
Taxes on operating expenses plus current tax	284,058.00	291,655.00
Current tax	283,043.00	290,888.00
Paid fines, compensation and penalties	1,015.00	767.00
Social investments*	5,630.00	25,620.00

PZU Życie SA	2011	2012
Operating income	11,765,143.00	12,622,495.00
Operating expenses less personnel costs less taxes	136,648.00	61,212.00
Personnel costs (remuneration and costs of additional benefits)	238,459.00	249,811.00
Dividend paid + interest expenses on contracts	2,000,406.00	1,187,225.00
Dividend paid	1,987,282.00	1,177,477.00
Interest expenses on contracts	13,124.00	9,748.00
Taxes on operating expenses plus current tax	519,191.00	240,613.00
Current tax	519,191.00	240,613.00
Paid fines, compensation and penalties	98.00	0,00
Social investments**	58,13.00	25,447.00

Data according to Polish Accounting Standards.  
\* Retained economic value – no data available.  
\*\* Including donations to foundations and social organisations.

MARKET POSITION

Our companies hold leading positions in their respective financial markets:

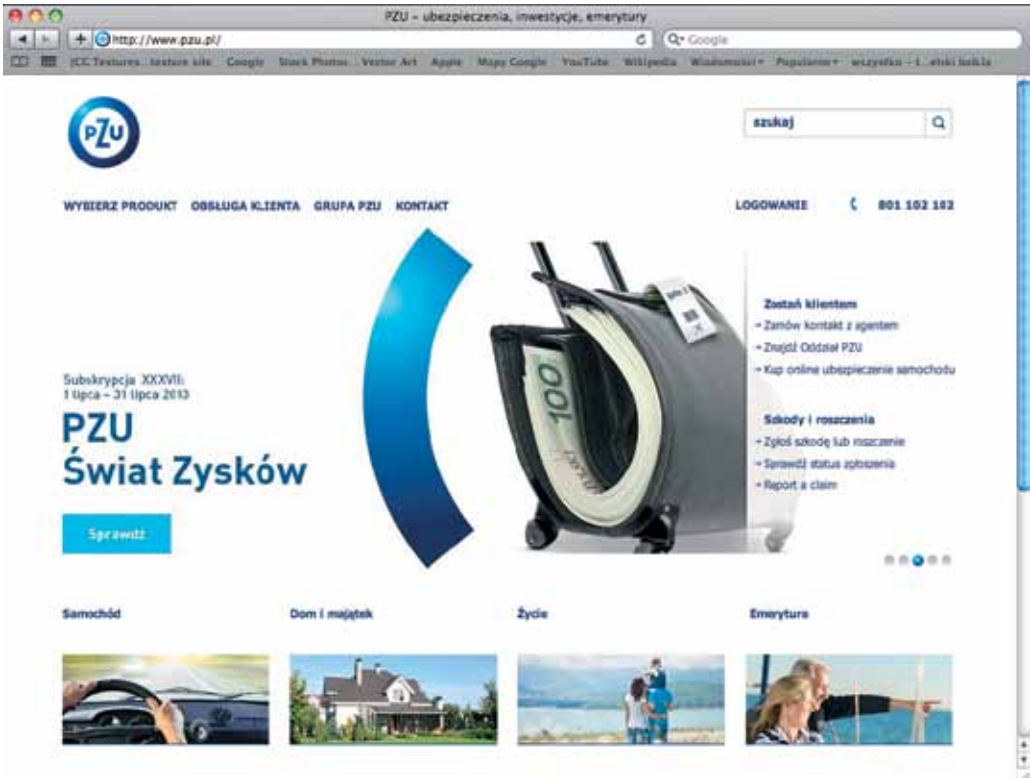
- PZU SA is the leader in terms of gross written premium on the property and other personal insurance market in Poland (32.2% market share at the end of 2012);
- PZU Życie SA is the leader in terms of gross written premium on the life insurance market in Poland (43.1% regular premium\* market share at the end of 2012);
- PTE PZU manages the open pension fund OFE PZU Złota Jesień, which ranked third in terms of the number of participants (2.2 million participants) and in terms of new assets (PLN 36.3 billion) among open pension funds in Poland;

- TFI PZU is the leader on the investment funds market in Poland in terms of net value of assets under management (PLN 15.36 billion at the end of 2012, 10.5% market share).

PZU AS A LISTED COMPANY

At the end of 2012, PZU’s market value exceeded PLN 37.7 billion, which was over PLN 10 billion more than a year before (almost PLN 26.7 billion). At the last trading session of 2012, PZU shares were valued at PLN 437, i.e. PLN 128 more than at the end of 2011. Growth (by 41.4%) was significantly higher than increases of the main indexes in the same period, which gained 20.5% (WIG20) and 26.2% (WIG).

\* In life insurance, there is a regular premium (payable within the dates and at amounts specified in the insurance agreement) and a single premium (paid once upon insurance agreement conclusion).





## Membership in organisations and external initiatives

One of our strategic goals is to set standards in the insurance sector. We are working to achieve the goal through membership in leading sectoral and non-sectoral organisations that have a significant influence on the economy and society. In addition, we take part in a number of regional projects. We are members of the following organisations:

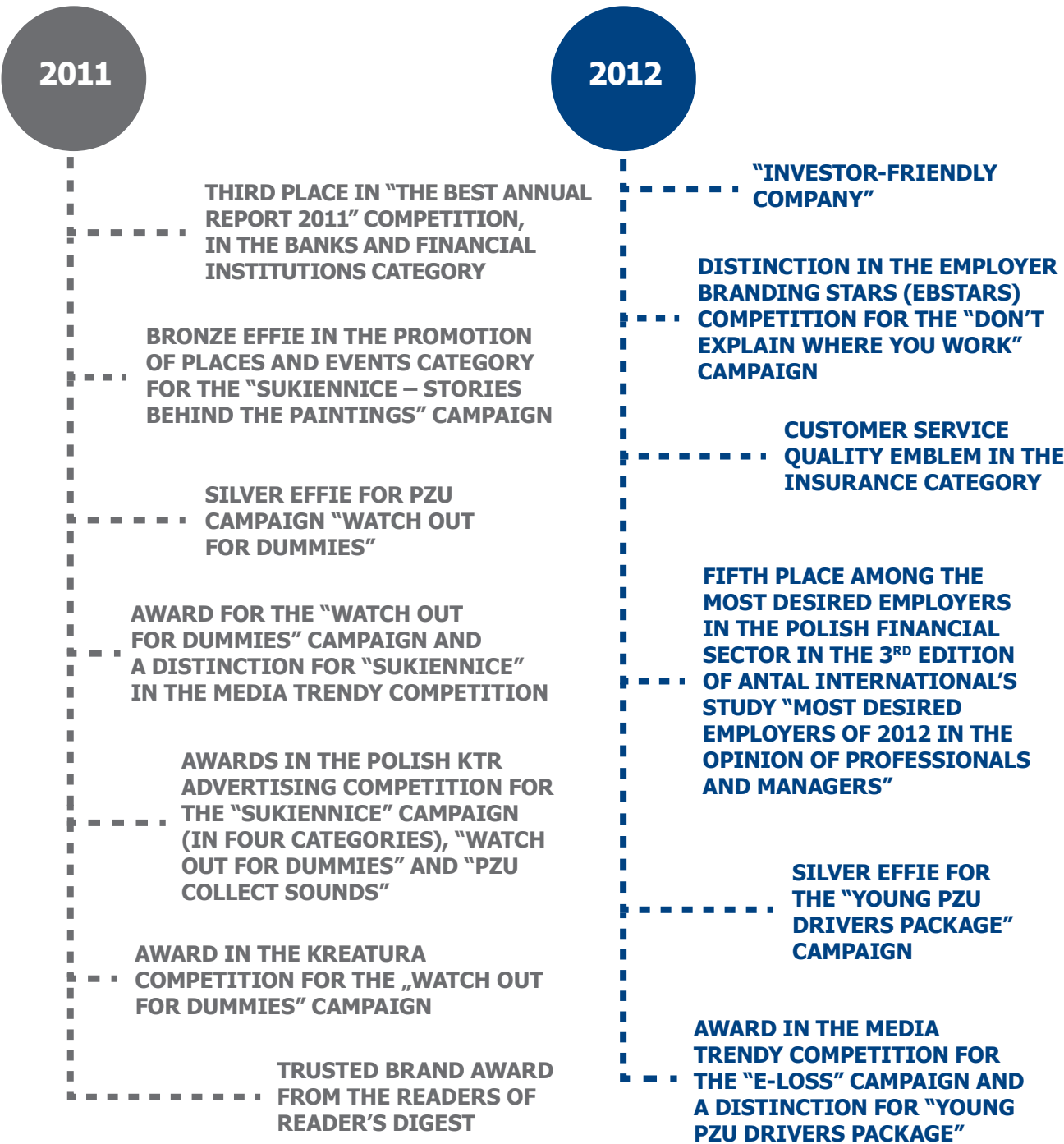
- Polish Insurance Association (since 2004)
- Insurance Guarantee Fund (since 2004)
- Polish Motor Insurers' Bureau (since 2004)
- Polish Association of Listed Companies (since 2010)
- Polish Mortgage Credit Foundation (since 2008)
- Polish Promotional Emblem Foundation (since 1996)

- Polish Confederation of Private Employers "Lewiatan" (since 2009)
- Employers of Poland (since 2002)
- Polish Institute of Directors (since 2009)
- Road Safety Partnership Association (since 2010)
- Mining Families Foundation (since 2007)
- Polish Mathematical Society (since 1971)
- Responsible Business Forum (since September 2010)

In cooperation with the Polish Insurance Association, we are taking an active stand for combating and prevention of insurance crime. As part of the Insurance Crime Prevention Committee, we develop analyses, research, arrange conferences and cooperate with the Polish Police Headquarters.



## Awards and distinctions



# Company management

## Company authorities

### MANAGEMENT BOARD

Pursuant to PZU's Articles of Association, the Management Board comprises three to seven members appointed for a joint term of three subsequent full financial years. Members of the Management Board, including the President of the Board, are appointed and dismissed by the Supervisory Board upon a request of the President of the Management Board. A President of the Management Board appointed for a new term before the end of the current term may request the Supervisory Board to appoint other members of the Management Board for the new term before the end of the current term. In 2012, the composition of PZU SA Management Board was as follows:

- **Andrzej Klesyk** – President of the Management Board of PZU SA;
- **Witold Jaworski** – Member of the Management Board of PZU SA (resigned on 27 December 2012);
- **Przemysław Dąbrowski** – Member of the Management Board of PZU SA;

- **Bogusław Skuza** – Member of the Management Board of PZU SA;
- **Tomasz Tarkowski** – Member of the Management Board of PZU SA;
- **Ryszard Trepczyński** – Member of the Management Board of PZU SA.

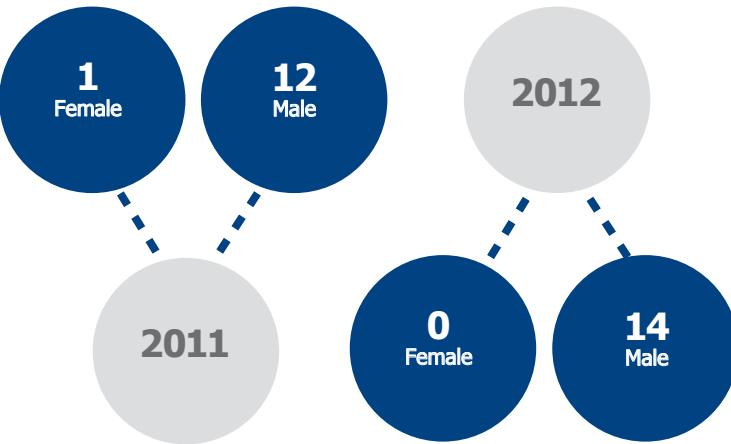
### SUPERVISORY BOARD

The Supervisory Board is made up of seven to eleven members. The number of members of the Supervisory Board is determined by the General Meeting of Shareholders. Members of the Supervisory Board are appointed by the General Meeting of Shareholders for a joint term of three subsequent financial years. At least one member of the Supervisory Board should meet the independence criteria set forth in the Articles of Association (independent member) regarding, among others, lack of professional or family connections, in particular with persons who manage or supervise PZU and entities of the PZU Group. The Chairman of the Supervisory Board may not concurrently perform the function of President of the Management Board.

Since 28 June 2012, the composition of the Supervisory Board of PZU SA has been as follows:

- **Waldemar Maj** – Chairman of the Supervisory Board of PZU SA;
- **Zbigniew Ćwiąkalski** – Vice-Chairman of the Supervisory Board of PZU SA;
- **Tomasz Zganiacz** – Secretary to the Supervisory Board of PZU SA;
- **Dariusz Daniluk** – Member of the Supervisory Board of PZU SA;
- **Zbigniew Derdziuk** – Member of the Supervisory Board of PZU SA;
- **Dariusz Filar** – Member of the Supervisory Board of PZU SA;
- **Włodzimierz Kiciński** – Member of the Supervisory Board of PZU SA;

Composition of the Supervisory Board and the Management Board by gender (in total)\*



\* The company does not keep statistics by diversity factors other than age and gender.



- **Alojzy Nowak** – Member of the Supervisory Board of PZU SA;
- **Maciej Piotrowski** – Member of the Supervisory Board of PZU SA.

The following Committees operate within the Supervisory Board:

- **Audit Committee** – an advisory and opinion-making body of the Supervisory Board, it is appointed to increase the effectiveness of supervisory activities of the Supervisory Board related to the audit of financial reports, effectiveness of the internal controls system, including internal audit, and risk management system. In addition, the Audit Committee may request the Supervisory Board to commission specific audit activities in the company, which may be performed either by an internal unit or an external entity. At the end of 2012, the Committee was made up of Dariusz Filar (Committee Chairman), Tomasz Zganiacz (Committee Member) and Dariusz Daniluk (Committee Member).
- **Nomination and Remuneration Committee** – an advisory and opinion-making body of the Supervisory Board, providing consultation on the shape of the management structure, including organisational solutions, remuneration system and salaries as well as selection of personnel with adequate qualifications. At the end of 2012, the Committee comprised five members, including Zbigniew Ćwiąkalski (Committee Chairman) and Committee Members: Zbigniew Derdziuk, Dariusz Filar, Maciej Piotrowski and Tomasz Zganiacz.
- **Strategic Committee** – issues opinions on all strategic documents submitted to the Supervisory Board by the Management Board (in particular, the corporate development strategy) and presents recommendations to the Supervisory Board on planned investments that may have a significant impact on company assets. At the end of 2012, the Committee was made up of Waldemar Maj (Committee Chairman), Zbigniew Derdziuk, Alojzy Nowak and Maciej Piotrowski.

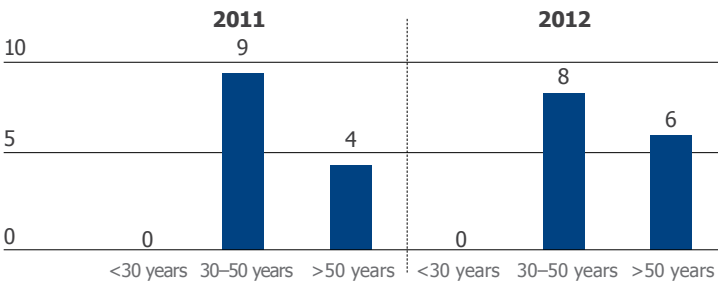
We standardise and monitor critical issues related to the area of management, including the method of nomination of Management Board Members, their remuneration system or proceeding in conflict of interest situations.

We have always pursued a policy of appointing competent, creative people to the company's management bodies, who boast relevant professional experience and education. The composition of the Management Board and the Supervisory Board is determined respectively by a decision of the Supervisory Board and the General Meeting of Shareholders. Other factors such as gender, nationality, age or religious beliefs are not taken into account.

In the case of a conflict of interest or a potential conflict of interest, it is recommended that the relevant Member of the Management Board notifies the fact to the Management Board and abstains from participating in a discussion and from voting on a resolution regarding the issue that caused the conflict of interest.

The principles of Management Board Member remuneration have been defined by the Supervisory Board. Remuneration of Management Board Members includes a number of components: a monthly base salary, additional benefits and an annual bonus payable once a year that depends on a decision by the Supervisory Board made in the form of a resolution and is based on the economic and financial results for a specific financial year.

Composition of the Supervisory Board and the Management Board by age (in total)\*



\* The company does not keep statistics by diversity factors other than age and gender.



# Corporate governance and investor relations

## Corporate governance

General principles of corporate governance applicable at PZU Group and their subsidiaries arise from a number of laws, including in particular the Commercial Companies Code, the Act on insurance activity and regulations on the functioning of the capital market.

We respect the principles covered by the "Principles of Good Insurance Practices", introduced by the Polish Insurance Association and applicable on the Polish market. Our attitudes and behaviours are also regulated by an internal document called "PZU Best Practices" that is publicly available on our website.

At PZU, we pay special attention to the conduct of PZU employees in their relations with customers, insurance intermediaries, the Polish Financial Supervision Authority, the Polish Insurance Ombudsman and the media as well as between insurers. We emphasise the role of ethical values and promote and advocate for a culture of compliance with the applicable laws, decision-making based on ethical criteria and accountability for decisions.

From the initial public offering of PZU on the regulated market, we comply with the corporate governance principles defined in "Best Practices of WSE Listed Companies" adopted by the Warsaw Stock Exchange Supervisory Board, which were approved by the Management Board for implementation on 4 July 2007 by resolution no. 12/1170/2007, as amended.

In the opinion of the Management Board, in 2012 PZU did not depart from the principles included in the said document, except for items 5, 9 and 12 of Chapter I which contain recommendations on best practices of listed companies. Given that the issuers are not required to disclose non-compliance with the said recommendations, PZU did not offer a public statement on the issue.

For full information on PZU's corporate governance, please read the annual reports available on the website under "Investor Relations" tab.



**Magdalena Kołodziejak,**  
**Information Disclosure Requirements**  
**Team Manager**

The status of a public company and the market position of PZU SA require the company to respect and guarantee specific protection of interests of all company stakeholders. We exercise due diligence to ensure proper communication between the company and its stakeholders, mainly through effective fulfilment of disclosure requirements as well as implementation of and compliance with corporate governance principles, which – although voluntary – complement to some extent the protective mechanisms guaranteed by legislation.



## Risk management

Coordination of (market, credit, insurance, operating) risk management and compliance at PZU are responsibilities of the Risk Office. The Risk Management System structure also includes the Credit Risk Committee and the Assets and Liabilities Management Committee. The risk management and compliance area is regulated by internal regulations, strategic-level guidelines, policies and methodologies. The Risk Office is currently finalising its legislative work on the implementation of comprehensive regulations that cover all types of risks. Reports prepared periodically by the Risk Office are submitted to the Management Boards and Supervisory Boards of PZU SA and PZU Życie SA. Their frequency and addressees depend on risk type and characteristics. Representatives of the Risk Office also represent PZU in works conducted by the Polish

Insurance Association, concerning among others:

- legislative solutions (e.g. amendment of the Act on insurance activity);
- personal data protection;
- implementation of Solvency II Directive;
- actuarial issues.

A position developed within the Polish Insurance Association is then a representative opinion of the insurance market in relations with regulatory bodies or other inspection institutions. Common efforts at the Polish Insurance Association often lead to the development of best practices in specific areas of insurers' activity. These efforts support the process of continued service quality improvement for our customers while our active participation in the Association's works also provides us with instant access to the most current knowledge.

## Investor relations and disclosure requirements

We strive to meet the highest standards of information governance in listed companies and respond to information needs of various groups of stakeholders. In view of that, we undertake numerous activities in the investor relations (IR) area aimed at providing greater transparency of the company.

The primary goal of IR at PZU is to create PZU value through active communication with capital market participants with whom we want to build long-term relations.

In 2012, we published the "Principles of PZU SA

Disclosure Policy for Capital Market Participants". The Disclosure Policy is a declaration by the Management Board on undertaking by the company of activities aimed at achieving greater disclosure efficiency. The document is targeted specifically at investors, PZU shareholders, regulatory bodies and system organisers of regulated market as well as intermediaries in securities trading and rating agencies. The declaration of the Management Board is available at PZU website under "Investor Relations" tab.

**IR ORGANISATION AT PZU**

Organisation and maintenance of IR at PZU, fulfilment of statutory disclosure requirements of PZU as an issuer of securities listed on a regulated market as well as arrangement of General Meetings of Shareholders and coordination of the dividend payment process are the responsibility of the Investor Relations Team and Disclosure Requirements Team at PZU's Management Board Office.



**Piotr Wiśniewski,**  
**Investor Relations Manager**

Sustainable relations with analysts and investors based on reliable information adjusted to their needs and expectations become increasingly important in the current times when economic downturn and weaker financial results of companies stretch investors' patience. A stable base of loyal shareholders is invaluable. Understanding our stakeholders' needs related to disclosure, we can develop and improve our relations with the capital market.

Our IR activity goes beyond obligatory tasks required exclusively by legislation. We also undertake a number of other actions addressed and adjusted to disclosure-related needs of specific groups of capital market participants.

We maintain ongoing relations with investment bank and brokerage house analysts as well as Polish and international institutional investors. We are also available for individual investors, responding to their numerous telephone and e-mail queries. Following each quarter, the Management Board of the Company arranges meetings with analysts where PZU's financial results are presented and discussed. The meetings, like the General Meetings of Shareholders, are broadcast live on-line. Their schedule is published in advance at PZU website under the "Investor Relations" tab.

We also regularly undertake actions targeted at individual investors. We were the first company from the WIG-20 index that joined the "10 out of 10: Communicate Effectively" initiative of the Association of Individual Investors. In 2012, we took part in two conferences for individual investors held in Poland: the WallStreet in Zakopane and Professional Investor 2012 in Jachranka.

In 2012, we arranged four chats with individual investors attended by a Member of the Management Board of PZU responsible for finance, after the publication of annual PZU results for 2011 as well as quarterly and six-month results for 2012.

**BEST PRACTICE****Participation in "10 out of 10: Communicate Effectively"**

This proprietary project of the Association of Individual Investors was designed for both individual investors and listed companies that stand out above others thanks to their transparent communication. The main aim of the programme is to create high standards in market communication of listed companies with their individual investors and to promote com-

panies that decided to meet the standards. Programme participants declare to pursue a policy of active communication with individual investors and to respect the rights of this group. The catalogue of activities aimed at facilitating the implementation of proper communication focuses on three key areas: direct communication, on-line investor relations

and quality of financial data and current reports submitted by the company.

PZU puts a strong emphasis on cooperation with individual investors. The PZU Management Board Office has a team of people responsible exclusively for communicating with individual investors and with the Association of Individual Investors.



**Artur Rzepka,**  
**Association of Individual Investors**

Listed companies still too seldom recognise individual investors in their map of stakeholders covered by their CSR activities, focussing on activities targeted at other groups. Yet, small investors expect not only information but also other forms of building relations and cooperation, and modern technologies enable to perform such tasks in a cost-effective manner. PZU deserves credit for recognising the importance of individual investors and for taking actions dedicated to the group. We appreciate that PZU has undertaken, as a pioneer among the largest companies listed in WIG 20 index, to promote the highest standards of individual investor relations through pilot participation in our "10 out of 10: Communicate Effectively" programme, thus contributing to its growth.



## PZU listed under socially responsible companies indexes

More and more investors are driven in their investment decisions by the principles of socially responsible investment (SRI) and take account of non-financial criteria (ESG – Environment, Social and Corporate Governance) in their analyses. Presence in sustainable development indexes is not only a confirmation of the highest CSR standards but also an important factor that builds a company's investment appeal. We are proud to be part of two indexes of companies managed in a responsible and sustainable way: RESPECT Index (since 1 February 2012) and CEERIUS Index (since 24 December 2012).



**Tomasz Wiśniewski,**  
**Warsaw Stock Exchange**

In 2013, the Respect Index survey formula was changed: the index composition will be reviewed once a year, in the second half of the year (previously twice annually). The composition of the index will still be made up of the largest companies listed in WIG20, mWIG40 and sWIG80 indexes. An important development is inclusion in the survey of international companies that are listed under those indexes. Like in the preceding years, companies meeting criteria related to reporting and best practices will be invited to complete our survey and the survey responses will be verified by an independent auditor, Deloitte.

RESPECT Index has been operated by the Warsaw Stock Exchange since 2009 in cooperation with external partners. It aims at recognising companies that are managed in a responsible and sustainable manner in all the areas, including environmental, social and labour factors. Currently, the RESPECT Index gathers 20 Polish public companies. CEERIUS is an index of the Vienna Stock Exchange for the Central and Eastern Europe (CEE) region. It includes leading companies of the region that meet qualitative criteria related to social and environmental aspects. CEERIUS Index was launched in 2009. The composition of the index is reviewed annually in December.



## Strategic approach to CSR

### CSR built on values

As a leader of the insurance market in Poland and one of the largest financial institutions in Central and Eastern Europe, we place strong emphasis on pursuing our business activity in a socially responsible way. Initiatives that we take for the benefit of the society have constituted an integral element of our activities since the establishment of PZU. Our highest standards of responsible and sustainable management are evidenced by the inclusion of our company in the RESPECT Index. Our activities are regulated by external codes of practice, including the most important ones such as Best Practices of WSE Listed Companies and Principles of Good Insurance Practices. We are regularly assessed by rating agencies. We actively contribute to the promotion of the CSR concept in Poland through partnership with the Responsible Business Forum and the Corporate Social Responsibility Coalition. Our own standard of corporate social responsibility is the internally developed document called PZU Best Practices. It is the first full compilation of ethical principles and best business practices that shape our organisational culture as well as attitudes of employees and agents in their work environment. The document promotes and advocates for a culture of compliance with the applicable laws as well as accountability for making decisions based on ethical criteria.

At PZU, we believe in three basic values that will enable us to perform the role we assumed. These are wisdom, simplicity and imagination. It is in line with these values that we intend to build our attitudes towards stakeholders.



**Piotr Glen,**  
**Corporate Community**  
**Involvement Director**

The insurance sector in Poland is characterised by relatively low activity in the area of corporate social responsibility. Therefore, as a market leader, we also want to become a pioneer in the sector in terms of strategic approach to CSR. I would also like to emphasise the fact that our strategic activities in the area of corporate social responsibility are closely related to PZU's business strategy.

## Strategic CSR Plan

### HOW WE DEVELOPED OUR CSR PLAN

Before commencing to develop the structure of our Strategic CSR Plan, we conducted a benchmark-based analysis of the best practices implemented worldwide by leading insurance companies. We invested a lot of time to better understand and structure the expectations of our both nationwide and local stakeholders. Our baseline materials also included a SWOT analysis of our previous CSR activity. The key conclusions that were drawn during the said work were used to develop an importance matrix of key CSR issues. Every activity was analysed in terms of importance of a given aspect and level of PZU’s response to the issue (corporate activity in the relevant area). The matrix enabled us to define the

pillars of our activities as well as CSR strategic goals. Efforts on the development of the Strategic CSR Plan culminated in a summary workshop session. The structure of the Plan is built around four pillars: attention to financial awareness and comprehensive safety (area: society), employee commitment and performance-oriented culture (area: workplace), high customer service standards and ethical conduct (area: market) as well as awareness of our environmental impact and relevant staff education (area: environment). Every pillar was provided with strategic goals and actions. For example, the society area focuses on programmes related to broad safety, actions to make Poles more financially aware, local social activities, charity and patronage.

### Strategic goals of CSR activities in 2013–2014

Area	Strategic goals 2013–2014
<b>FINANCIAL AWARENESS AND SAFETY AS PILLARS OF ACTIONS FOR THE BENEFIT OF THE SOCIETY</b>	<ul style="list-style-type: none"><li>• Development of a strategic review of social activities undertaken in the area of safety and publication of a dedicated report</li><li>• Implementation of the LBG model and evaluation of results of strategic programmes implemented in key areas of social involvement</li><li>• Effective implementation of the financial education programme and a safety programme for children and youth</li><li>• Building and promoting modern charity standards</li></ul>
<b>COMMITTED EMPLOYEES AND PERFORMANCE-ORIENTED CULTURE</b>	<ul style="list-style-type: none"><li>• Implementation of the strategy of building a performance-based and customer-oriented organisational culture, which engages employees at the same time</li><li>• Development of corporate volunteer service</li></ul>
<b>HIGH CUSTOMER SERVICE STANDARDS AND ETHICAL CONDUCT</b>	<ul style="list-style-type: none"><li>• Implementation of a multi-channel integrated sales and customer service model based on developed standards</li><li>• Cooperation ethics as a foundation of our relations with the surrounding communities</li><li>• Finalisation of works on the code of conduct for suppliers and development of a plan of its implementation</li></ul>
<b>AWARENESS OF ENVIRONMENTAL IMPACT AND STAFF EDUCATION</b>	<ul style="list-style-type: none"><li>• Identification of key direct and indirect impact areas in environmental protection</li><li>• Development of principles for an environmental issues management system at the company</li></ul>

### KEY CHALLENGES FOR THE INSURANCE SECTOR

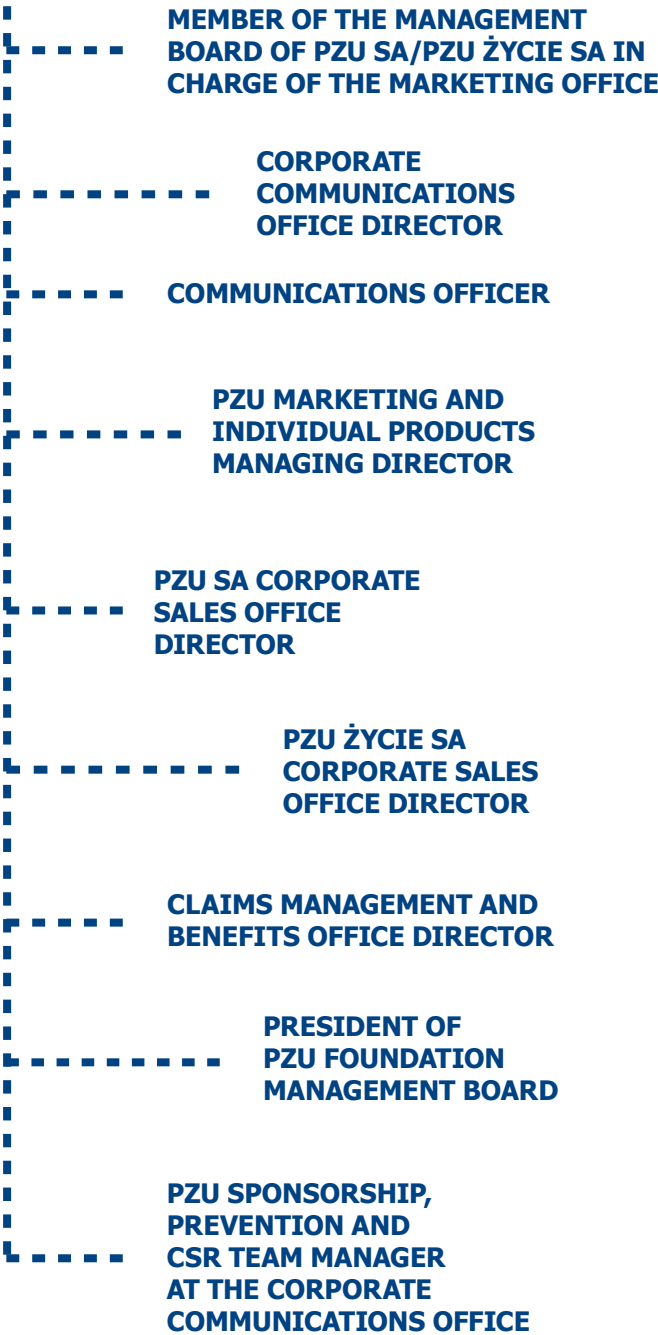
As the largest company in the sector, we set the tone and pace for developments in insurance but are also affected by all external factors such as demographic trends (e.g. aging society), economic trends (financial crisis, need to review pension systems) or legislative developments. The key challenges that the financial sector needs to face include: pension system reforms (especially in Europe), further regulatory changes in Europe (including capital adequacy requirements), changes of customer behaviour patterns and social expectations as a result of the financial crisis and new legislation in response to those attitudes and expectations that focus on product and price transparency. We are also aware of the factors that will drive changes on the market. These include technological changes and growth of social media, which lead to a change of sales channels, emergence of new on-line competitors as well as abandonment of the model based on sales forces towards a structure dominated by financial advisers.

### CSR MANAGEMENT STRUCTURE

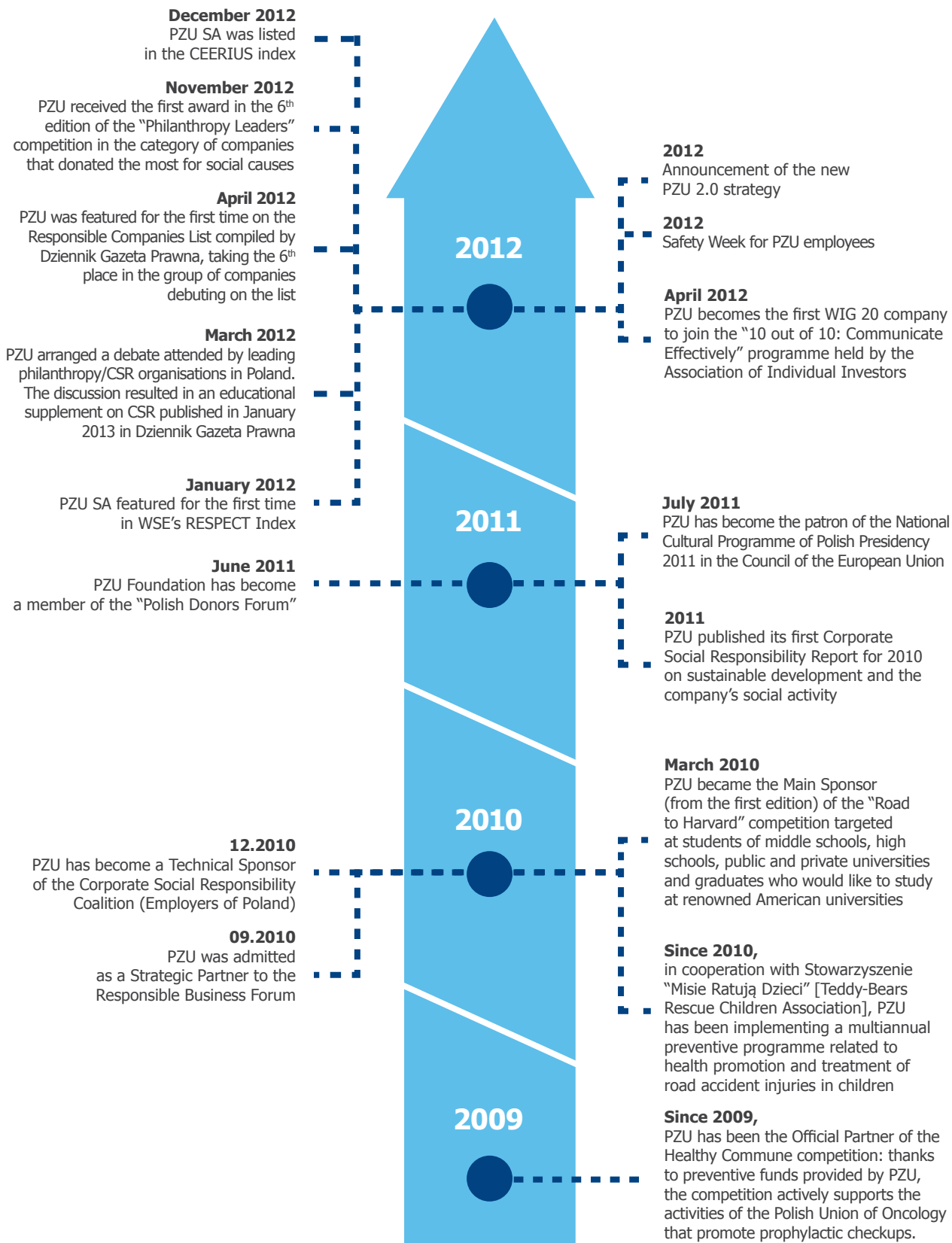
Implementation of the CSR strategy and assessment of CSR effectiveness is coordinated by the Sponsorship, Prevention and CSR Committee. The aim of the Committee is to ensure proper performance by PZU SA and PZU Życie SA of sponsorship, preventive and corporate social responsibility activities as well as to supervise the area. The main tasks of the Committee include:

- issues related to reviewing requests to implement nationwide or local preventive or sponsorship tasks when their value exceeds a specific limit;
- continued monitoring of implementation of preventive or sponsorship activities;
- supervision of implementation of CSR tasks.

As of 31 December 2012, the Sponsorship, Prevention and CSR Committee was made up of:



Calendar of CSR events at PZU



## Supporting CSR development in Poland

Concurrently with the implementation of our proprietary social initiatives, we engage in the activities of key CSR groups in Poland that promote the highest corporate social responsibility standards. Among others, we are a partner of the Responsible Business Forum and Corporate Social Responsibility Coalition (established by the Employers of Poland). We also take part in various projects, surveys, working groups and publications that foster the promotion and development of CSR in Poland.

A very important decision for us was to join the group of Strategic Partners of the Responsible Business Forum (RBF), which we approach as an obligation to constantly improve CSR management standards and at the same time to share our experiences and to promote the issue in various environments. We strive to be an active partner through:

- participation in CSR-related events held by the RBF;
- participation of PZU representatives in RBF working groups and educational meetings devoted to, among others, measurement of

CSR effectiveness and social impact and PZU presentations on building customer relations, educating and engaging customers based on social and awareness-raising campaigns of PZU on road safety;

- co-authorship of publications as part of the RBF Partnership Programme, including "Educating Consumers. A Polish Market Experience";
- participation of PZU representatives in meetings with international or domestic CSR experts;
- promotion of PZU activities by creating opportunities to share experiences and best practices;
- PZU's support in the development of the corporate volunteering programme concept.

As part of the Corporate Social Responsibility Coalition, we actively participated in the works of the project team. The efforts of the Corporate Social Responsibility Coalition resulted in the development of a practical guide on the implementation of CSR strategy from the perspective of various sectors.



**Mirella Panek-Owsiańska,**  
**President of the Management Board of the Responsible Business Forum**

In its social activity, PZU focuses on prevention in the areas of road safety and health. Through its "PZU Safe Fleet" programme, the company trains car fleet employees while in the "Healthy Commune" competition, it rewards communes for the most effective promotion of cancer prevention. An important role in PZU's corporate social responsibility communication is played by awareness-raising campaigns that help to prevent accidents, and long-standing cooperation with the Polish Police Headquarters. It certainly is a challenge to be able to integrate socially responsible management in all the business areas, including relations with suppliers or business partners, and to efficiently combine significant sponsorship activity with CSR strategy objectives.



# Improving stakeholder dialogue

We implement best practices to be able to respond to evolving needs of our stakeholders: employees, customers, beneficiaries of PZU Foundation's programmes, sponsorship activities and preventive programmes, local communities, the insurance sector, the media and shareholders.

It is our aspiration to initiate and implement social dialogue initiatives, which we perceive as an effective form of corporate cooperation with the surrounding environment and at the same time as a demonstration of the company's maturity and responsibility.

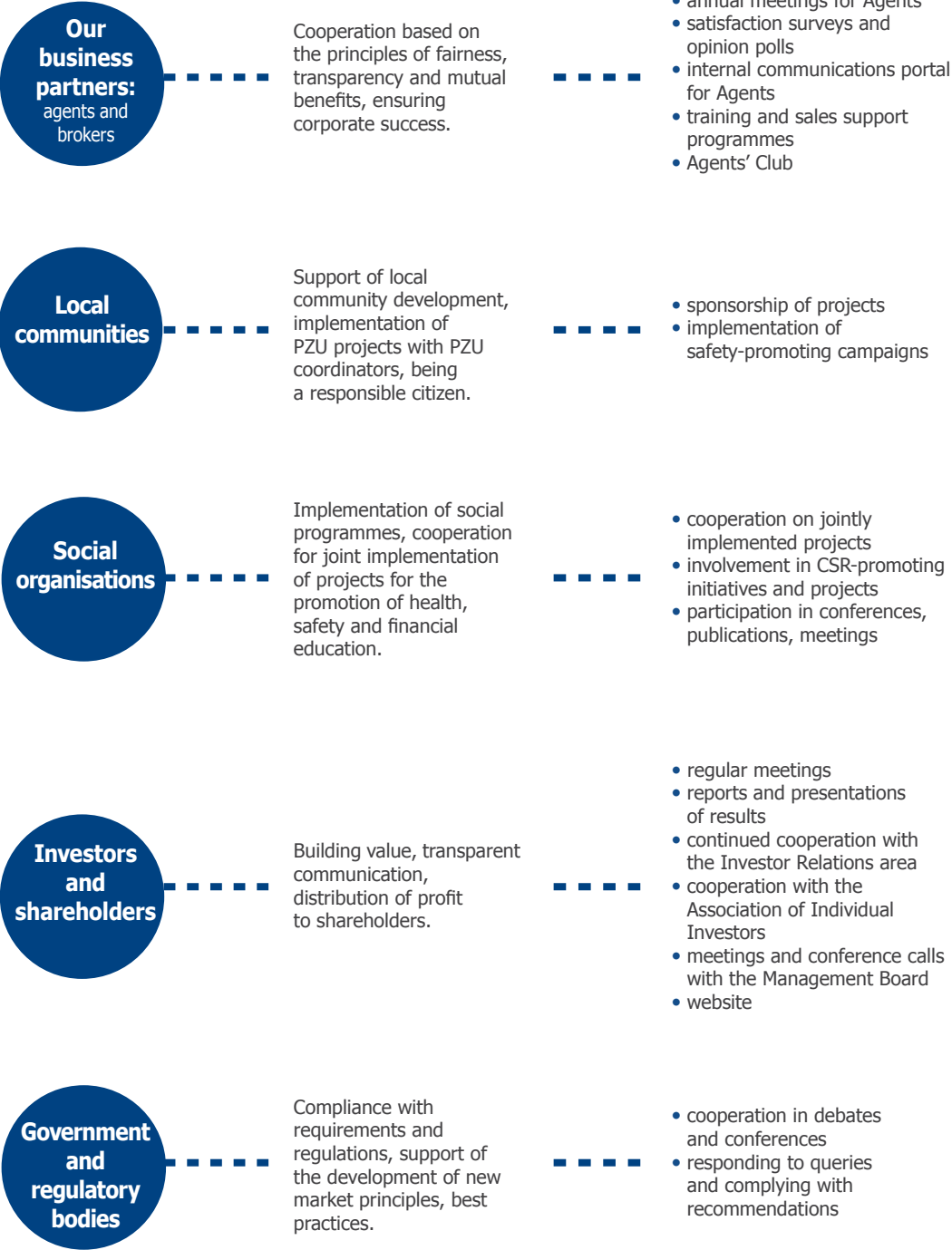
In the past years, we engaged stakeholders in a dialogue on the occasion of many social initiatives. For example, in October 2012, following the opening of a photographic exhibition on PZU's social involvement, several dozen of our stakeholders' representatives

gathered to plan further actions. They discussed, among others, events held as part of the Polish Special Olympics, plans with regard to the following edition of the "Healthy Commune" preventive competition held with the Polish Union of Oncology or the construction and launch of the Psychological Service Centre in Kraków for children injured in road accidents.

In 2012, we decided to include our stakeholders in the process of development of PZU's second CSR Report. We started works in March 2013 with three expert discussion meetings attended by stakeholder representatives: organisations and institutions that cooperate with PZU in areas related to social involvement, people representing business and CSR-related organisations with whom we cooperate everyday as well as representatives of sectoral organisations and the Warsaw Stock Exchange.

Map of stakeholders and methods of their engagement. Communication with specific groups

Group	Key subject	Dialogue and communication tools
Employees	Listening to employees' opinions, treating them with respect, ensuring development and satisfactory workplace.	<ul style="list-style-type: none"><li>• annual interviews</li><li>• internal meetings</li><li>• internal portal/intranet</li><li>• irregularity reporting mailboxes</li><li>• Work Council and trade unions</li><li>• internal publications</li></ul>
Customers	Provision of products tailored to individual needs, fair and transparent terms of proposals and agreements.	<ul style="list-style-type: none"><li>• website</li><li>• customer satisfaction surveys and opinion polls</li><li>• financial and insurance education programmes</li></ul>
Suppliers	Clear and transparent obligations and requirements toward companies, fair partnership relations.	<ul style="list-style-type: none"><li>• supplier selection process that takes account of obligations arising from PZU Best Practices</li><li>• relations with the Procurement Office</li></ul>





# About reporting

We published the first "PZU SA Corporate Social Responsibility Report for 2010" in 2011. It covered PZU SA results for the period until 31 December 2010 together with references to other subsidiaries and important events preceding the reporting period. It was developed at the "C" application level and used the basic, additional and sectoral supplement indicators. Upon its publication, we decided to continue reporting in a two-year cycle. This Report covers the results of PZU SA and PZU Życie SA for the period between 1 January 2011 and 31 December 2012. It was developed based on GRI G3 guidelines, using a sectoral supplement for the financial sector (Sustainability Reporting Guidelines & Financial Services Sector Supplement). The data contained in the document were disclosed at B+ level. Because of the new content structure and more strategic approach to the selection of the issues presented, we were unable to compare the data from the previous report.

The data collected for the report were calculated on the basis of information obtained from the current management systems in specific departments and areas. We exercised due diligence to present calculations that are consistent with information obtained from the organisation. In some cases, some estimates were required for the lack of detailed data (these indicators are specifically marked in the report). A change compared to the previous Report is that the current document includes results for both PZU SA and PZU Życie SA. The other PZU Group companies were not included in the reporting process. No significant limitations as to the report coverage were identified. Between 1 January 2011 and 31 December 2012, no significant changes occurred in the scope of business activity of the main PZU entities. The Report was subject to internal verification.



# Key issues

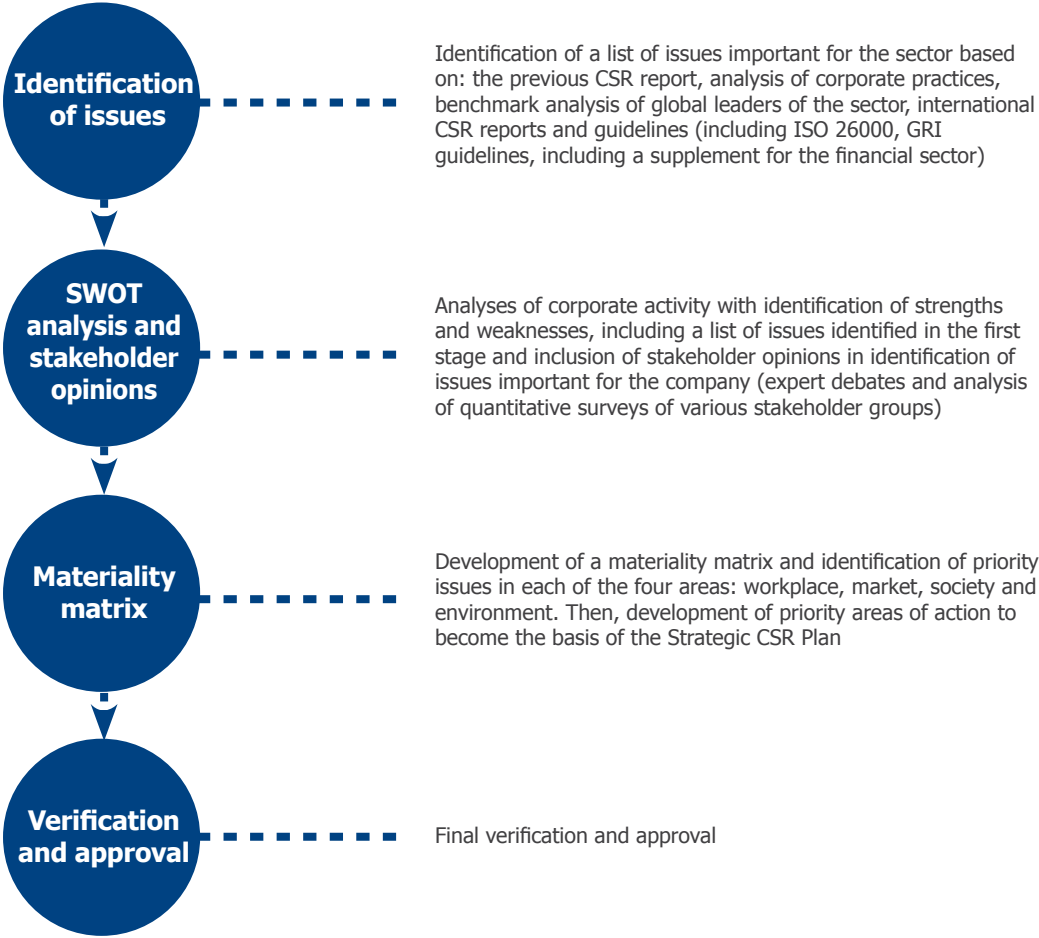
In our approach, we focus on the issues that are most important for us and our key stakeholders. During the development of a new structure of the Strategic CSR Plan, we selected four key areas of our activity for the years to come, which constitute the framework of this report:

- Financial awareness and safety as pillars of social activity
- Committed employees and performance-oriented culture

- High customer service standards and ethical conduct
- Awareness of environmental impact and staff education

The process of defining the report content was developed using Global Reporting Initiative guidelines. An important element of the process was inclusion of the opinion of external stakeholders (read more in: Improving stakeholder dialogue).

The process of identification of relevant issues was divided into a number of steps:



A background image of a call center with several agents working at their desks. In the foreground, a woman with blonde hair, wearing a headset and a light blue shirt, is smiling and looking at a laptop. Other agents are visible in the background, also wearing headsets.

# High customer service standards **and ethical conduct**

Customer orientation

Our strategy for customer  
relations

High standards

New customer-oriented  
solutions

Ethics and security

PZU as a business partner



# Customer orientation

## Customer-centric strategy

Our new strategy called PZU 2.0 emphasises the coherence of PZU as an organisation that operates in specific customer segments and proactively manages customer relations. We aim to implement a multi-channel, integrated sales and customer service model leaning towards full process automation.

We centralise our processes to provide customers with efficient and professional customer service. We are implementing new customer touchpoints and modernising our network of PZU Branches. We are also implementing a new IT system to be able to use state-of-the-art technologies for the benefit of our customers. All the above actions are undertaken to meet our customers' needs and expectations that we are constantly monitoring through regular customer dialogue and involvement of customers in the process of developing new solutions.

### FOCUS ON CUSTOMERS' NEEDS AND EXPECTATIONS

In 2012, we initiated a number of activities aimed at improving customer experience with PZU. Recognition of their needs and expectations as well as their decision drivers enables us to develop the best solutions and to adjust our processes to make them optimal for both PZU and our customers. We are closely monitoring service levels in various customer touchpoints. We analyse customer satisfaction of processes that are important for them such as insurance purchasing, claim management, road assistance or broad after-sales service.

### TAILORED SOLUTIONS

Our long-standing experience enables us to develop not only great universal products but also products that address specific needs of selected groups of customers. For example, young parents expect different solutions from us than singles or those who have recently lost their jobs. In addition to our basic range, we offer specific products for farmers, special negotiable solutions for athletes (taking account of actual risks related to their sports domain), insurance schemes for selected groups of professionals (e.g. public notaries, legal advisers or attorneys).



**Sylwia Szymula,**  
**Customer Relations Management**  
**Office Director**

Customer-orientation is the key element of PZU strategy. It is our aim to provide an optimal level of customer service in so-called "moments of truth", i.e. in key moments of customer relations with PZU. We follow our customers' needs closely, analyse the level of their satisfaction and adjust our customer service standards, including processes, accordingly. We have recently introduced significant improvements in customer-critical processes of claims adjustment and benefit payments as well as many customer service processes at points of direct contact with PZU. Continued growth in customer satisfaction clearly indicates that the improvements we introduced are effective, i.e. they are visible for customers.



We pay special attention to developing products for handicapped people, in the hope that the solutions we offer them can help them enjoy their life to the fullest. An important advantage of PZU is the availability of our services: our customers can use not only Poland's largest network of insurance brokers and more than 400 PZU Branches but also modern remote channels. As we value our customers' time and convenience, we strive to simplify the process of taking out insurance, and renewals in particular.

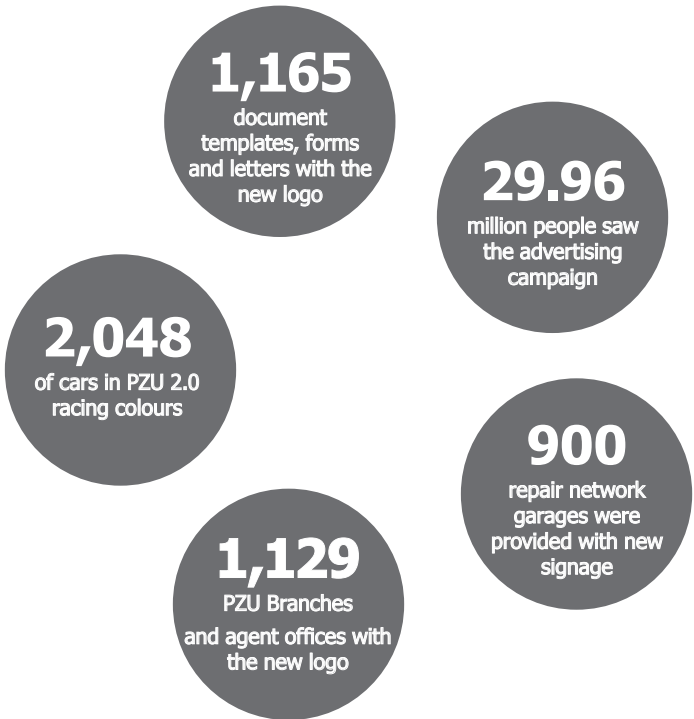
### BEST PRACTICE

## Extending our product range: new medical insurance

In 2011, we developed a new medical assistance product, aiming to provide our customers with full life and health coverage. Medical Assistance S insurance was designed for people who require broad access to specialists and diagnostics for them and their children. A network of several hundred state-of-the-art private clinics all over Poland can provide any customer with top quality service.

## New visual identification

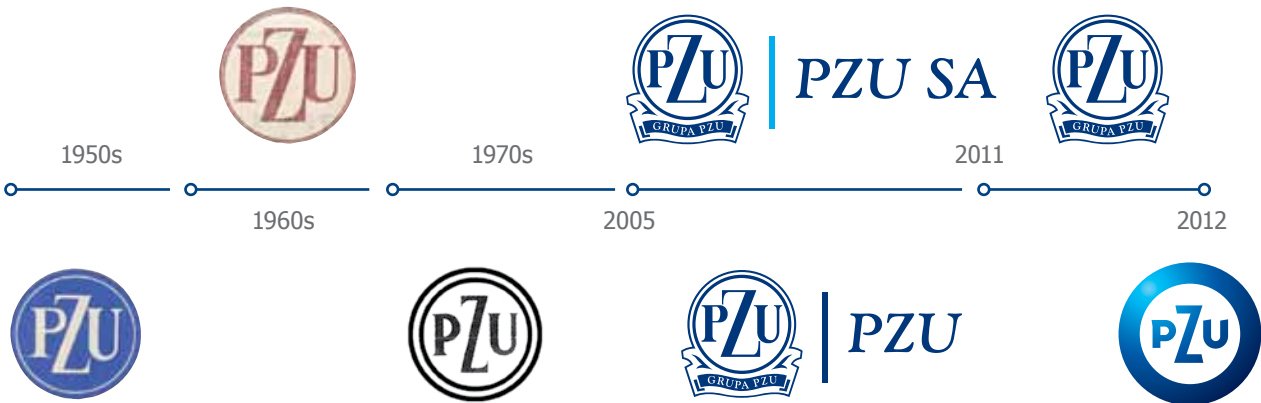
For years, PZU has been the most recognised insurance brand boasting the most important attributes of trust and reliability. However, our growth was somewhat hampered by the fact that the traditional character of PZU was appreciated mainly by our existing customers. Yet, we wanted to reach new prospects, including young people, retaining at the same time those customers who have been loyal to us for many years. Therefore, we decided to refresh PZU as a brand. The new logotype is a visible sign of the ongoing changes and a sign for the customers of our competitors and younger consumers that PZU is a company they should consider when taking out insurance.





**Marta Źycińska,**  
**Marketing Office Director**  
PZU has recently undergone significant changes. We implemented numerous sales initiatives, customer service initiatives and claims adjustment projects that transformed our approach towards customers, improved our customer service standards and facilitated processes. The company went public and became a modern, transparent company, open to the needs of all of its customers. Aiming to communicate the transformation that we were undergoing, we decided to implement the Brand Refresh Day (BRD) project. At the same time, we are aware that building a positive image of a modern and customer-oriented company requires commitment of all our employees and agents. Everyone of us should become a brand ambassador, and evidence with their attitude and conduct both inside and outside the company that PZU is changing for the better.

History of the PZU logotype



# Our strategy for customer relations

Achievement of business goals in any organisation requires efficient management of all customer touchpoints. The best illustration of the scale of our operations is the intensity of our relations with customers. Everyday, hundreds of thousands customers visit our PZU Branches, contact PZU by phone, e-mail or regular mail, and visit our website.

With a variety of touchpoints, they can easily and swiftly handle their matters with us. PZU’s multi-touchpoint approach is another step towards the customer-centric way of doing business as it provides solutions that perfectly match customer needs. Customers now can choose their preferred form of contact with PZU.

## Process centralisation and new customer service channels

Customers have always appreciated the possibility to choose how they want to contact PZU. One might even venture to say that we offered remote service to our customers many years before the digital communications era. Customer requests were sent by regular mail or by phone to hundreds of PZU offices which reviewed them and acted upon them. Today, a standard of modern insurance operations is full delocalisation of customer service while remote channels (e-mail, phone, text messages, websites) constitute fully-fledged access gateways to the product range. We promote remote communication channels by showing customers how easy and convenient it is to do business without leaving home, for instance by phone (801 102 102) or via our website (www.pzu.pl). We are gradually extending the number of remote processes available, thus strengthening our image as a modern, customer-friendly company that evolves for the better.

DIFFERENT CHANNELS, ONE AIM

We aim to provide our customers with professional and efficient service in all touchpoints. Therefore, we paid special attention to customer service standards ensuring that the customers are served in a reliable manner and in line with their needs, irrespective of the matter they refer to PZU or PZU employees refer to them.



**Tobiasz Bury,**  
**PZU Group Network**  
**Managing Director**  
Our new relations model is a consistent response to the question how customers can contact PZU to have all of their important issues resolved and how the issues should be handled by PZU to guarantee top quality. The model includes: a network of PZU Branches (physical touchpoints), integrated communication channels (remote customer service) and PZU Customer Centre (centralised handling of customer instructions) as well as tools or standards that guarantee top quality of all our interactions with customers.



Annual number of interactions – ca. 80 million  
– means that every adult Pole contacts PZU at least 2–3 times per year!



More than  
**40 million**  
customer interactions  
occur in PZU Branches



We send more than  
**18 million**  
letters to our  
customers annually



**65%** of customer  
interactions are one-on-one  
meetings



**Every sixth interaction  
refers to claim  
adjustment or benefit  
payment.**  
In such cases, PZU is most often  
contacted by customers through  
the helpline (almost **40%**).



**80 million**  
interactions annually

**The most frequent reason for  
customer interactions with PZU  
(23%)** is payment of life insurance  
premium (at a PZU Branch)

**MODERN AND COMMONLY ACCESSIBLE  
NETWORK OF PZU BRANCHES**

Modernisation of the PZU network that was started in 2012 and will last for the next few years focuses on all the aspects of physical operation of PZU Branches. We are working to turn them into state-of-the-art branches that have no barriers and offer convenient access to everyone. This way we want to be present wherever our existing and prospective customers are.

**QUICK ACCESS**

PZU helpline allows everyone to contact PZU 24/7. The 801 102 102 helpline serves 8 million calls a year, enabling customers to quickly and easily access all PZU products and services.

A customer calling our helpline may be sure to be served professionally and obtain required information whenever they need it.

**CLOSER TO THE CUSTOMER**

An important and very much anticipated event was the launch of a modern Customer Centre (CC) in Bydgoszcz. Its main objective is to handle customer requests from all the touchpoints (mail, Internet, phone, PZU Branches), maintaining coherent standards of service. This enables us to centralise property-related after sales processes, thus reducing the time the customer has to wait for their issue to be resolved.

**BEST PRACTICE**

**MORS, or efficient mass sales**

Variety of sales channels (exclusive agents, multi-agents, dealers, brokers) is one of our competitive

advantages. However, in order for the model to be efficient, proper management taking account of the specific

character of each channel is required. With this in mind, we implemented a new mass sales model called MORS in 2012.

**BEST PRACTICE**

**SOLAR: a sunny support**

Focussing on customers who ask to be contacted on-line, we developed a functional system for handling customer leads. SOLAR is an application that supports sales, retention and acquisition of customers as well as management of relations with them. Providing our agents with the tool was a great leap towards

streamlining customer service. SOLAR sets a new standard of professional customer relations planning and performance as well as implementation of sales campaigns. The solution enables optimum usage of the organisation's resources and control of business processes related to handling

customer communication. This is not only a tool but an entire business strategy and philosophy whereby we build an excellent customer relation using good work management tools. It ensures support in the sales and customer retention areas, thus enabling to grow efficiency of the tasks performed.

**Attaining the summit: the Everest project**

Everest is one of key projects supporting the implementation of PZU 2.0 strategy as a vision of a company that is strongly customer-oriented, efficient in its operations and offers innovative solutions related to customer protection. The aim of the project is to implement a new operating model that will enable further growth of PZU. Implementation of the new policy system is one of the largest business and technological challenges in PZU's history. The previous system that we have worked with for the last 17 years reached the peak of its performance. We faced the challenge of changing it, otherwise it would be hard to implement our ambitious plans to grow and improve our customer relations model. The new system enables us to increase product range flexibility through the introduction of module-based products, adjusted to evolving customer's needs, and rapid fee changes. Plus, the 360-degree image of our relations with customers enables us to develop proposals that are perfectly tailored to their needs. The new system will also enable multi-touchpoint customer service.



**Michał Kopyt,  
IT Transformation Director**  
We will soon be able to use an innovative solution that will enable us to launch a new communication channel anytime. Tablets? Smartphones? We will be ready for that.

## Voice of the customer: we listen, analyse and implement

Getting to know the needs of our individual and corporate customers and their decision drivers enables us to develop proposals that meet their expectations. At PZU, we listen to customers' opinions in many ways and implement the findings in all areas of our operations. Thanks to the analysis of our surveys, we can identify factors that build loyalty and satisfaction, and thus drive our actions.



For the third time in a row, PZU won the Jakość Obsługi Klientów 2012 (Customer Service Quality) ranking in the Insurance category and thus joined the TOP 100 Most Friendly Companies in Poland. The ranking is compiled every year based on customer rating and opinions about various companies and institutions from all over Poland.

### Customer service modernisation



### BEST PRACTICE

## Our adviser, the customer

Nobody knows customer needs and expectations better than customers themselves. This is why in October 2012, we decided to appoint a unique advisory body, called PZU Good Customer

Advice Board. The Board is made up of 10 customers who are elected for a one-year term. The Customer Board issues opinions and supports PZU in selected initiatives re-

garding, among others, the expected customer service quality, ways of communicating with customers, course of customer service processes, marketing materials or social activity.

# High standards

## Customer comes first

Customer orientation means primarily professional customer service and meeting customer expectations. In view of that, we developed and implemented customer service standards that are consistent for all PZU's customer touchpoints. We want the customers to feel their needs are well taken care of, irrespective of the matter they refer to PZU or PZU employees refer to them.

### REGULAR CUSTOMER SATISFACTION SURVEYS

Aiming to properly recognise customer expectations towards PZU services, and thus to monitor the level of customer satisfaction with regards to various processes and services offered by PZU, we regularly conduct customer surveys. In 2012, we surveyed more than 50,000 customers who have recently experienced a specific surveyed process. Nine out of 10 customers expressed their satisfaction in PZU customer service in all of the processes in question. Satisfaction surveys in the current new form have been conducted since 2012. The survey includes questions on many detailed elements of the process the customers experienced. We ask, among others, about general customer satisfaction, evaluation of the effort and commitment they had to invest to have their matter dealt with by PZU as well as their willingness to recommend PZU to their family and friends. Satisfaction surveys are multi-faceted. Not only do they enable to identify areas for improvement but also indicate our strengths that make us stand out above other insurers. A detailed analysis of the results builds our knowledge of customer needs and on how well we manage in satisfying them.

The survey results provide important information on the quality of our work. Customers provide us with valuable insights on which direction we

should choose. We then check whether the actions we undertake provide the expected results and are appreciated by the customers.

### SURVEYS OF CUSTOMER SERVICE QUALITY AT PZU BRANCHES

In order to properly address the needs of our customers, we conduct regular customer satisfaction surveys. Our main goal is to make customers perceive customer service at PZU Branches as professional, competent and open to customers. In order to verify the actual

### How we improve for our customers



Improvement in line with customers' expectations is a continued process. Findings from regular customer surveys are analysed and consulted internally, and then used to design and implement corrective actions.

service standards, we continuously perform Mystery Shopping activities. The activities are not only aimed at establishing the level of customer service offered by employees (which is an important element of their performance assessment) but also at enabling us to diagnose customer-oriented behaviours and the way the applicable customer service standards are followed by the employees in question. Survey findings constitute a valuable and interesting basis for working on the improvement of the quality of customer experience among those who visit PZU Branches. Customer service quality at each PZU Branch is verified several times a year.

#### LISTENING TO CUSTOMERS CALLING THE CONTACT CENTRE

We conduct regular surveys to determine the level of satisfaction and customer service quality among consumers calling our Contact Centre. Every quarter, we collect the opinions of more than 3,000 people whom we contact immediately following their conversation to our consultant. Such a survey enables us to obtain the actual, still "fresh", customer's opinion. In addition, our customer service specialists analyse hundreds of calls per month. Conclusions from the conversations analysed are provided to consultants on a regular basis, which enables us to quickly eliminate errors and ingrain exemplary attitudes. The results of a survey performed in 2012 indicate that 92% of customers rate their interactions with the Contact Centre very positively. This, however, does not change the fact that we are regularly monitoring subsequent results and

aim to further improve customer experience. We are constantly optimising the interactive voice response (IVR) system that enables customers to connect to a consultant in order to make the use of the helpline as simple as possible and to reduce the time of staying on hold.

#### A MOMENT OF TRUTH

Claims adjustment is a "moment of truth" for the customer in cooperation with the insurer. This is why we pay special attention to meeting the needs of customers experiencing the claims adjustment process. When notifying us of a damage or requesting a benefit, customers turn to us at a very difficult time for them, entering a process they usually don't know. Knowing what comes next and getting information on the status of their case enable customers regain their sense of security and control over the situation. Based on information received from our customers, we have developed a new model of proactive customer communication in the claims adjustment process. Positive experience in the process of claims adjustment or benefit payment is key to building customer's relations with PZU. Diagnosing areas where the process is efficiently performed and areas requiring improvement is possible with regular surveys of customer satisfaction of the claims adjustment process. To this end, we survey almost 2,000 PZU customers every month. The level of their satisfaction of participation in the claims adjustment process was growing stably to attain more than 90% in the fourth quarter of 2012.

#### BEST PRACTICE

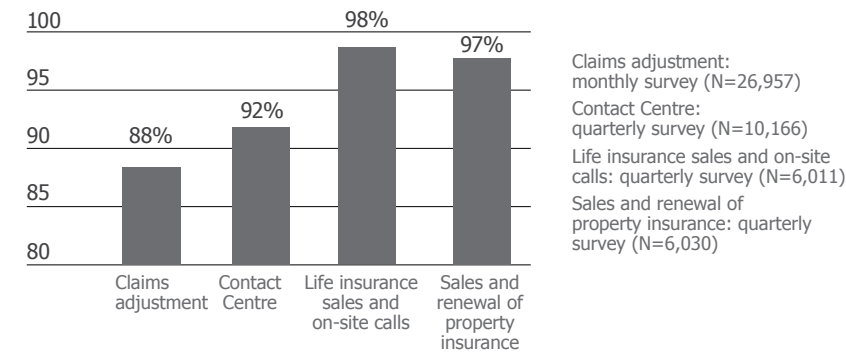
### Complaints

Complaints filed by customers are a valuable source of information on what should be changed or taken care of so that their needs are met. These are very important guidelines enabling us to prevent the same mistakes in the future.

Complaints may be treated as one of the methods of customer communication with our organisation. Understanding complaints and drawing proper conclusions ensure continuous improvement of the quality of our services.

Aiming to maintain the highest quality and timeliness of complaint review process, we developed specific rules and procedures related to complaint acceptance and review. They are available for customers at [www.pzu.pl](http://www.pzu.pl).

#### PZU customer satisfaction survey results



Results of a customer survey conducted in 2012 (include 4 quarters).

Although we managed to significantly streamline and modernise claims adjustment and benefit payment processes (by, among others, minimising formalities, introducing on-line claims adjustment, etc.), we believe we should monitor them continuously and adjust them to evolving customer needs.

#### E-ADJUSTMENT

We want the customer, in the emotionally difficult claims adjustment process, to feel they are well taken care of and that they can file their claim in an easy, fast and convenient manner. In view of that, we provided our customers with many options to file claims: from a visit at a PZU Branch through 24/7 PZU helpline to the most convenient and accessible way, i.e. on-line. E-adjustment offers many benefits: customers can follow the status of the process at every stage (on-line claim/benefit status).

#### BEST PRACTICE

### Mobile PZU Assistance

PZU's philosophy is founded on assisting others. Professional approach supported by innovative technological solutions enables our employees to serve our customers in difficult moments of their lives. This primarily means support almost immediately upon damage occurrence and rapid payment of compensation so that the claimant can start to restore their property without unnecessary delay. We can quickly respond to extraordinary situations with

PZU Assistance Mobile Office. It is the most innovative coach in Europe that was modified so as to handle claims adjustment in extraordinary situations such as natural disasters, fires or pileups. The Mobile Office and hundreds of PZU experts who perform on-site damage inspections enable us to efficiently reach the claimants, provide them with assistance and comprehensive adjustment service as fast as possible, also following natural disasters.

## Standards developed for corporate customers

A separate group of customers who have specific requirements towards insurers are corporate (institutional) customers. Therefore, we undertake a lot of initiatives to properly

define their needs and expectations. Based on detailed analyses and dialogue, we streamline our service offered to this group of customers to include their specific needs.



# New customer -oriented solutions

## Innovation and mobility: our new vision of customer communication

PZU 2.0 strategy stresses the need to provide customers with solutions based on innovative technologies. Their role, though already very important, is growing continuously. Evolving customer expectations make us face significant technological challenges. This is quite obvious as Poles are the most ardent fans of the Internet in Europe<sup>1</sup>. We are also in the global lead in terms of social media popularity: in April 2013, almost 11 million Poles (more than 27%) had Facebook accounts<sup>2</sup>. Also, the number of smartphones and tablets is growing rapidly, making the Internet our 24/7 companion.

### OUR SHOWWWCASE

The first important step towards innovation was implementation in 2010 of the new PZU website. The website was launched in January 2011 and we are constantly working to make it compatible with the ever-changing standards. The solutions used enable users to easily navigate the website and quickly find the required information. A significant part of the website is educational content: customers can learn about the detailed characteristics of each of our product groups, and choose solutions that meet their needs. Customer-friendliness of the website is constantly monitored: we regularly perform usability tests that enable to modify the elements of the website that hamper efficient navigation.

### MOBILE ASSISTANCE

In the era of the Internet and smartphones, the term "mobile" gained a double meaning: obviously, our network of vehicles is mobile but the term also refers to tools that enable to adjust PZU Assistance services to customers' needs and circumstances.

The most important improvements include:

- 24/7 Emergency Centre
- SLS Assistance Application
- E-Geos map
- PZU Call Assistance
- "Finder" order management system

### TO BE WHERE THE CUSTOMERS ARE

We reach our customers using state-of-the-art solutions, aiming to be where our customers are. For instance, product campaigns use non-standard functionalities of social media or the YouTube website. The official PZU channel features several dozen interesting materials, mainly our commercials, including the social ones: <http://www.youtube.com/user/GrupaPZU>



# Ethics and security

Ethics – of the entire company and of each employee individually – is the foundation of all our actions and a necessary precondition for sustainable development. Our standards related to ethics are determined both by formal documents (PZU Best Practices, New Security Policy) as well as PZU's core values. The three values that constitute our DNA are wisdom, simplicity and imagination.

We want all our employees to be aware of the ethical procedures and expected attitudes in the company as well as issues related to corporate governance. Therefore, we included an e-learning training on PZU Best Practices and compliance in the package of obligatory trainings for all new hires.

Documents that constitute our formal ethical foundation and the security policy that apply at PZU are available at the Risk Office and Security Office websites, and in the Internal Documents Library.

### PZU BEST PRACTICES

The document emphasises the role of ethical values that apply to all aspects of PZU operations, and describes our best business practices. It promotes and advocates for a culture of compliance with the applicable laws and ethical principles as well as accountability for decisions. The said collection of values and rules is applicable to all PZU employees. In addition, it has to be respected by all external entities that act on behalf of PZU, e.g. agents, consultants, intermediaries and independent contractors. Every employee is obliged to follow the provisions of the document and report any feedback they may have. This is the only way we can maintain adequately high ethical standards in the organisation and ensure proper efficiency of its operations. We also have additional regulations in place that were developed for members of the Managing Board and Supervisory Boards as a single document called "Ethical Principles".



**Lucyna Guzińska,**  
**Administrative Support Centre,**  
**Regional Branch in Szczecin**

I work at the ASC of the Regional Branch in Szczecin and I had an opportunity to participate in a training on information security. I approached the training with full interest and involvement. This difficult but at the same time extremely important issue was presented in a very interesting way, all the participants were actively involved in the discussions, asked technical questions related to their duties and received satisfactory answers. I really appreciate the trainer, his knowledge of the laws and regulations, their interpretation and examples from both our professional and private lives. Such form of training is the most conducive to learning and practical implementation of the required procedures and recommendations.

The other pillar that builds trust is security. We ensure security by complying with the provisions of our documents such as the PZU SA/ PZU Życie SA Information Security Policy and PZU SA/PZU Życie SA Security Policy for Crime Prevention. The former document regulates all the key issues related to the protection of information, i.e. all of the data that have a specific business or legal value for PZU, e.g. personal data, insurance secrets. The document

1. According to a report by Boston Consulting Group report commissioned by Google, published in April 2013.  
2. Source: Socialbakers.com.

covers detailed principles related to, among others, protection of protected information, information security in IT systems and prevention of security incidents.

The other Policy regulates which behaviours are not tolerated at PZU, which of them should be considered a crime, what PZU and employee should do if a crime is uncovered and most of all – what can be done to prevent crime. PZU Życie SA Anti-Money Laundering and Terrorist Financing Procedure constitutes an annex to the Security Policy.

EDUCATION AND TRAINING

In 2011–2012, employees of the Security Office conducted trainings and awareness-raising campaigns targeted at employees of PZU SA and PZU Życie SA. Both projects were aimed at improving the level of technical knowledge and employee awareness on the issues related to security protection and prevention of insurance crime.

- Reducing insurance crime at PZU – the campaign held in 2011 was aimed at the employees of the Head Office and regional structures of PZU SA/PZU Życie SA. During the campaign, a number of awareness-raising and training activities were held, including a poster campaign at the PZU Tower building, a series of releases on insurance crime published in the newsletter, off-line trainings (more than 700 participants), on-line trainings (more than 4,600 employees) and the “Don’t Be Deceived” competition (almost 300 participants).
- Training and awareness-raising campaign on the principles of disclosing insurance secrecy information (September–December 2011) – a newsletter for employees featured a series of materials on insurance secrecy.
- Trainings on physical security and robberies: we conducted a series of trainings/workshop sessions aimed at the managerial staff of the branch network on procedures in case of a local threat such as a robbery, dealing with “aggressive customers” and a bomb threat. The trainings were participated by 305 employees.
- E-learning trainings – in 2012, we conducted an e-learning training on Information Security Principles aimed at all PZU employees. Trainings on Information Security Principles are also provided to all new hires. We further

plan to implement subsequent e-learning trainings on the prevention of insurance crime, prevention of money laundering and terrorist financing, physical security, including procedures in case of a local threat.

Employees also undergo both off-line and on-line trainings in preventing corruption. Trainings on PZU Best Practices include modules on human rights and corruption prevention among company employees. It is worth to emphasise that no cases of corruption were reported thanks to the trainings, policies and procedures in place.

BEST PRACTICE

How to report irregularities

The Irregularities Reporting System creates a communication line between our organisation and our employees or other partner entities, e.g. agents. The system provides us with direct insights from all the levels in the company structure, while employees, agents and other stakeholders are provided with a tool to share their remarks on company operations. Any concerns, suggestions and irregularities can be reported by phone, regular mail, fax or directly to the Compliance Coordinator. There is also a special e-mail address available (zareaguj@pzu.pl) for reporting.

Number of training hours on PZU Best Practices and compliance



\*In 2011, the company did not provide trainings on the subject.  
The company previously did not apply a division into employees and managers with regard to training data.

Ethics and transparency in external communication

At every stage of development and communication of our products, we are driven by ethics and transparency. An important role in this area is played by the “Procedure for Development, Modification and Implementation of Insurance Products”. We closely monitor the list of abusive clauses, constantly review agreement templates and comply with recommendations of the Polish Financial Supervision Authority, the Office of Competition and Consumer Protection and the Polish Insurance Ombudsman. If a new clause is listed (and it does not directly refer to our products) and it is found that our template provisions are consistent with the abusive clauses, we immediately undertake actions to eliminate such clauses and replace them with customer-friendly provisions. We also monitor EU directives and Polish legislation on insurance products and insurance service fees. If necessary, we adjust to new regulations on an ongoing basis. In the period covered by the report, the President of the Office of Competition and Consumer Protection did not impose any (legally binding) fines on PZU SA and PZU Życie SA. Information

on all important proceedings against PZU is available in the consolidated financial statement of PZU SA Capital Group. Our internal communication is performed in line with the Best Insurance Practices. A unique initiative, not only in the financial sector, is a project of marketing texts quality improvement launched in 2012. The main aim of the changes being introduced is to enable customers to understand the difficult subject of insurance. We want our texts to be easy, graphically appealing but most of all – written from the customer’s perspective. As part of the project, we established cooperation with the Plain Language Centre that has operated since 2012 at the Wrocław University’s Institute of Polish Philology. The Centre aims to develop a Polish version of the “plain language” standard, i.e. a clear communication style recommended to all institutions that write texts targeted at mass readers. In cooperation with the Plain Language Centre, we conducted research on the clarity of PZU marketing materials and identified phenomena that make understanding of our texts difficult.

CASE STUDY

# Customer security in the hands of our employees

Aware of the trust that our customers place in us, we treat the security of information provided to us and processed by us with utmost care.

## Many facets of secrecy

Insurance secrecy covers in particular:

- ✓ insurance agreement (as an integral entity),
- ✓ information related to the insurance agreement, included in other documents or databases,
- ✓ information on the parties to the legal relationship under the insurance agreement,
- ✓ information on the properties, features of the insured and the insured objects,
- ✓ data on insurance premium, benefit, compensation,
- ✓ individual agreement terms and conditions,
- ✓ the fact of provision of insurance coverage,
- ✓ the lack of insurance coverage,
- ✓ the application for insurance coverage,
- ✓ information related to resolution of disputes arising from the insurance agreement,
- ✓ information constituting personal data.



**Robert Dąbrowski,**  
Security  
Office Director

At PZU, we take utmost care to protect our customers' data at all times. The security of data provided to us by customers is a priority for us. Thanks to procedures applicable at PZU, we ensure information security at the highest level. We do our best to make every customer feel properly protected in this regard.

## Protected data

Most of customer concerns, which is understandable, are related to the issue of personal data processing. We strictly comply with the Personal Data Protection Act that allows for the processing of personal data only when the person to whom the data pertains consents to it. As data controller, we fully control which personal data were entered to the database, when they were entered and by whom, and who they are provided to. We exercise due diligence to protect the interests of individuals, and in particular to process the data in compliance with the law, to collect data for specific, lawful purposes and not to process them further for purposes other than the above. In the period covered by the report, we recorded three customer complaints filed with PZU as part of the irregularities monitoring system. All of the cases were clarified. Information obtained during the clarification procedure enabled us to undertake relevant preventive actions ensuring strong information protection, including the protection of personal data in line with the provisions of the law.

CASE STUDY

# Access to information

We follow the key rule which says that employees have access only to the information and authorities in IT systems that are required for the performance of their duties. IT system authorities are requested for an employee by their line manager. It is the manager who is responsible for providing the employee with authorities relevant to the employee's duties. The employee's manager is also responsible for filing an application to cancel IT system authorities if the employment relationship is terminated or the employee moves to another organisational unit of the Company.

## 10 information security principles

The most important role in the information protection process is always played by people. Therefore, we make our employees aware that only a few simple habits can help them minimise the risk of unauthorised handling of business information. In a campaign promoting the basic rules of information security and harmonised communication channels, we used posters and publications in our newsletter and our internal magazine called "Świat PZU".







# PZU as a business partner

## Approach to cooperation with companies and business partners

We aim to establish long-term cooperation with companies and business partners, based on a win-win formula. We support corporate customers in developing their businesses, protecting them against key risks and covering their corporate assets and third-party liability. Customers also appreciate the fact that PZU's policies are a valued loan security accepted by every bank or leasing company. In 2011, we modified the basic product range for small and medium-sized companies, i.e. the PZU Adviser package. The changes were aimed at extending availability of products for all SME customers. Depending on the customer's needs, insurance may be extended to include assistance services and coverage of risks specific to the customer's business.

### RISK ENGINEERING

Aiming to protect our customers, we pay much attention to the issues related to risk management and risk mitigation. It is possible thanks to a solution called "risk engineering",

i.e. professional technical risk management based on analyses performed by our specialists directly at the customers' locations. A professional insurance engineering audit enables to determine threats and weaknesses in the organisation that are either ignored or underestimated in everyday operations. Our engineers indicate the threats observed and recommend technical and organisational solutions to prevent emergencies and protect corporate property. We are the only company on the market that offers hospital audits in the process of medical centre risk assessment.

### LOYALTY HIGHLY VALUED

In order to build long-term relations, we offered our customers a unique loyalty programme called PZU Business Club. Its participants are provided with attractive insurance products and the privilege to use the Your PZU Assistance Assistant package, namely a personal concierge who is very helpful in everyday life.

## Our agents: cooperation on fair terms

Appreciating the commitment of our agents to the achievement of PZU's business objectives, we do our best to make their work a source of satisfaction and an opportunity for professional development. Our initiatives aimed at effective

and satisfactory work for agents include:

- agent support programmes,
- Agent Academy trainings,
- a new portal for internal communication with the network of agents.

At the beginning of their cooperation with PZU, our agents attend a series of trainings that prepare them for work, including ethical trainings on compliance with PZU Best Practices. At the beginning of 2013, we conducted a survey for agents to assess the sales support tools they were provided with. Most respondents rated the tools rather positively.

We build motivation to achieve the expected results and continuously develop competences through, among others, a commission system (depending entirely on sales activity and sales quality) as well as segmentation. This enables to build a career path in the Sales Network and to diversify support (including remuneration) of agents, depending on their sales results. We also regularly arrange non-commission-related competitions, including PZU SA and PZU Życie SA Elite Agents' Club and the Elite Apprentice Club (for the best agents starting their careers).

### BENEFIT PROGRAMMES

We negotiate terms and conditions with leading suppliers and manufacturers, which enables our agents to purchase services (e.g. telecom services) or products (e.g. IT equipment, cars) upon preferential terms. At the end of 2010, we launched an attractive group insurance programme for PZU agents. The programme is highly popular: until the end of 2012, it was joined by ca. 1,700 people from PZU SA.

### BEST PRACTICE

## We appreciate our talents

The culmination of the annual efforts of our sales force is the Sales Congress. The event gathers the best agents selling property and life insurance. The conference part of the Congress ends with a speech

by a special guest whose life and professional career can become an inspiration for our insurance agents. The meeting is also a unique occasion to integrate agents who are usually scattered around Poland.





**Marek Piskur,**  
**Centrum Ubezpieczeń,**  
**Rzeszów**

PZU boasts a strong position not only in the insurance but – broadly speaking – in the financial sector. Its logo is one of the strongest brands in Poland. We have the most extensive range of products and the transformations in the company have been positively received by the market and our customers. This all enables us to more easily reach our existing and prospective customers. I have worked for PZU since 2005 and currently have two offices in Rzeszów. However, most of my time is devoted to field visits. In my opinion, development in this sector depends on three factors: commitment, passion and empathy. Customers appreciate professional advice but also the fact that we can identify their needs and offer them an optimal solution.



**Daniel Narowski,**  
**Owner of Agencja Nr 1,**  
**Ruda Śląska**

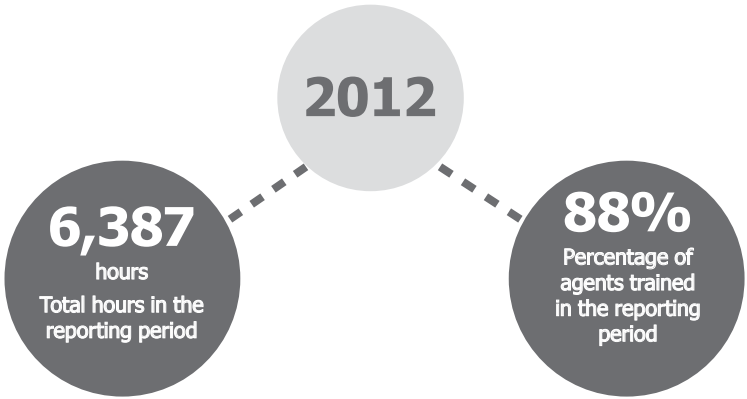
I have cooperated with PZU for 17 years. Throughout these years, the insurance market has undergone significant changes but the needs of our customers have stayed the same: they require innovative solutions and flexible approach to their individual situation. And PZU, with the most comprehensive product range in the market and the highest customer service standards, provides it to them. As an entrepreneur, I appreciate PZU for making careers possible for people who are ambitious and want to develop. I started as an agent and today, I have a company that has created several jobs and serves the inhabitants of almost the entire Silesian agglomeration.



**Jerzy Kraszewski,**  
**Owner of Agencja**  
**Ubezpieczeniowa Jerzy**  
**Kraszewski, Wysokie**  
**Mazowieckie**

The best evidence of the quality of cooperation with PZU is the fact that our relationship has lasted for more than two decades, since 1991. PZU was my first and only employer. The company has given me not only 22 years of interesting, rewarding work but also... a family (I met my wife at PZU). Stability, satisfactory remuneration, development opportunities, protection, all of these are important for me and I can rely on PZU to provide them. However, in my everyday work, it is the quality of products that counts. Selling PZU-branded solutions, I can be sure to provide my customers with access to the most comprehensive product range on the market.

Number of training hours on PZU Best Practices and compliance for agents



\* In 2011, the company did not provide trainings on the subject.

## Our business relations are based on equal terms

### COOPERATION WITH BROKERS AND DEALERS

Process standardisation is the best guarantee of equal terms of cooperation. In 2012, we have initiated work on a set of principles for cooperation with brokers that will enable us to strengthen our relations with this strategic group of partners. Initiatives and actions are consulted with brokers and their feedback is used to verify our principles and to streamline our work. We also strive to adjust our programmes for car dealers and car insurance sellers to customer expectations and demanding market environment. The former ones can get incentive bonuses, attractive prizes in the Super Dealer competition, and PZU Dealer VIP cards. For insurance sellers, we developed the Super Seller programme, a PZU Dealer card as well as incentive and product trainings.

### RELATIONS WITH SUPPLIERS

All the agreements concluded with suppliers as part of the procurement process are

evaluated and signed exclusively with the suppliers who accept the provision that they have read and accepted the general corporate governance principles at PZU SA and PZU Życie SA and their subsidiaries, which also include elements related to, for instance, human rights. The area of relations with suppliers was described in detail in the PZU Best Practices document, which proves the importance that we attach to honesty and reliability in every aspect of our operations.

The most important standards included in Best Practices are as follows:

- we comply with all legal regulations, including those on agreement conclusion and order delivery,
- our purchasing decisions are purely based on the criteria of price, quality, technical parameters and usability,
- we avoid transactions that could raise doubts or appear inappropriate or illegal because of their character or method of negotiation.





# Safety and financial awareness **as pillars of social activity**

Measuring the effectiveness  
of our activities

Safety in the heart of  
our activities

Extending our customers'  
financial knowledge

Building financial  
awareness of the society

Developing  
local communities

The art of supporting culture



# Measuring the effectiveness of our activities

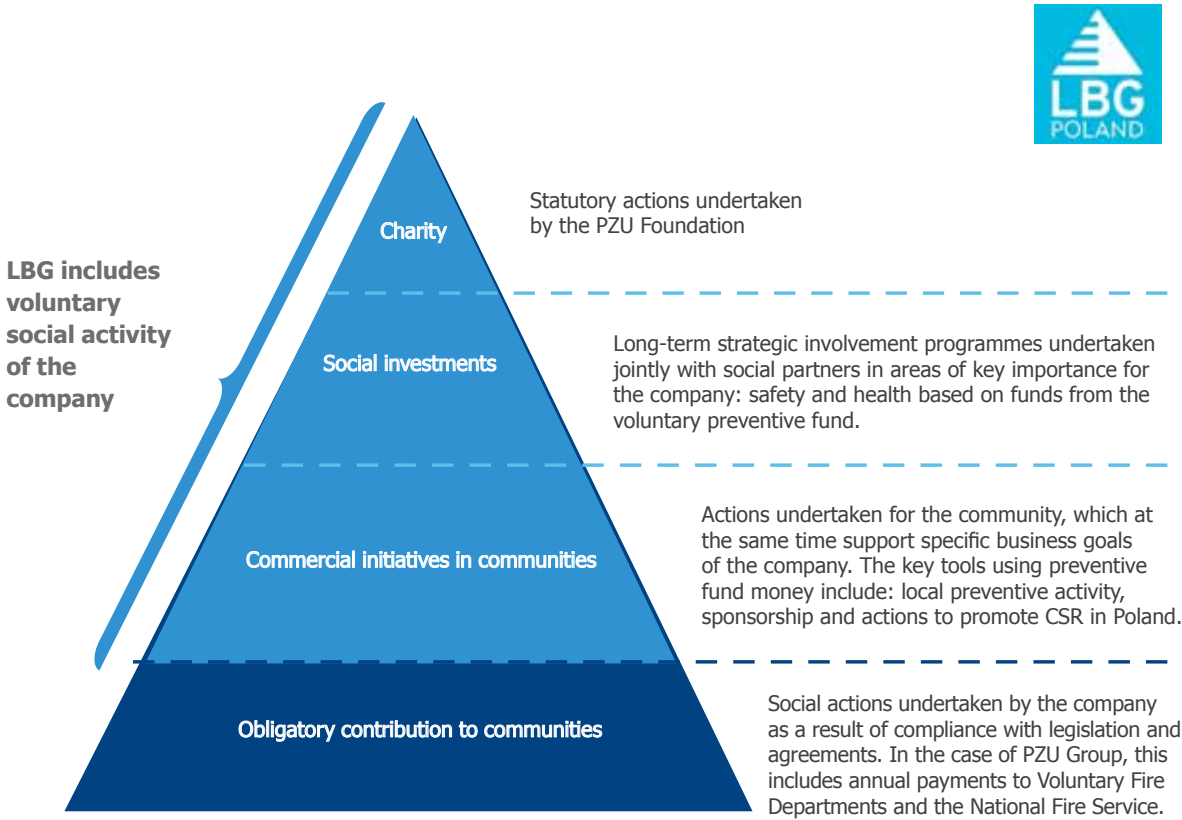
## Setting new standards in managing corporate community involvement

The contemporary model of corporate community involvement that is concurrently focussed on resolving social issues and achieving business profits makes companies face totally new challenges. One of those challenges is consistent and effective management of the strategy of actions implemented, while another is to measure community involvement effectiveness and to inform key stakeholders on the results achieved. Therefore, we

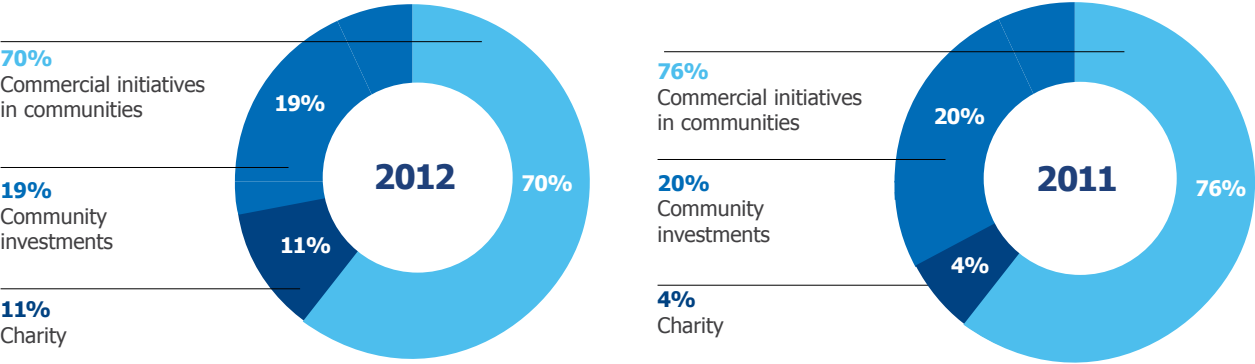
decided to join the LBG Poland initiative and to start systemic efforts on measurement of effectiveness of the programmes we implement. Initially, we evaluated our involvement in various LBG categories. We are currently reviewing the results of the evaluation and starting another step at the same time, namely evaluation of selected programmes in line with the LBG methodology. In the future, the results of the evaluation will also be communicated publicly.



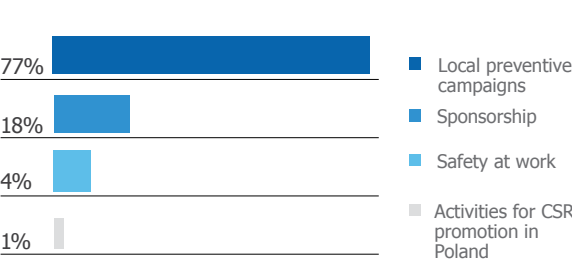
**Piotr Glen,**  
**Corporate Community Involvement Director**  
We want to be the sector leader in terms of setting standards in activities for local communities and the society in general. Therefore, our community involvement has been consistently focussing on carefully selected strategic areas of safety, health and culture. The results of this approach are visible both in the social and business dimensions. We decided to make another step towards building the highest standards in managing social programmes and we have initiated work under the LBG Poland initiative. We are publishing the initial results in this Report where in a structured way we present the types of our activities and their thematic structure. In our opinion, measurement of efficiency of the community initiatives we implement is an integral element of strategies effected by leaders.



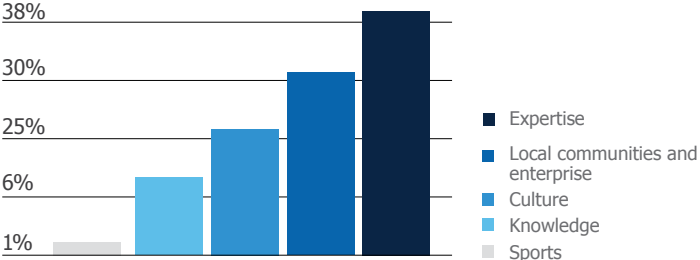
% share of community involvement by LBG categories



Types of commercial initiatives in communities in 2012



Allocation of expenses in the 2012 sponsorship category (according to LBG definition, excluding professional sports sponsorship)



# Safety in the heart of our activities

## Safety as the foundation of our social responsibility

Involvement in the broad safety area is a natural choice for a leader of the insurance market. This is due to the fact that the scale of our operations gives us an opportunity to genuinely influence the awareness of Poles in the area of safety as well as life and health protection. The mission is reflected in our own preventive programmes, education, cooperation with non-profit organisations and activities related to the sponsorship of culture. Effectiveness of preventive actions requires a precise selection of priorities and solutions applied. Our strategy of community involvement is based on the following principles:

- the pillar of our social actions is safety, mainly related to road traffic and health promotion;
- all the projects that we implement are of long-term character;
- the key project assessment criteria are innovation, reach, target group and consistency of the actions with our business goals;

- financing of initiatives is performed in a structured way, regulated by internal regulations, including Rules and Regulations of PZU SA and PZU Życie SA Preventive Activity.

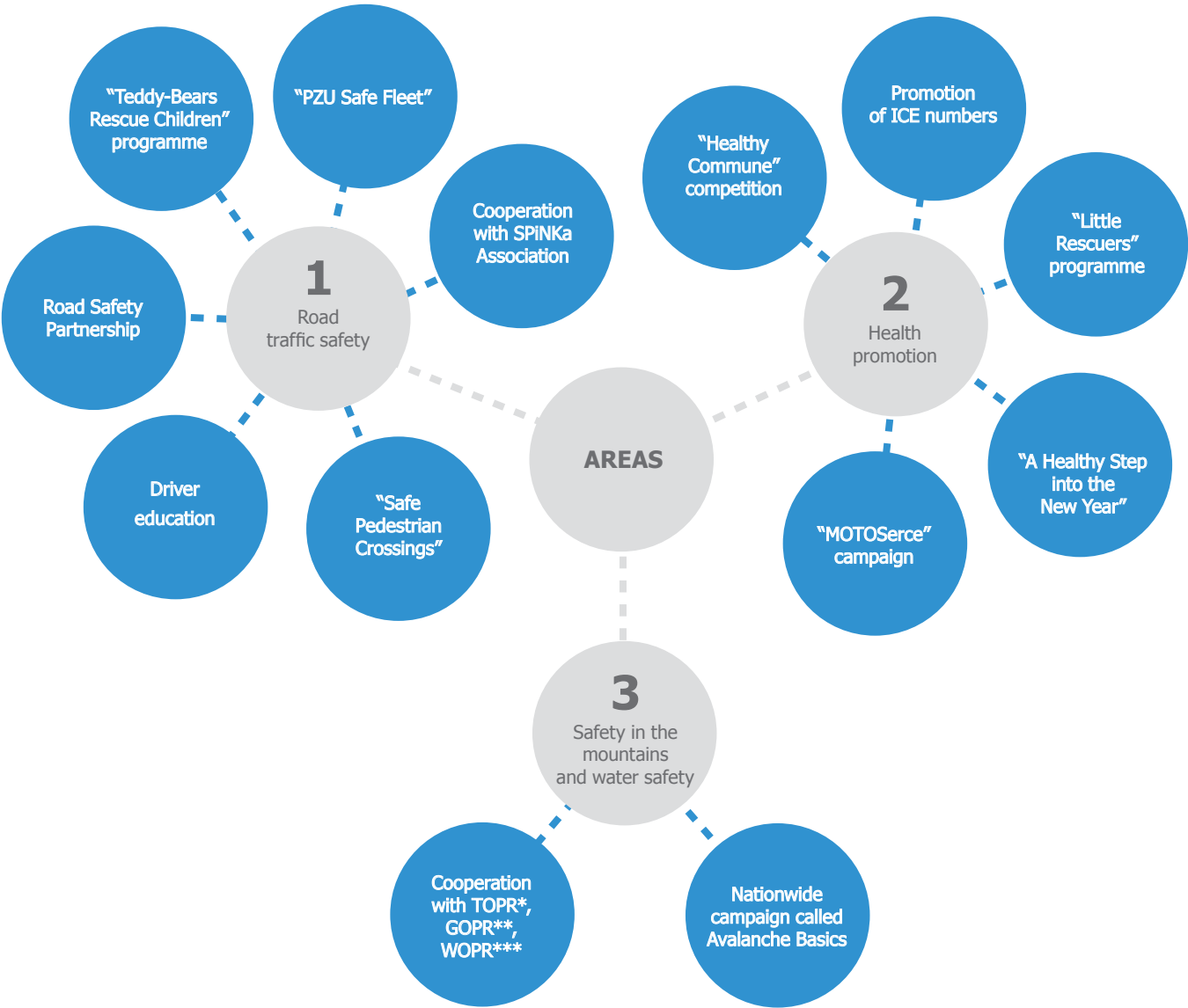
The direction we chose is confirmed by the opinions of our customers. In a survey of 2012 on preferences regarding the potential of CSR activities, they indicated that the image of PZU is best matched by social activities related to road traffic and safety (road safety, promotion of first aid procedures) and health promotion. Our most recognisable campaign, according to the respondents, was the “Stop Mad Drivers’ Speeding” campaign, the “Rescue Teddy Bear” project as well as support for the Tatra Volunteer Search and Rescue (TOPR) and the Mountain Volunteer Search and Rescue (GOPR).



**Przemysław Kulik,**  
**Sponsorship, Prevention and CSR Team Chief Specialist**  
PZU’s social activity is founded on preventive programmes where the key place is held by activities aimed at improving personal and property safety as well as encouraging safe behaviours and eliminating negative social consequences of risks. Involvement in the implementation of our safety strategy through educational programmes brings measurable results. On one hand, we are helping to resolve a serious social problem, for instance road safety, and on the other – we achieve business benefits by decreasing the loss ratio in the motor vehicle insurance area. Preventive programmes provide practical content to M. Porter’s CSV (Creating Shared Value) concept. Its main principle is the fact of a correlation between company competitiveness and social benefits generated by its CSR activities.



Strategic approach to safety: safety areas in the company’s social activity



\* TOPR – Tatra Volunteer Search and Rescue  
\*\* GOPR – Mountain Volunteer Search and Rescue  
\*\*\* WOPR – Volunteer Water Rescue Service

Safety is the common denominator of all our social activities. We initiate a range of projects aimed at reducing the number of road accidents and mitigate their negative social consequences. We are equally strongly committed to health and life protection through the promotion of health awareness and of responsible leisure in the mountains or by the water.

## Road traffic safety (RTS)

Involvement in the improvement of safety on Polish roads has been an integral part of our activity ever since PZU was established. We approach this mission and commitment in a strategic and long-term manner. Funds for the purpose come from the preventive fund (every insurance company may allocate up to 1% of the written premium net of reinsurance for the last financial year for the financing of preventive actions).

What makes our RTS programmes stand out above others is orientation towards actual social change. We want not only to minimise the consequences of wrong behaviours but most of all, to achieve a sustainable change of habits and to reinforce correct social attitudes. We ensure our RTS-related message is well-thought-out, appealing and tailored to the needs of contemporary addressees who are active, conscious and critical. Every project is subject to monitoring and evaluation to include necessary changes in the subsequent editions.

Our contribution to increased safety and awareness of road traffic participants comes in many forms:

### GUIDEBOOKS AND PUBLICATIONS

We are aware that users today are flooded with information, hence we are doing our best to make our message appealing, recognisable and that education has practical value. An example of such an activity is our very popular road atlas that features – in addition to maps – many useful information: from a list of things needed when travelling through to first aid and accident procedures. A driver's basic guide was also included in a leaflet titled "Practical PZU Advice in Case of Emergency" distributed during PZU's preventive activities. Providing drivers with a sense of security, we let them focus on driving.

### PROGRAMMES IMPLEMENTED JOINTLY WITH THE POLICE AND THE NATIONAL ROAD SAFETY COUNCIL

Our campaigns and programmes held for years with our partners (Police, the National Road Safety Council) do not go unnoticed. Although eight years have already passed since the first edition of "Stop Mad Drivers' Speeding" campaign, it still remains an example of a very effective warning against irresponsible road behaviour. Equally suggestive was the campaign called "I'll Tell You the Rest When I Come Back" aimed at minimising the number of road accidents.

We are the patron of the exhibition called "Prevention and Road Safety in Propaganda Materials", arranged by the "Police Museum" Association. Reproductions of propaganda materials issued in the time of the People's Republic of Poland and of the Second Republic of Poland (posters, bills) were presented for a year in the form of large standing photographs in several dozen Polish cities.

### MASS CAMPAIGNS

- PZU Safety Week – in October 2012, PZU employees and Warsaw inhabitants had an opportunity to see many attractions available

at the main entrance to PZU's head office: a 5D cinema (a single realistic screening of a short preventive movie illustrating careless and dangerous driving could seat 16 people), a roll-over simulator and a reflex tester. Also, much attention was attracted by an exhibition of historical preventive materials.

- Get There Safely – an event held jointly with Radio "Trójka" in September 2011 at the Warsaw race track aimed at promoting safe driving. Numerous guests had an opportunity to take part in a test on a skid plate, experience the understeering and oversteering phenomena when driving on a skid circle. The more adventurous visitors could try a rollover simulator and a crash simulator, a skid car, trolleys (as a rear axle skid simulator), take a Stewart's test with a ball on the bonnet and learn the basics of off road driving. The event was crowned with a performance by Lao Che. The open-air event was supported by extensive coverage on "Trójka's" air (before, during and after the event).
- Safe and Environmentally-Friendly Holidays – a programme implemented in cooperation with the Integration and Cooperation Association covered in 2011 twenty summer fests all over Poland, and in particular in Mazowieckie and Kujawsko-Pomorskie Voivodeships. The campaign reached ca. 25,000 people and was aimed at shaping correct road behaviours of pedestrians, drivers and cyclists, as well as reducing the number of accidents during summer holidays. The fest agenda included, among others, awareness-raising shows,



**Bartłomiej Morzycki,**  
**President of the Management Board of the Road Safety Partnership Association**

Although PZU engaged in the Road Safety Partnership in 2010, the company has been connected to and associated with road safety for a very long time. Therefore, it can be proud and satisfied, like other entities engaged in the Partnership, with the results of our joint actions, mainly strong improvement of road safety and reduction of the number of road accidents. We managed to develop corporate fleet safety standards and engage fleet companies to promote and comply with the standards. We believe the greatest effects can be obtained through practical education of drivers, including those who spend the most time behind the wheel, the corporate drivers.



**Edward Polek,**  
**President of the "Teddy-Bears Rescue Children" Association**

The soft Rescue Teddy-Bear makes the child think of the warmth of their home, tender and loving closeness of their parents, all the things a child loses in an accident. Therefore, during the accident-associated stress, when the need to find an additional source of support becomes very strong or even essential for emotional survival, a Teddy-Bear turns out to be a very important element that protects the child's psyche that is subject to negative or even irreversible changes at the tragic moment. Its usefulness, confirmed by rescue services (doctors, police officers, firefighters) enables us to call it the "first psychological aid kit".

### BEST PRACTICE

## Road Safety Partnership

PZU is one of the partners of the Road Safety Partnership Association which acts for the improvement of road traffic safety and reduction of the number of road accident casualties in

Poland. Members of the organisation include representatives of three areas of public life: business, government and non-governmental organisations. The Partner-

ship is a member of the Global Road Safety Partnership (GRSP) in Geneva. In Poland, the patrons of the Partnership are the National Road Safety Council and the World Bank.



rescue and resuscitation demonstrations, psychological counselling as well as music performances.

**“MISIE RATUJĄ DZIECI”  
[TEDDY-BEARS RESCUE CHILDREN]**

Since 2010, in cooperation with the “Teddy-Bears Rescue Children” Association, we have been implementing a multiannual programme of health promotion and treatment of road accident consequences in children. The programme covers comprehensive rehabilitation and psychological care for children at a Therapeutic Centre in Dźwirzyno near Kołobrzeg. The well-equipped Rescue Teddy-Bear Home provides free professional therapeutic care and ensures all the facilities necessary for adequate treatment during a therapy camp. The programme also supports parents of children who died in an accident (therapeutic support groups) and families whose functioning was severely disturbed as a result of a tragedy (family therapy).



An element of the programme is also the production and distribution of the Rescue Teddy-Bear toys that are given to children who participated in road accidents and collisions. For more information, visit: <http://misie.sos.pl>.

**BEST PRACTICE**

**Cooperation with SPINKA Association  
– Auto Mobility Centrum**

In cooperation with the Association for Disabled Drivers (SPiNKa), we are implementing the Auto Mobility Centrum programme, designed for drivers with various disabilities, handicapped passengers

and for people who require specialised transportation. As part of the programme, we financed the purchase of a taxi adjusted to the transportation of disabled people and their caregivers, and in cars insured

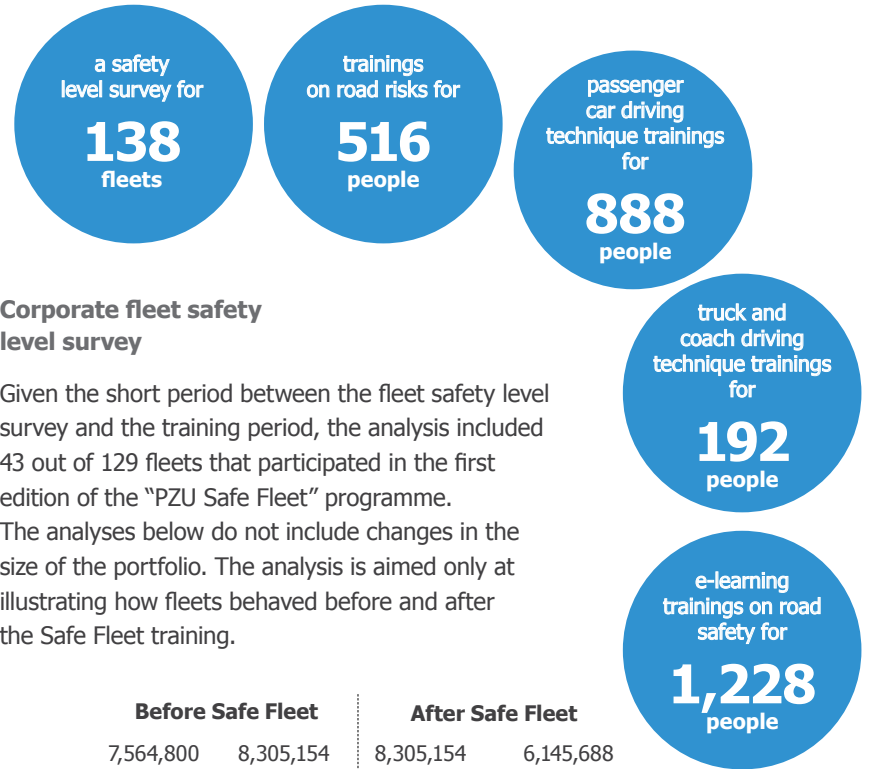
with PZU, we co-finance 50% of the costs of purchase and installation of professional equipment supporting safe vehicle driving by the disabled and safe transport of the disabled.

**CASE STUDY**

**“PZU Safe Fleet”**

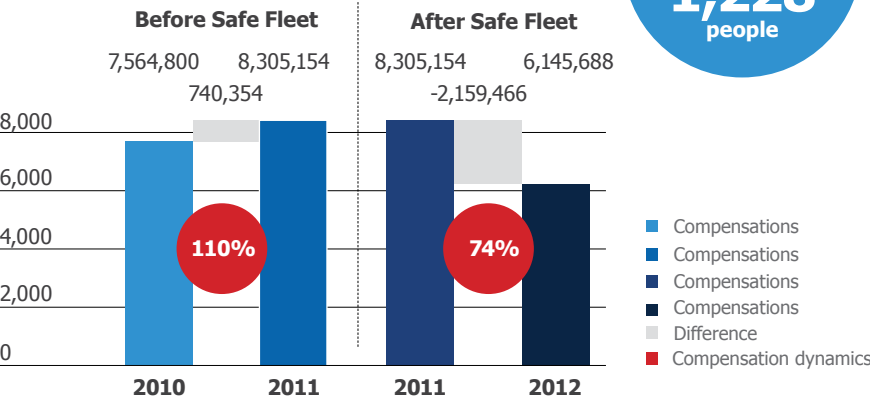
The preventive “PZU Safe Fleet” programme, implemented in cooperation with the Polish Automobile and Motorcycle Association of Traffic Schools, was designed for fleet drivers. The reason for undertaking comprehensive activity in this area was grim statistics according to which 1,800 people in Poland are killed annually in car accidents when driving on business. The unique formula and extensive scale of the „PZU Safe Fleet” programme is unmatched in Poland. Companies covered by the programme have an opportunity to take part in a fleet safety survey and in trainings (practical and e-learning trainings) on road risks, road safety and improvement of driving technique. The first edition of the programme lasted until the end of June 2012. Its popularity and very positive opinions of the target group made us continue our preventive activities for car fleets in another edition (in 2013–2014).

**Training programme participation rates in 2010-2012**



**Corporate fleet safety level survey**

Given the short period between the fleet safety level survey and the training period, the analysis included 43 out of 129 fleets that participated in the first edition of the “PZU Safe Fleet” programme. The analyses below do not include changes in the size of the portfolio. The analysis is aimed only at illustrating how fleets behaved before and after the Safe Fleet training.



**Karolina Trzęsicka-Cyman,  
Marcopol Sp. z o.o. Transportation and Shipping Manager**

I appreciate very much the opportunity to take part in the PZU Safe Fleet programme again. It is invaluable to be able to confront the aspects of Marcopol’s car fleet management with an expert who has knowledge and experience related to many companies similar to ours. Making drivers, and especially our sales representatives, aware of the importance of using defensive driving techniques and conscious participation in everyday traffic is a long and multi-layered process. Participation in trainings recommended by PZU certainly influenced most of our 56 participants, which is confirmed by a significant drop in our fleet loss rates achieved in 2012..

## Caring for others' health

Health promotion has been a priority of our community involvement for many years. We are making Poles aware that the basic knowledge about health (periodic checkups, H&S, etc.), knowing first aid procedures or having an ICE card on you ensures safety and peace of mind.

### ICE CARD AND EMERGENCY PHONE NUMBERS

As great enthusiasts of the ICE (In Case of Emergency) system, we use every occasion to promote it. In 2012, upon our initiative a template ICE card was attached to popular daily newspapers and the "Wprost" weekly. ICE is an ingeniously simple and extremely effective solution that has saved the lives of many people. The ICE wallet card that includes personal data, information on blood group, chronic diseases and allergies as well as ICE phone numbers entered in the cell phone memory (e.g. ICE 1 Mom, ICE 2 Wife) enable rescue services to quickly identify the injured person and contact their family. ICE also plays an important role in identifying lost children or people suffering from memory loss.



### LITTLE RESCUERS PROGRAMME

Health awareness and knowledge of procedures in case of an accident or injury should be engrained very early. The "Little Rescuers" programme, implemented in cooperation with the Warsaw Rotary Club, under the honorary patronage of the First Lady of Poland, Anna Komorowska, provides children with the necessary knowledge. In 2011, trainings covered more than 4,000 pupils from all over Poland, and in 2012 – over 10,000. Trainings were conducted by licensed medical rescue workers. Children practiced CPR on mannequins, "disinfected" and "dressed" realistically painted "wounds" and "burns". The programme was very well received both by teachers and children who were extremely interested in the subject. In addition to a diploma, every training participant received a backpack, a first aid kit and reflective wristbands. Training reports: [www.maliratownicy.eu](http://www.maliratownicy.eu)

### CASE STUDY

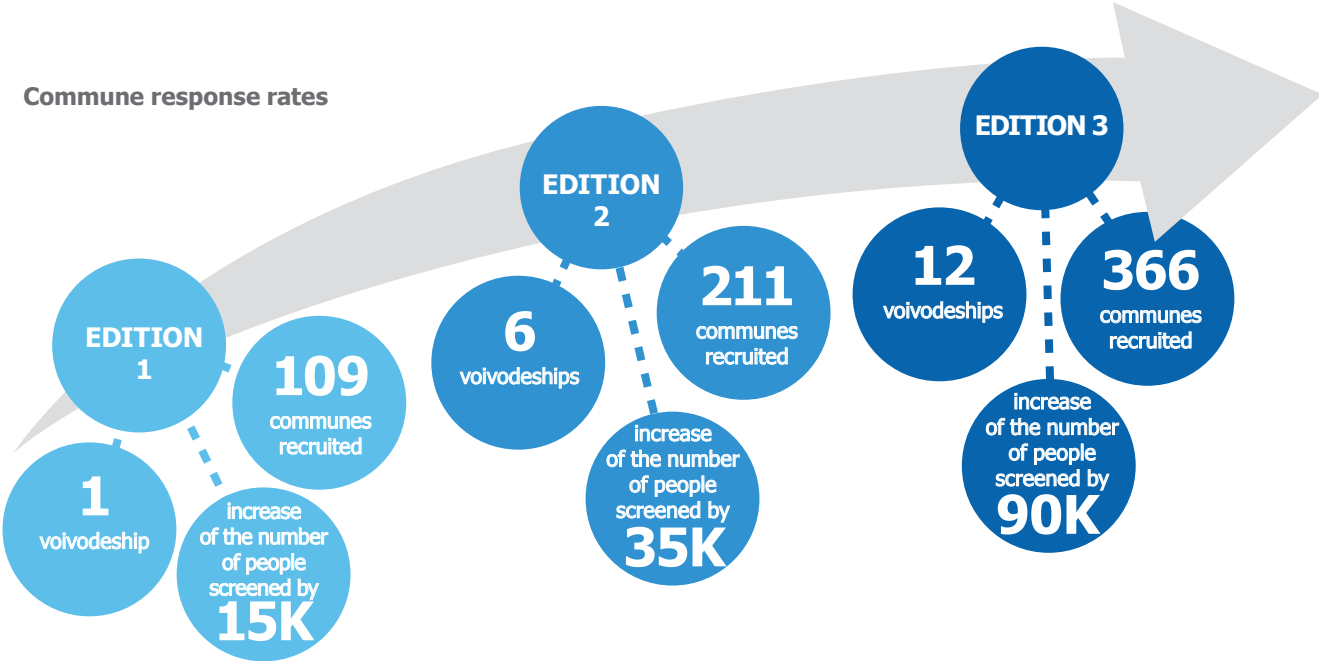
## Healthy Commune competition

The awareness of cancer prevention in Poland is very low. Only 27% of women use free cytology tests and as few as 45% of Polish women perform free mammography. 80% of Poles visit an oncologist when it is too late. Therefore, in co-operation with the Polish Union of Oncology, we have been making Poles aware for several years now how important it is to find neoplastic lesions early, and

we encourage them to make regular checkups offered by the National Health Fund and National Cancer Control Programme. The programme reaches local authorities with information on the need to conduct intensive activities related to broad cancer prevention and encourage public healthcare centres to proactively refer commune inhabitants to screening tests such as

mammography, cytology and colonoscopy that are financed by the National Health Fund. Communes that are the most effective in promoting cancer prevention and report the highest increase of screening tests performed for early detection of breast cancer, cervical cancer and colorectal cancer receive financial rewards. For more information, visit: [www.konkurszdrowagmina.pl](http://www.konkurszdrowagmina.pl).

### Commune response rates



**Witold Malarowski,  
Izabelin Commune Head**

We have been pursuing many health promotion initiatives, including cancer prevention projects, for many years, so it was natural for us to take part in the Healthy Commune competition. It enabled us to provide screening tests to a much larger group of people. However, it is also worth to stress the psychological aspect: professional campaign organisation, support of commercial partners such as PZU and their marketing experience allowed us to demystify the subject of cancer among our inhabitants and to make them aware how important it is to overcome the fear of taking the examination. Experiences of Scandinavian countries, for instance, show that early and effective prevention can virtually eliminate the problem of the key neoplastic diseases.

## Improving safety with rescue services

For years, we have been supporting volunteer rescue services: the Tatra Volunteer Search and Rescue (TOPR) and the Mountain Volunteer Search and Rescue (GOPR) and Volunteer Water Rescue Service (WOPR) (and specifically the Masurian, Suwałki and Legionów Groups) in a tribute to their disinterested, exceptional effort to save human lives. Rescuers are on duty non-stop, all year long. It is obvious that their readiness for action, the need to purchase equipment and improve their rescue skills and the rescue actions themselves generate very high costs. Support of the statutory activity of rescue organisations by PZU is financed from the preventive fund. The initiatives we jointly implement result in the improvement of people's awareness and safety in the mountains and on lakes. We indicate potential threats, educate how to safely enjoy sailing or

mountaineering. Preventive events and joint awareness-raising activities are held under the slogans "Putting Safety at the Top" (in the mountains) and "Sailing into Safety" (on lakes).

### SAFETY IN THE MOUNTAINS AND ON LAKES

Upon our initiative, enthusiasts of safe, active recreation are provided with renowned Pascal guides for free. In 2011, the collection of titles was extended by "Mazury i Suwalszczyzna" [Mazury and Suwałki Region], "Zakopane i Tatry" [Zakopane and Tatra Mountains] as well as "Bezpiecznie nad wodą" [Stay Safe by the Water] and "Bezpiecznie w górach" [Stay Safe in the Mountains]. In 2012, we published together a guide titled "Bezpieczny rodzinny weekend w Polsce" [Safe Family Weekend in Poland].



**Jan Krzysztof, Head of the Tatra Volunteer Search and Rescue (TOPR)**

There are two groups of activities PZU engages in. The first one includes multi-annual financing of our rescue activity, and these are significant funds. They enable us to provide rescue services at the required level. The other one is cooperation in projects related to the promotion and improvement of safety in the mountains. A great example are avalanche courses and various initiatives such as the TOPR Open Day.



**Jacek Dębicki, Head of the Mountain Volunteer Search and Rescue (GOPR)**

PZU's support for our activity covers a number of levels. Funds are important, of course, but I would like to mention the campaign that we have been implementing for three years with the "Góry" monthly. The campaign includes concrete advice and educational descriptions on how to spend time safely in the mountains. I like the fact that the advice is provided by specific rescue workers, which makes us more open towards people.



**Zbigniew Kurowicki, President of the Masuria Volunteer Water Rescue Service (MOPR)**

For services such as ours, it is important to know that a company cooperating with us is aware what water rescue services are and how important they are for the society. PZU is aware that co-financing of the Masuria Volunteer Water Rescue Service means improvement of public safety. Our cooperation is based on partnership and is mutually beneficial for both parties. The insurance company can increase people's awareness of the risks related to water sports, which translates into a business value such as e.g. yacht insurance.



### BEST PRACTICE

#### "Sailing into Safety"

A preventive event held in 2011 in Giżycko called "Sailing into Safety" was an occasion to make people aware of safety issues on lakes. The event featured water rescue shows arranged by the MOPR (including first aid procedures,

sailing safety, water rescue action). In addition, PZU financed the purchase and installation of a system of cardinal marks on Lake Śniardwy. The system is used for marking particularly dangerous places, i.e. shallows or stones located just below

the water surface. Our experience shows that there are less rescue interventions on lakes that are marked this way. Such support enables us to promote proper behaviours when sailing and practicing other water sports.

### BEST PRACTICE

#### Nationwide Social Campaign "Avalanche Basics"

We support a campaign held by the Tatra National Park (its first edition was held in March and April 2012) that is aimed at promoting safe winter tourism in Tatra Mountains, avalanche prevention and mountain education. Its slogan says: "Don't Risk Your Life for the Love of the Mountains". Thanks to broad media

involvement, the campaign became nationwide and reached many people. The project will be continued until December 2013 and will include, among others, extension of the [www.lawinoweabc.pl](http://www.lawinoweabc.pl) website, installation of a checkpoint in Tatra Mountains (a device for checking avalanche de-

tectors for tourists and skiers), a Polish edition of the "Watch Out for the Avalanche" leaflet issued by the Institute for Snow Research in Davos, the purchase and installation of avalanche training centres (on Kalatówki glade and a mobile centre), trainings, educational trips for schools and competitions.





# Extending our customers' financial knowledge

Financial education is one of the priorities of our community involvement and at the same time a response to the challenges faced by the Polish society. Many people see economics, finance and investments as hermetic knowledge that is understandable only for a small group of specialists.

We are implementing a number of activities aimed at increasing the level of society awareness of financial instruments and making people realise the need to save systematically, especially in the context of old-age security. Demographic trends are inevitable: we live increasingly longer and at the same time, there are fewer and fewer children born in Poland.

Pensions paid from the 1<sup>st</sup> and 2<sup>nd</sup> pillars will not suffice to maintain the living standard from the time of professional activity, which forces people to seek individual solutions to create their financial cushion.

It is particularly important for us to continuously increase the level of our customers' knowledge so that they can diagnose their financial needs, their risk profile, the purpose and horizon of insurance or investment protection. This will also enable us to more adequately respond to the needs, by selecting individual solutions from our product range.

In everyday work, a natural source of knowledge for our customers are our agents and advisers. However, we try to provide practical information also in many other ways, including:

## MASTER CLASS EXPERT FINANCE WORKSHOPS

The series of workshops initiated in 2011 has become very popular among customers. In 2012, 17 meetings gathered more than 700 customers. The aim of the workshops is to provide practical knowledge that will enable workshop participants to invest in an informed manner. At the meetings, experts emphasise individual old-age security that is necessary given the current demographic changes.

## SUPPORT OF THE PUBLIC SHAREHOLDING PROGRAMME

Together with other large public companies, we support a programme that promotes public shareholding in Poland. Individual investors are immensely important on the stock exchange: they have a significant share in the turnover (ca. 19% in Poland) and ensure trade flow. The programme was initiated by the Ministry of the State Treasury concurrently to the privatisation of a number of large companies (PZU, Tauron, WSE) and is based on two pillars: a form of favouring individual investors in public

offering and multiple awareness-raising activities, including the "Invest Consciously" series of meetings (workshops held in 34 cities in the winter 2012/2013 season) and on the operation of the [www.akcjonariatobywatelski.pl](http://www.akcjonariatobywatelski.pl) website.

## INSURANCE EDUCATION

We regularly provide our customers with state-of-the-art practical knowledge through dedicated publications: "My PZU" and "Good Farmer". We also cooperate with leading sectoral publishers by providing them with expert knowledge for their magazine features. We are involved in extending the knowledge of entrepreneurs and managers on potential risks and their mitigation, also in very specialised areas. For instance, we are the only company on the market to conduct hospital audits in the healthcare facility risk assessment process.

## PRACTICAL GUIDE WEBSITES

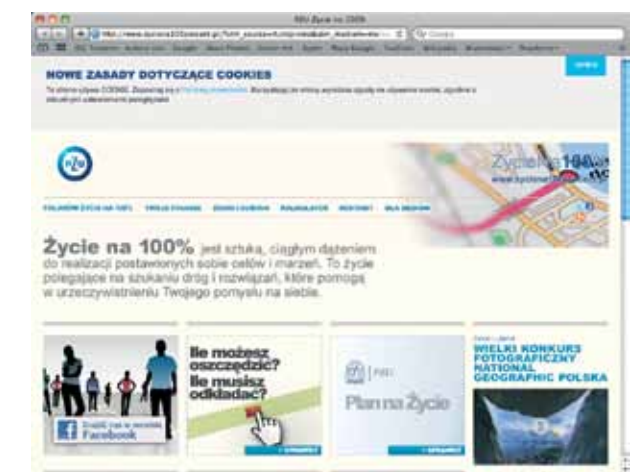
The Internet today is the basic tool for obtaining information on financial products. With Internet users in mind, we developed the [www.jakieubezpieczenie.pl](http://www.jakieubezpieczenie.pl) website, i.e. an on-line guide of the world of insurance. It is a tool designed for both people who already use insurance products and those who are still thinking which solutions would be adequate for them.

The [www.zycienastoprocen.pl](http://www.zycienastoprocen.pl) website is part of an educational and lifestyle campaign called "Live Life to the Fullest", which encourages people to think of their future, to set long-term goals and consciously plan their life, also in the financial area. The project features, among others, celebrities who also share their dreams and goals for the future. Their stories show that irrespective of the way of life you choose, the key to success is being consistent in what you do.



**Izabela Senik,**  
**External Relations Team Chief Specialist**

In my opinion, the Capital Market Leaders Academy is a perfect example of corporate involvement in an educational project. PZU goes beyond financial support only: it assumes a partnership model, offers forms of practical sharing of knowledge and experience of their experts with project participants in the form of mentoring and coaching. In addition to business workshops held during the Summer School, PZU Academy also offered innovative solutions such as the "Shadow Day", i.e. accompanying a manager of the company for an entire day at all his business meetings. In every Academy edition, PZU also admits two graduates to their internship programme to enable them to confront their theoretical knowledge with experience of working at the corporation. Some of the previous interns were permanently hired at PZU.





# Building financial awareness of the society

## Market leader's responsibility for early education

As the insurance market leader and one of the leaders of the financial market, we are in a position to shape financial awareness of Polish citizens from early age and to support them with our expert knowledge on using financial and insurance instruments. We perceive this type of activity as a way to manifest our good corporate citizenship and to significantly contribute to the development of the intellectual capital of Poland.

### COOPERATION WITH THE YOUNG ENTERPRISE FOUNDATION

The urgent need for mass financial education is evidenced by the results of a survey commissioned by one of our partners, the Young Enterprise Foundation, in 2012. The survey conducted by the Centre for Research on Economic Behaviours covered more than 3,200 students of general and vocational high schools all over Poland. The results? More than 30% of young Poles rate their financial knowledge as insufficient and think they would not be able to handle the simplest operations such as opening a bank account. The survey results were used as a basis for educational activities that we are

planning to implement with the Young Enterprise Foundation in the years to come.

### PARTICIPATION IN INSURANCE CRIME PREVENTION PROJECTS

The "Student" Preventive Programme provided participants from six universities with an opportunity to take part in a 15-hour series of lectures on preventing insurance crime. The classes were held by specialists in the field and PZU Security Office employees selected in consultation with the universities. The lectures were held at the Warsaw School of Economics, the Police Academy in Szczytno, the Poznań University of Economics, the University of Warsaw, the University of Szczecin and Mikołaj Kopernik University in Toruń. We also take part in the "Crime Prevention" conference held every year in Szczecin. It is a very important event for the insurance community and related institutions as it provides an opportunity for multi-directional development and integration of people who study and prevent insurance crime.

We also regularly participate in seminars that are important for our sector, including the seminar

titled "Model of Cooperation between Insurers and State Institutions on Anti-Theft Activity" arranged every year by the Police Academy in Szczytno and a working meeting for the officers of the Internal Affairs Bureau of the Polish Police Headquarters devoted to the "Practice of Combating Insurance Crime, Including Crime Committed with the Assistance of the Police".

### SUPPORT OF OTHER RESEARCH PROJECTS

In February 2012, the Theory of Social Change Section of the Warsaw University's Institute of Sociology conducted a qualitative study commissioned by us, called "Communication of Governmental Plans of Increasing and Introducing Equal Retirement Age of Men and Women". The research covered three groups of respondents: women, mid-level politicians and opinion leaders, mainly journalists. Conclusions common to all the groups in question included fragmentary and insufficient knowledge of the details of the pension reform and of the instruments that support old-age security (Individual Pension Insurance Accounts and Individual Pension Accounts).

### ATTENDANCE AT THE MOST IMPORTANT CONFERENCES AND SECTORAL MEETINGS

Our managers and specialists frequently take part in sectoral meetings arranged in the form of debates, conferences, congresses or fairs, and are valued not only for their highest competences but also for their courage to bring up difficult subjects.

Active participation in events such as the Economic Forum in Krynica, the European Forum for New Ideas in Sopot or the Forum in Yalta matches our philosophy: as one of the largest companies and employers in Poland, we want to shape the pace and the direction of social and economic changes in Poland and

the entire Central and Eastern Europe. We are also implementing a number of our own projects that build the tradition of strengthening relations with business and opinion-leading communities such as a series of "Debates on the Subject" held by "Polityka" weekly under our patronage or meetings with opinion-leading communities and key contractors (May Thursday meetings in Łazienki Królewskie; events with rescue services: "Putting Safety at the Top" and "Sailing into Safety").



**Zbigniew Modrzewski,**  
**Young Enterprise Foundation**

Supporting financial education seems a natural choice for PZU whose operations are closely related to finance and investments. In 2012, PZU Foundation and the Young Enterprise Foundation conducted a survey of financial knowledge among high school students. The survey strengthened our conviction that there is a need to provide broad financial education already in the elementary school and that it needs to be combined with education on the safety of children. Financial subjects need to be complemented by classes on safe travelling, using roads, safe play or safe keeping of money.

### DOBRA PRAKTYKA

## PZU and Young Diplomats

The Young Diplomats Academy, a scholarship programme initiated in cooperation with the European Academy of Diplomacy, enables young people who are characterised

by exceptional social, cultural and political involvement to spread their wings in the Eastern Partnership states where PZU conducts its business operations. Taking

the programme beyond the borders of Poland, we want to show that we care about the development of talents and leaders on all the markets that we operate in.

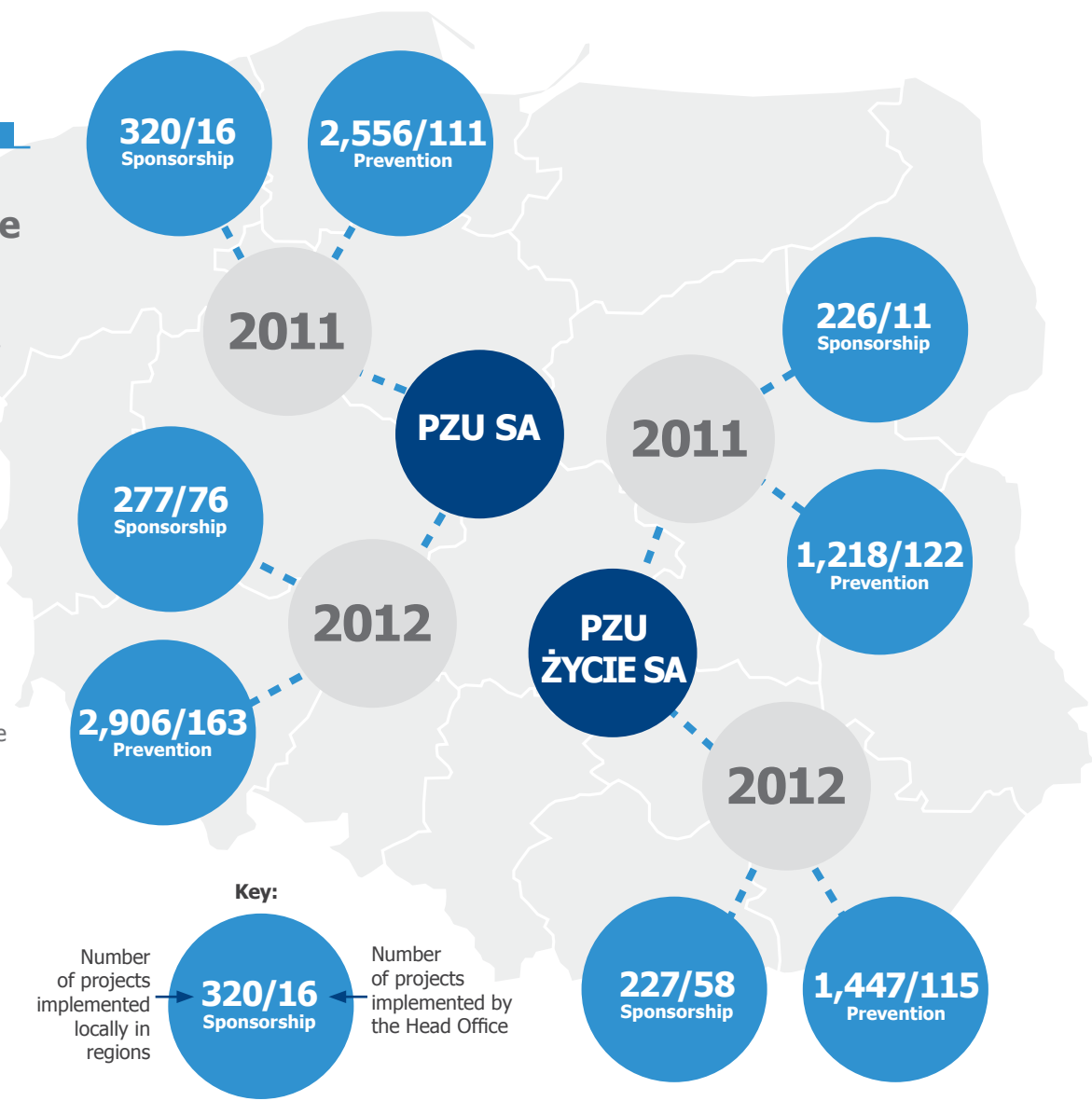


# Developing local communities

## Responding to local needs

Concurrently with nationwide activity, we pursue a number of local preventive and sponsorship projects. Project selection criteria remain the same as for nationwide projects (consistency with the CSR strategy, long-term nature of the activity) and additionally they must match the specific needs of local stakeholders.

Number of projects implemented in 2011–2012



### BEST PRACTICE A Healthy Step into the New Year

Thanks to our support, the Szczecin-based "Health and Development Academy" provided prophylactic examinations in the first quarter of 2011 to 1,000 pupils of the 3rd and 4th grade from nine elementary schools that do not have their own doctors or nurses. The campaign was aimed at early detection of health issues or diseases in order to undertake preventive and therapeutic actions as soon as possible and to promote prophylactic examinations among children.



### BEST PRACTICE

## MOTOSERCE campaign

At day-long events in large shopping malls in various cities of Poland, people donated blood for the summer period that is characterised by the highest demand for transfusions, for everyday operation of blood centres and for reducing the deficits of blood that occur in the season. The campaign is supported by Harley Davidson Motorcycle Clubs whose motorcycles attract the attention of campaign visitors. Since 2009, we have been supporting the MOTOSERCE campaign in Łódź and since 2011 – in Wrocław.



**Grzegorz Krawczyk,**  
Sponsorship, Prevention and CSR Coordinator  
Regional Branches in Kraków and Lublin

As a Coordinator, I was delegated by the Corporate Communications Office to perform field tasks in two out of nine regional PZU Branches. My duties include mainly initiating and coordinating local activities in the sponsorship, prevention and CSR area. Together with other regional coordinators, we try and make the activities meet the needs of local communities on one hand, and on the other – remain consistent with our involvement strategy focussed for several years on selected social areas in which our company has the greatest social impact.

### BEST PRACTICE

## Safe Pedestrian Crossing

Despite more and more innovative solutions, the number of fatal accidents on pedestrian crossings is still dramatically high (especially in autumn and winter). Therefore, PZU Życie initiated in 2010 a programme called "Safe Pedestrian Crossing". In the first phase of the project, a comparative analysis of pedestrian visibility was held on various types of pedestrian crossings. The results of the analysis enabled us to implement a pilot programme in which we mounted at Królowej Jadwigi Street and at Sikorskiego housing estate innovative lighting to improve visibility of pedestrians both around and on the pedestrian crossing. In 2013, the project will be continued in Będzin, at Piłsudskiego Street.



**Sławomir Julski,**  
MOTOSERCE Campaign Coordinator in Łódzkie  
Voivodeship

The nationwide MOTOSERCE campaign held every year by the Congress of Polish Motorcycle Clubs is an attempt at demystifying the image of motorcycle riders. For what we have in common is not only passion but also sensitivity to the needs of others. Donating your blood does not cost a thing but may save someone else's life. It is fantastic that every edition sees a higher number of donors (in 2013, more than 80 clubs from all over Poland joined the campaign) and an increasing amount of blood donated. The support of our sponsors enables us to make subsequent editions of MOTOSERCE bigger (concerts, attractions, competitions, etc.), which translates into a higher number of donors. PZU deserves special mention here as it has been supporting us continuously from the first edition of the campaign.



## Helping to Help: our Foundation

The mission of the PZU Foundation is to work for the public benefit in the areas of education, culture and art, healthcare and social care. Pursuant to our slogan: "Helping to Help", for years, we have been establishing centres and associations that provide help to those in need. In 2011, we allocated PLN 10 million for charity through the Foundation. Since 2011, our Foundation has been a member of the "Polish Donors Forum". PZU Foundation focuses on four areas:

### EDUCATION

We concentrate specifically on providing equal opportunities: offering the most talented young people from rural areas and small towns optimal conditions for intellectual,

professional and cultural development. In a grant-awarding competition called "Enriching Educational Offering in Rural Areas and Small Towns" held in 2012, we awarded subsidies to 19 organisations for a total amount of almost PLN 650,000. For many years, we have been engaged in the Bridging Scholarship Programme that facilitates talented young people from small towns and poor families to continue their education at universities. We have also founded the Bronisław Geremek Scholarship programme that enables the most gifted students of humanistic faculties to further develop and broaden their knowledge. In 2012, we joined the group of partners of ABC XXI Foundation – All of Poland Reads to Kids in Warsaw by funding the prize in the 3<sup>rd</sup> Astrid



**Bogdan Benczak,**  
**President of the PZU Foundation**

In its development, every organisation reaches a point of maturity where it realises that its task is not only to strive for good financial results but also to undertake social activity for the benefit of the community in which it operates. As the saying goes: "we are what we have accomplished". In the time of financial crisis, PZU Foundation adds a human face to business. The stable financing system enables us to consistently pursue our statutory activities – these sometimes being multi-annual programmes – which translates into specific long-term social outcomes. Thanks to our assistance, the partners of the Foundation can operate effectively, i.e. offer specific tailor-made assistance. It is very important for us to make the support we offer consistent with the company's philosophy, its operations, culture and values.



**Izabela Rakuć-Kochaniak,**  
**PZU Foundation Office Director**

Corporate community involvement covers the most visible element of corporate social responsibility, namely activities for local communities. So far, no better way was invented to support conscious socially benevolent attitudes among employees. In a world dominated by consumption, volunteer service is an opportunity to regain or maintain balance between work and life. However, corporate involvement in fostering employee volunteer service provides mutual benefits. On one hand, volunteers can feel more satisfied with working for us, verify their individual values and beliefs, find inspiration, recover from corporate stress and break negative stereotypes. On the other hand, the company can strengthen its positive image, build relations with stakeholders, including its own employees as it becomes a reliable and desirable employer.

Lindgren Literary Competition for a contemporary book for children and teenagers.

Other selected activities:

- My Place Community Centre – a project by the Polish Children and Youth Foundation;
- Actuarial Competition for the best master's and doctoral thesis in actuarial science;
- Young Leaders Economic Forum – a project held by the European Meeting Centre – Nowy Staw Foundation;
- Professor Bronisław Geremek Polish Historical Education Workshops for high school 1<sup>st</sup>-grade students and their teachers for school year 2011/2012 – a project implemented by the Bronisław Geremek Centre Foundation;
- Through the Present Times to History – Professor Bronisław Geremek historical workshops – a project by the Bronisław Geremek Centre Foundation.

In addition, an amount of more than PLN 450,000 was allocated for co-financing of educational projects that were not included in the 2012 financial plan.

### CULTURE AND ART

The Foundation's patronage includes in particular activities aimed at promoting the knowledge of Polish culture and art, at supporting artists, performers and artistically talented youth as well as artistic events.

In 2011, the funds provided by our Foundation enabled to bring back to Poland Aleksander Gierymski's painting called "Jewish Woman Selling Oranges". In 2004, the Foundation co-financed the purchase of "Boy Carrying a Sheaf" by the same artist for the National Museum in Wrocław.

### HEALTH PROTECTION AND SOCIAL CARE

We focus mainly on supporting, promoting and developing the activity of handicapped people through, among others, a grant-award competition called "Development of Social Activity of Handicapped Children and Youth". In 2012, sixteen organisations were awarded grants for the purpose of the total value of almost PLN 700,000. The Foundation also has a pool of money for providing help to individuals, including our employees. We are also implementing – in cooperation with the Polish Community Association – the project called "Summer with Poland".

It is our ambition also to promote modern charity, which is reflected in our participation in projects and debates on the issue. On 22 March 2012, we arranged a debate attended by leading philanthropy/CSR organisations in Poland. The discussion resulted in an educational supplement on CSR published in January 2013 in "Dziennik Gazeta Prawna".

### BEST PRACTICE

## Supporting individual development of outstanding young people

In 2012, our Foundation became a strategic partner of the Polish Children's Fund that has been offering a proprietary programme of assisting exceptionally talented children and youth since 1983. For the last 30 years, the programme supported

more than 5,000 young Poles. Today, they are great young scientists, doctors, painters, musicians, authors, poets who are making the world a better place. A number of ex-beneficiaries of the programme who are professors today share their experiences

sitting in the Fund's Management Board. Our subsidy of PLN 750,000 will provide the Fund, the only organisation in Poland offering such an extensive support for talented youth, with stable conditions of operation for the years to come.

## Our volunteer employees

We are proud to be part of a team that shares our corporate values and is willing to invest their spare time and energy in helping others. Since 2012, PZU Foundation has been implementing a number of social care projects using solutions offered by corporate volunteering service. So far, no better way has been invented to support conscious socially benevolent attitudes among employees. Corporate volunteering today is a conscious step towards a responsible and socially involved company. Thanks to responsibility, involvement and participation in joint voluntary service, we can meet objectives, make dreams come true, set challenges and try to meet them. Our employee volunteers take part in campaigns such as the St. Nicholas' Day at PZU – in 2012, 67 employees spent a total of 1,706 hours with children of the project beneficiaries. The St. Nicholas' Day activities held in Poznań, Katowice and Warsaw included plays, art classes related to Santa Claus and Christmas, a common meal and official presentation of gifts. The organisation that supported our activity was the Volunteer Centre in Warsaw.

### OPOLE FANTASY MEETING

On 22 September 2012, Opole saw a fantasy event arranged by our volunteers. Rich agenda of the event provided something interesting

for everyone. During the Meeting, the results of the "Literary Phoenix" contest for the best fantasy short story were announced. The contest was addressed to middle and high school students from the Opole area and was aimed at promoting reading among young people and developing their literary writing skills.

Authors of the best stories were presented with attractive book prizes.

### WIN A BETTER FUTURE WITH US!

A sport fest, first aid classes and competitions were included in the project called "Win a better future with us!" targeted at healthy and handicapped children aged 10–13 years. The aim of the project was to integrate children and eliminate differences related to their age, skills and physical ability. Thanks to sports outfits purchased from the funds of the PZU Foundation, the children could feel part of their own team. The initiative was joined both by professional coaches as well as volunteers from PZU who actively participated in team plays and conducted a number of competitions with prizes.



**Joanna Liszka,**  
**Regional Branch in Łódź, Management Support Role**

In last-year's "Volunteer Service Means Joy of Action" campaign, we managed to win a grant that enabled us to arrange a Training Day within the Motor Activity Programme for disabled children from the Łódzkie Voivodeship, called "We Practice, We Can Do It and Have Fun Doing It". This was obviously a great experience for children but probably a greater one for us volunteers. We would like to extend our thanks to PZU Foundation for giving us an opportunity to experience moments that are not easy to talk about. You just need to experience them yourself!



**Adam Chaberski,**  
**PZU Regional Claims Adjustment Centre in Katowice, Vehicle Claims Adjustment Technical Team Specialist**

The "Trip to the Magic Forest" project was designed for the residents of the Saint Stanisław Kostka Boys' Boarding Home in Częstochowa. The project was participated by 54 boys aged 9–19 who are under the custody of the Sisters of the Gratification of the Most Holy Countenance because of their family problems or physical or mental issues. Although the Home operations are subsidised by the city authorities, the actual needs far exceed the available resources. As a result, the boys rarely have an opportunity to leave the facility. Our aim was to arrange the trip in such a way as to make boys forget about their family and health-related problems: this was to be an enchanted, magical day, a day when anything is possible. Accounts of the participants confirm that we managed to succeed.



**Aneta Kulińska,**  
**PZU Centrum Operacji SA, Assistance Team Manager**

The "Let's Meet in Warsaw" project was addressed to children from poor families from the Działdowo commune rural areas and was joined by 5 volunteers. We wanted mainly to support the elimination of barriers in the access of children from rural areas to full educational and sightseeing opportunities and to encourage them to develop their curiosity about the world. The project proved to be mutually beneficial. We will never forget what the School Principal told us the day after the children came back home: "I don't know what you did to these children but they came back completely changed. From early morning, they have been focussing the attention of their peers, telling them what they saw yesterday. Before, they were the ones who listened and now they can share their newly acquired knowledge and experiences."

For us volunteers this was a great lesson of organisational skills and creative activity.

### BEST PRACTICE

## Volunteer Service Means Joy of Action – employee competition

As part of the "Volunteer Service Means Joy of Action" competition, PZU Foundation received 29 applications of which 26 were reviewed (three applications did not meet the formal criteria).

The Competition Committee decided to provide grants to projects that obtained at least 110 points (out of 200 points maximum). Grants were awarded to 16 projects that received between 114

and 178 points in total. The total amount of grants awarded was PLN 71,600. Implementation of the grant projects involved 97 people who worked for 2,230 hours in total.

# The art of supporting culture



**Joanna Babicka,**  
Sponsorship, Prevention and CSR Team Chief Specialist

We understand modern patronage as long-term dialogue with partners, which leads to the performance of objectives important for both parties. Such a perspective motivates us to look for platforms and forms of communication between culture and business, which PZU is undoubtedly a leader in. Planning our activity in the area of culture, we aim to provide added value to visitors, thus breaking the stereotypical image of a boring, obsolete cultural institution. Creative approach to exhibitions builds a platform for emotional relation between visitors and national heritage assets, hence our soft spot for creative use of technological innovations. Their potential was evidenced by the immense success of the augmented reality technology at the Nineteenth-Century Polish Art Gallery in Kraków Sukiennice.

We are proud to provide not only financial but also promotional and conceptual support to the most prestigious and exceptional facilities on the cultural map of Poland:

- We have been supporting the operation of the Royal Castle in Warsaw since 1996 and at the same time, we have insured its assets. We provided ongoing patronage to educational classes for children and youth (more than 5,000 museum classes and other educational

projects for ca. 110,000 elementary, middle and high school pupils annually). We sponsored, among others, "The Eagle and Three Crowns" exhibition (considered one of the 10 most interesting exhibitions in the world by The Art Newspaper), concerts during annual Old Music Festivals and Music Gardens. Our support made it possible to create the "Interwar Period. Faces of Modernity" exhibition, the first one and so far the only comprehensive and multimedia presentation on the Second Republic of Poland. The list of projects supported by us includes almost 150 exhibitions, concerts, festivals and other cultural events arranged by the Royal Castle in Warsaw. Long-term contribution of PZU was recognised with the honorary title of the Patron of the Royal Castle that we have been supporting continuously since 1995.

- Our patronage of the National Museum in Kraków includes all the facilities of this largest (10 branches, 12 galleries, 2 libraries and 12 conservation laboratories) and the most multimedia-enabled museum in Poland. Not only do we provide the National Museum in Kraków with financial support but also try to be a genuine patron and initiator of a number of ideas that can attract younger generations to visit the Museum branches.

## BEST PRACTICE

### Culture Night in Lublin

Every year in June, we accompany Lublin inhabitants and tourists in the Culture Night, a unique social and cultural event that uncovers the great cultural potential of the city. The Culture Night is extremely popular not only because of the open cultural facilities but also special

events such as performances in gates or city fountains, fashion shows on public institution stairs, a drive-in cinema and a cinema in the city hall rooms. During the last edition of the Night, enthusiasts could also... feel grass under their feet on pedestrian crossings.



- For the Łazienki Królewskie Museum, we developed a security improvement plan consisting in the extension of the technical protection system, installation of the technical protection system and in physical protection of people and property in the museum.
- Thanks to our support, the National Museum in Warsaw recovered the famous Aleksander Gierymski's painting "Jewish Woman Selling Oranges". The painting was exhibited for the first time during the Night of Museums in 2012.



**Tadeusz Zielniewicz,**  
Łazienki Królewskie Director

PZU's involvement in the protection and promotion of cultural heritage deserves the highest respect. As any other institution, we also have dilemmas on how to use our limited resources. Thanks to the support of PZU, we were able to significantly improve the security of the park, the Museum, its invaluable collection and our visitors. We also learn a lot from each other. Innovative marketing activities of companies such as PZU inspire our actions: we are constantly looking for new, attractive and innovative methods of reaching people, we want to take our message to increasingly younger groups of people. Campaigns such as the Night of Museums is a great way to make people aware that encounters with culture do not have to be difficult or boring.

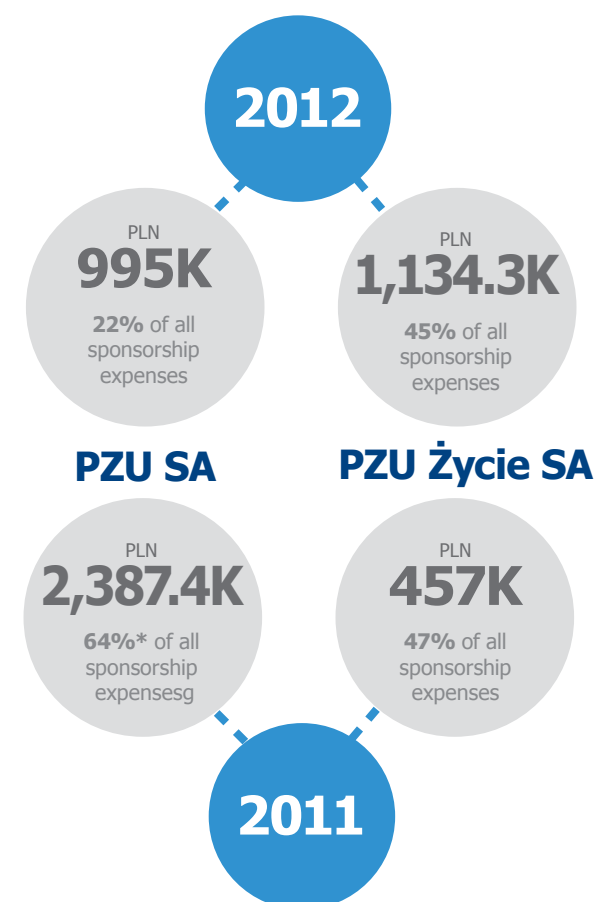
## BEST PRACTICE

### "Sukiennice: A New Dimension"

The mobile app called "Sukiennice: A New Dimension" uses an innovative augmented reality technique. Visitors to the Gallery (a branch of the National Museum in Kraków) can find special codes next to selected paintings that enable to obtain additional information and sounds directly related to the relevant painting on a smartphone provided by PZU. All they need to do is to point the smartphone camera to the painting: the entire process is automatic. The app adds

a whole new dimension to Sukiennice, while the paintings exhibited gain an additional interesting context: the visitors can watch stories related to a given piece of art or its author, see augmented reality beyond the painting, or the context of its origin or destruction as in the case of "Fury" by W. Podkowiński. The unique combination of modernity and tradition makes a visit to the Gallery even more memorable for everyone.

## Support for art and culture: facts and figures



\* Higher expenses were related to a one-off activity, namely the support of Polish Presidency of the EU.





# Committed employees

People:  
our core asset

Employee commitment:  
a foundation  
of PZU 2.0 strategy

Grow with PZU

Rewarding performance

Satisfaction and openness

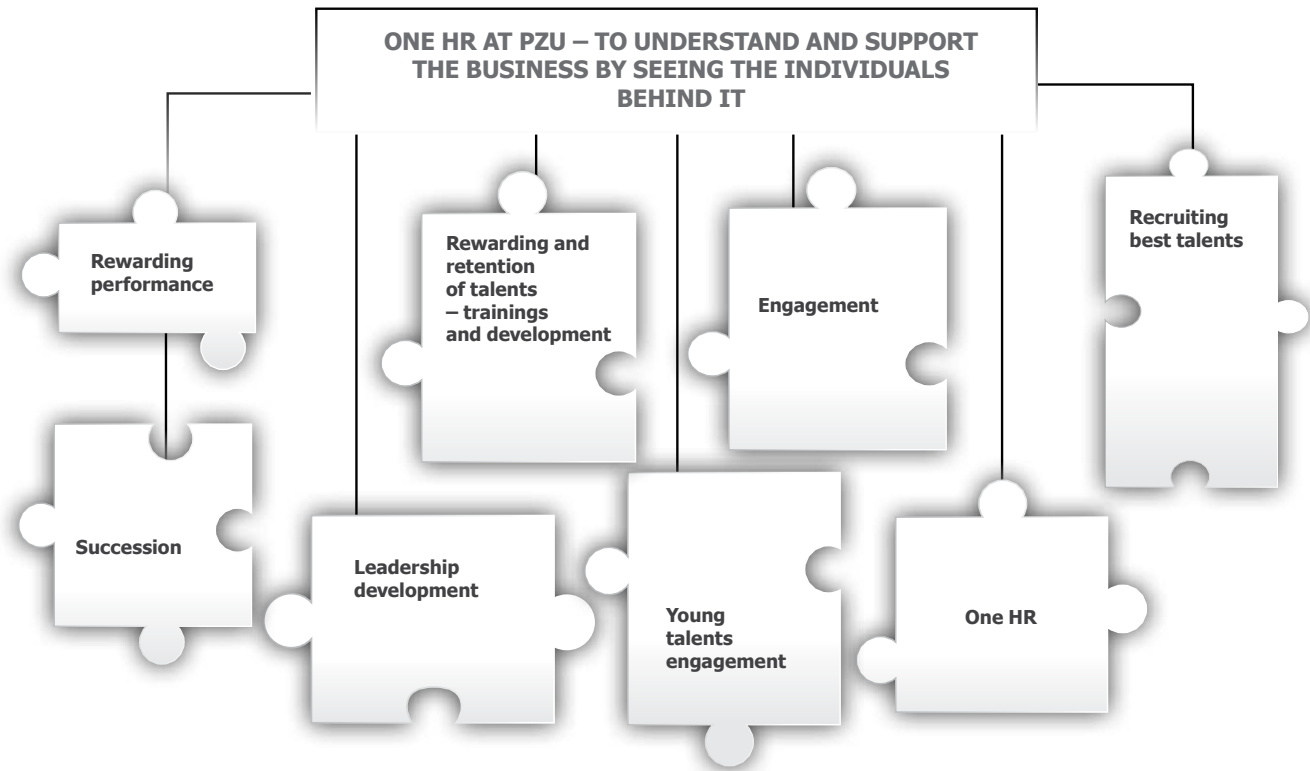
PZU: an employer  
of choice

# People: our core asset

## ONE HR: our new human resources management model

In a world where financial products are rapidly copied by other market players, a consistent competitive advantage may be provided exclusively by a highly motivated team of committed professionals. This is why comprehensive HR activities are an integral part of PZU 2.0 strategy. We aim to become one of the employers of choice in the finance sector, valued for providing employees with conditions for sustainable professional and personal development.

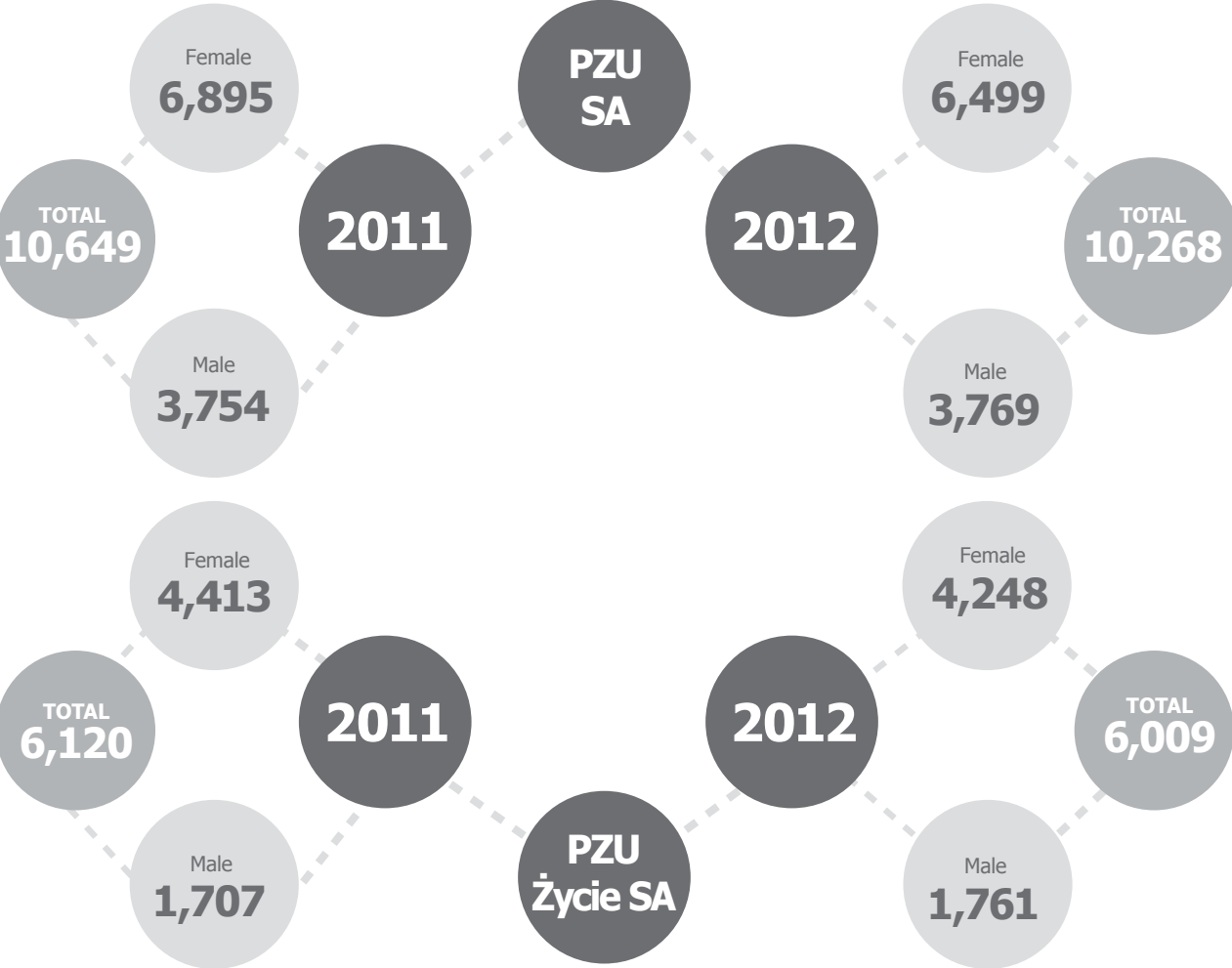
HR activities at PZU make up a complex network of interrelations. At the heart of the entire system, there are people who are ready to go the extra mile. Their commitment is maintained and strengthened through a number of innovative solutions that already exist or are being implemented. All the changes are aimed at modernising system-based management of human resources at our company. We introduced, among others, a new performance management system,



The HR Department is a partner for the business that actively supports the achievement of goals and strengthens the core business pillars of PZU. The elements of the new human capital management model are consistent and complementary.



Employment by gender as of 31 December (headcount)



In 2011, the headcount of PZU SA and PZU Życie SA was 12,070, whereas in 2012, both PZU companies had 11,580 employees. The differences are due to the fact that some PZU employees are employed by PZU SA and PZU Życie SA at the same time.



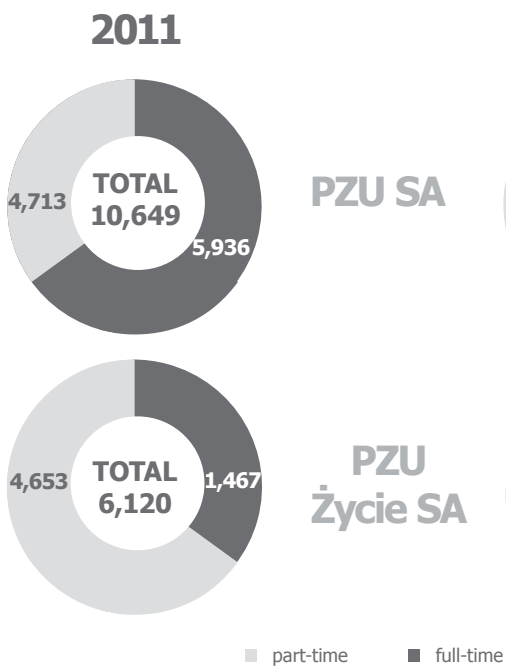
**Olga Zarachowicz,**  
PZU Group HR Managing Director

HR significantly contributes to the creation of a performance-oriented corporate culture. Our slogan is: "Rewarding Performance". The WOW system that replaced the Corporate Collective Labour Agreement is more transparent and enables to reward desired behaviours and the best talents. We are extending the system with new elements such as quarterly targets and their evaluation, annual evaluation, trainings. The chain of elements will be getting increasingly longer in time, and it is important for all of us employees to see it as a consistent whole. Consistency is ensured by various actions that support the business and promote employee involvement, including a comprehensive system of staff trainings or the annual evaluation system based on the employee and leader DNA competence model.

a competence assessment system, and we are changing the employee remuneration system to make it reflect the new reality. One of the pillars of human resources management is annual employee evaluation that constitutes an element of a modern incentive and remuneration system for talents. HR has a network of HR field coordinators who enable us to diagnose and respond to actual business

needs even more efficiently. Further steps include implementation of systemic solutions in the management of training and recruitment processes. All the solutions are supported by an innovative IT system that facilitates comprehensive and long-term management of the HR area. Yet, “soft” factors are equally important, among them the unique organisational culture of our

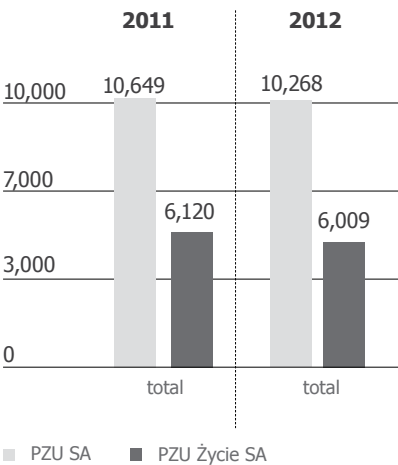
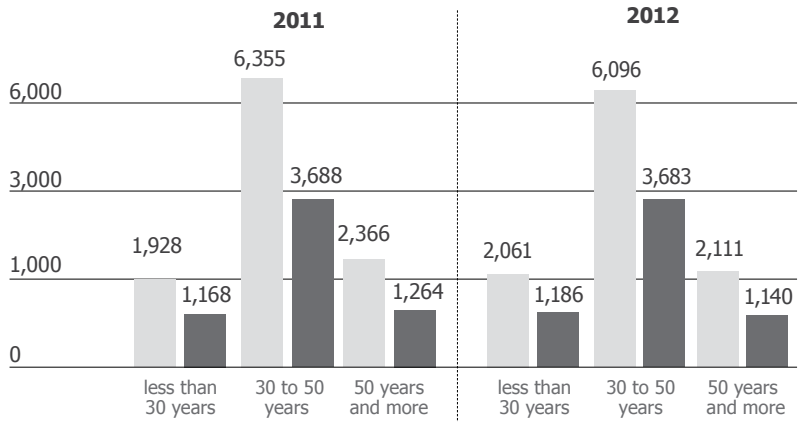
Employment by time basis as of 31 December (headcount)



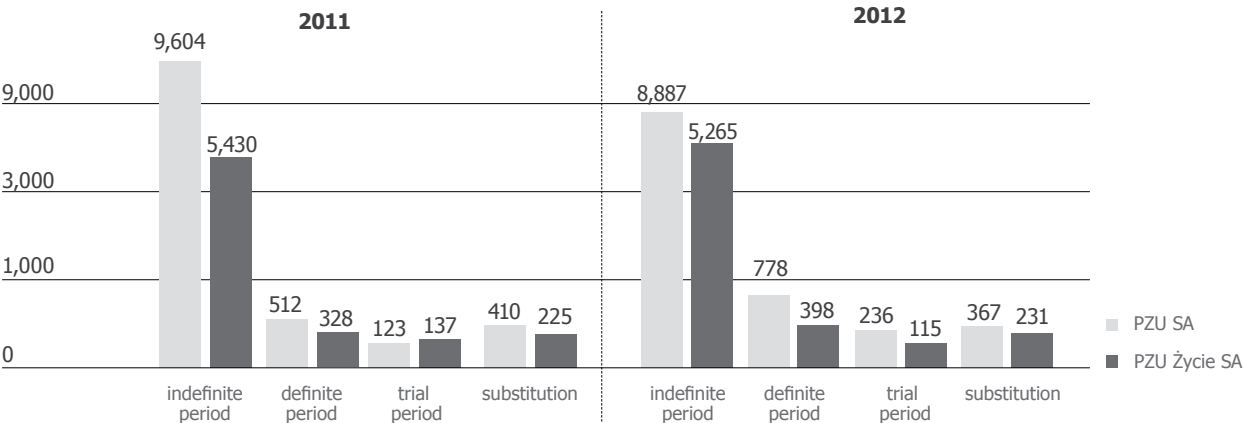
Employment by region as of 31 December (headcount)

Description	2011	2012
PZU SA	10,649	10,268
GDAŃSK	696	595
KATOWICE	1,346	1,337
KRAKÓW	652	596
LUBLIN	696	519
ŁÓDŹ	770	894
POZNAŃ	1,288	1,239
SZCZECIN	668	517
WARSAW	3,807	3,924
WROCŁAW	726	647
PZU Życie SA	6,120	6,009
GDAŃSK	347	326
KATOWICE	716	815
KRAKÓW	358	313
LUBLIN	355	309
ŁÓDŹ	280	268
POZNAŃ	776	839
SZCZECIN	275	242
WARSAW	2,687	2,619
WROCŁAW	326	278

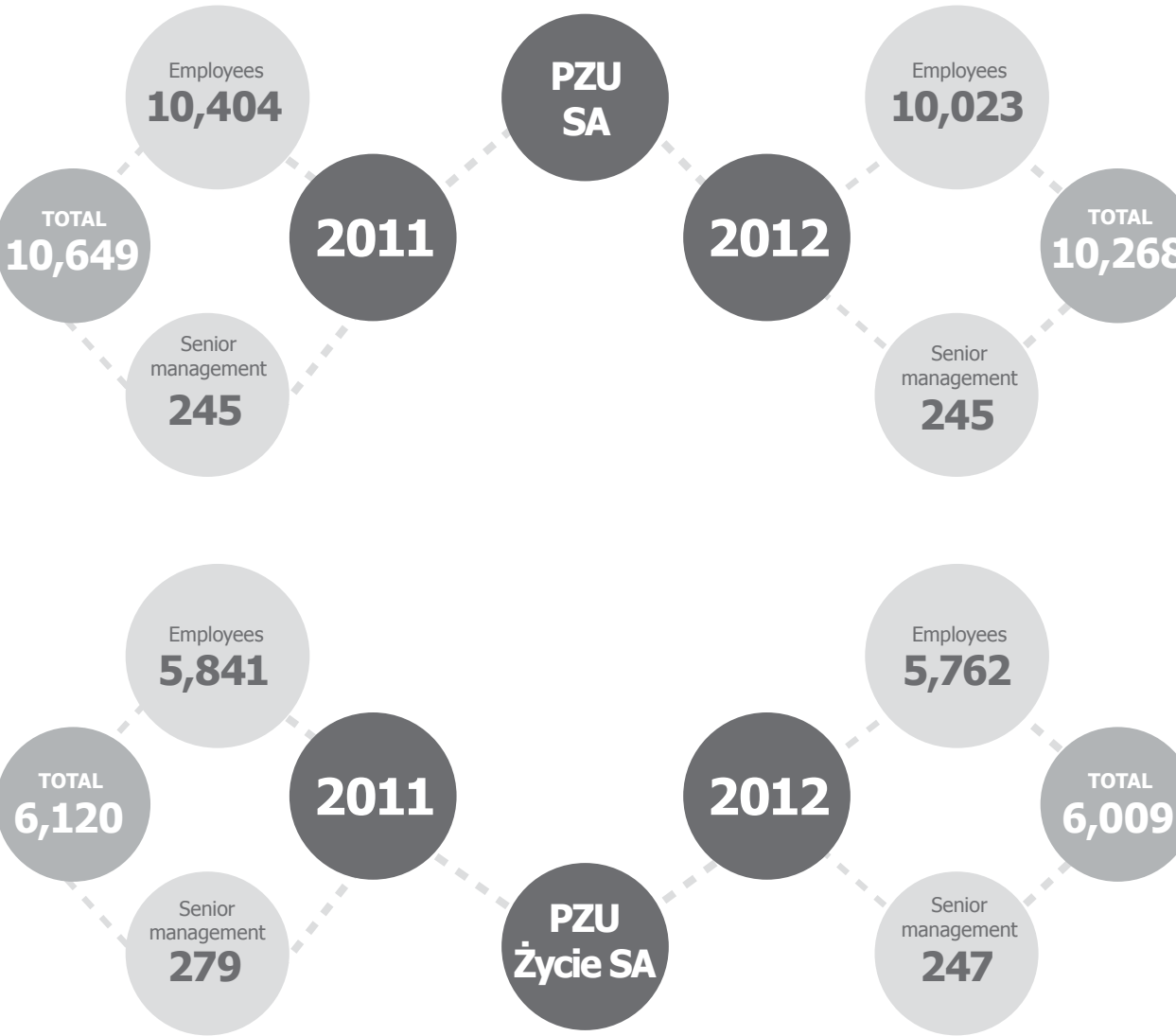
Employment by age as of 31 December



Employment by type of contract as of 31 December (headcount)



Employment by role as of 31 December (headcount)





## Providing a secure workplace

The area of safety and security at PZU is subject to specific protection called the Security Shield. The Shield is made up of three core regulations that constitute an effective barrier against threats to and abuses of our key corporate values and resources: Information Security Policy, Crime Prevention Policy (both entered into force in July 2012) as well as the Staff and Property Security Policy (in force since January 2013). The regulations provide comprehensive protection to employees of PZU companies: the Crime Prevention Policy introduced means to protect employees unfoundedly attacked or accused with regard to their tasks and actions undertaken for PZU. They can rely on the company to provide them with legal assistance (a lawyer hired by the company undertakes relevant actions before law enforcement authorities or the court, acting as the defence lawyer or attorney). The new Policy will go further to provide every employee with the "right to obtain assistance",

also in cases when the employee is stalked, threatened, blackmailed or extorted. An equally important type of support for a threatened employee is the possibility to consult the Security Office to obtain professional advice in situations where the employee's security is threatened or violated by illegal acts of third parties. The employee can also rely on the company to enable consultation regarding physical security. Any issues or concerns related to health and safety are handled by an H&S Team of 23 people who cooperate with the Security Office that monitors working conditions and provides advice related to workplace health and safety. Awareness-raising and preventive campaigns implemented by the H&S Team are promoted on the intranet and through featured articles in "Świat PZU". In addition, pursuant to the applicable laws and regulations, the company has an accident recording system in place. We also take care of the safety of our drivers by arranging trainings for them on road safety.

## Employee commitment: a foundation of PZU 2.0 strategy

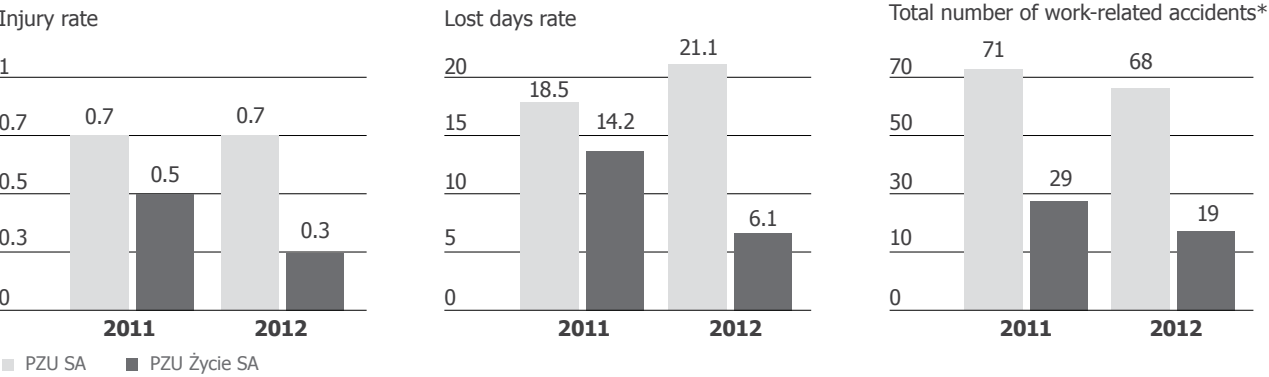
Business and customer orientation is only possible in organisations that boast a committed and well-integrated team of employees. Team members are motivated for everyday work by more than just remuneration: they have to like what they do, feel a part of an important project, they have to be able to fulfil themselves and develop professionally and personally. No wonder that commitment – a situation where employees are ready to go the extra mile – is one of the most prominent HR issues today, not only in Poland but also globally. It is the commitment of employees that seems to be the key source of long-term competitive advantage. High motivation and commitment are fostered by a culture where employees are highly trusted by the company. Trust provides them with significant autonomy, which enables them to

perform their duties in an individual manner but also requires responsibility for their area of competence and for the performance of PZU objectives. An integral part of an organisational culture that fosters commitment is a well-functioning clear evaluation system where every employee knows what will be evaluated, by whom, when and according to which criteria.

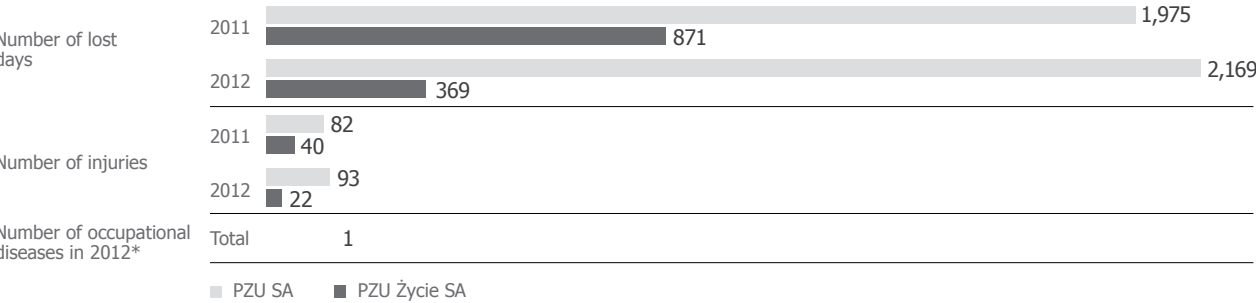
### FOCUS ON COMMITMENT

In November 2011, all our employees had an opportunity to take part in a commitment survey. The feedback that we received allowed us to identify the areas that require special attention of the company. The survey was responded by 66 per cent of people; we received more than 7,000 survey questionnaires completed by PZU SA and

### Injury, occupational diseases, lost days rates and number of work-related accidents

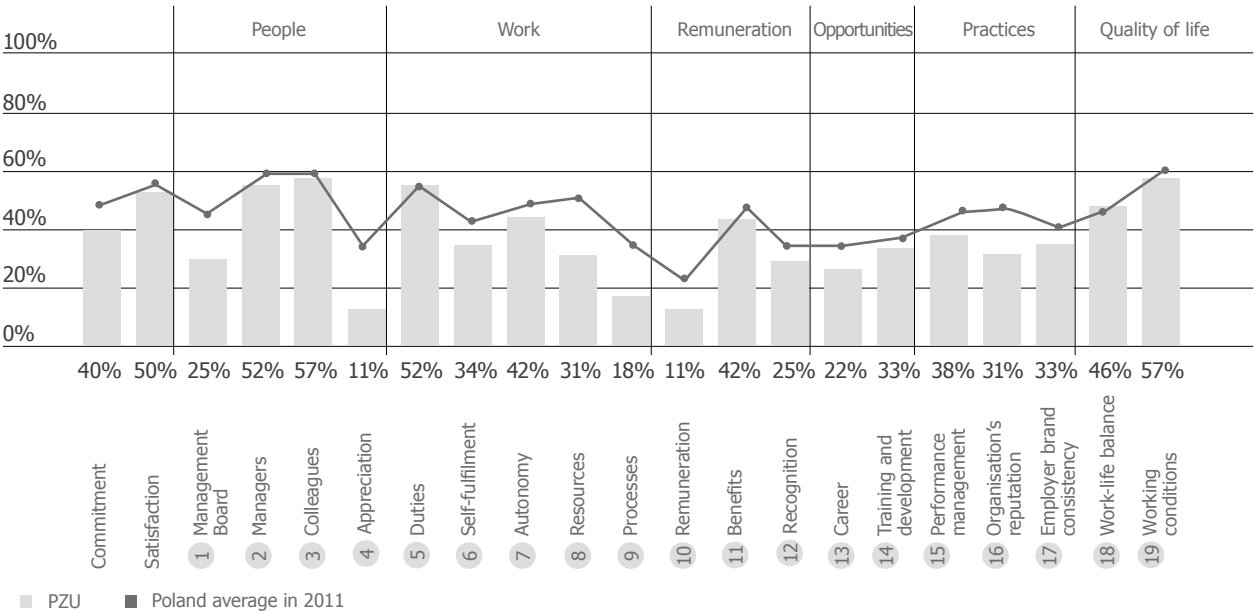


\* In the 2011–2012 reporting period, there was 1 serious injury, 1 fatality and 3 collective accidents.



\* In 2011, no occupational diseases were reported.

### The story behind employee commitment



The above graph indicates positive responses (questionnaire scores of 5 and 6 on a 6-point scale) for each factor compared to an external benchmark. The survey was taken by 7,327 people. The general response rate was high and reached 66%. The commitment rate for PZU is 40%.



**Sebastian Wiatr,**  
**Corporate Customers Director**

Within the “Grow with PZU” initiative, we would like to create a system that will enable every employee to find their place in the organisation and manage their own growth. This will require structuring positions in a way that allows to define possible career paths, specific trainings and other actions that will foster professional development.

PZU Życie SA employees. The average involvement rate in the survey held in 2011 by Aon Hewitt was 40%. This means that four out of ten employees are strongly identified with our company. As a comparison, the average involvement rate among Polish companies is around 45%.The survey revealed that our organisation’s strengths and the best-rated factors were: management (the manager provides support required for efficient work but also clearly communicates goals and expectations), colleagues (they respect opinions and feelings of other people, they are helpful in everyday work and open to each other’s needs), duties (satisfaction of the work performed that enables to acquire useful knowledge and experience), work-life balance and working conditions.

The respondents also indicated areas for improvement. In 2011, employees expected, among others, better recognition of their work, more efficient processes, remuneration proportionate to their commitment and more opportunities for professional development. The deficits indicated by the employees are consistent with the list of HR priorities included in PZU 2.0 strategy. Detailed survey results enabled us to design actions to make our company a better place to work. The tasks of changing our corporate reality for the better and of inspiring other members of our team will be coordinated by TOP30, i.e. thirty Change Leaders. Their main goals is to model changes to PZU towards building a performance-based and customer-oriented corporate culture and one that engages employees. The programme gathered leaders whose will to win, personal accountability and ability to implement changes enable them to lead initiatives that build employee commitment. We are all aware, however, that building an organisational culture, a positive work atmosphere, collaboration, respect and commitment is not only a task for the TOP30 group but for all of us.

**LIKE GOLD DUST**

An important element in the HR area is the Key Employees Programme which aims at recognising highly competent employees who have a significant impact on the company’s performance and at providing them with opportunities for further growth. The initiative was designed to provide them with the highest level of motivation and encourage them to stay with the company. In order to achieve that, we are monitoring their career paths in the organisation and developing – in consultation with their managers – a model of cooperation with this group of employees and a plan of their optimal development. The managers covered by the programme have participated in workshops and received the Key Employee Cooperation Guide that covers practical insights on how to motivate and plan the development of the best employees.



**Sylwia Szymula,**  
**Customer Relations Management**  
**Office Director**

As part of the “Customer Comes First” group, we will be working on initiatives aimed at building a customer-oriented corporate culture. We want our employees to serve each customer, both internal and external, in line with the highest standards.



**Aleksandra Król,**  
**Regional Branch in Warsaw,**  
**Corporate Customers Director**

Within the “People: Our Core Asset” initiative, we ensure that the products offered take account of both employee expectations and their point of view. So far, we have introduced a number of products matching the criteria, including “Make a Gift to Your Boss”: anonymous feedback for managers, which provides almost 500 managers with individual development reports, as well as PZU Sport Team: an initiative where PZU employees practice their favourite sports, getting to know better with their colleagues and integrating the team.

**Commitment and satisfaction**



Responses to the question on job satisfaction are an important indicator of employee satisfaction. Commitment, however, means much more: it means an employee’s readiness to proactively participate in the development of the organisation. Such readiness is built through remuneration, recognition of work, the nature of work performed, opportunities, practices and quality of life in an organisation.

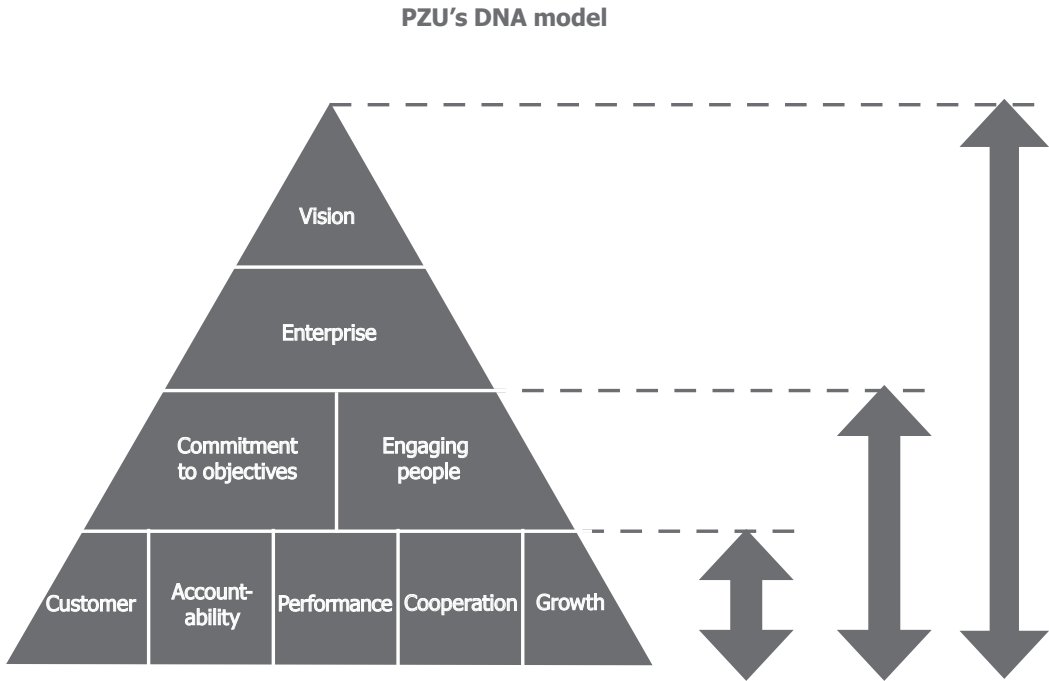
# Grow with PZU

Market competitiveness is ensured by constant improvement of employee competences. The changes that have been implemented in the recent years in the HR area enabled us to improve the employee training and development model by adjusting the tools, intensity and forms of skills improvement to the actual needs of employees and managers. Employees can take advantage of many individual and group growth opportunities, either centrally arranged by the company or offered by external companies, as well

as coaching, studies, specialised forms of professional development or language courses. We also provide solutions that help employees to share their experience and to promote their best practices throughout the entire company.

**EMPLOYEE’S AND LEADER’S DNA**

It is our ambition that our employees share the same genetic code of values and attitudes that our organisation considers the most important. Employee’s DNA includes five areas: Customer, Accountability, Performance, Cooperation



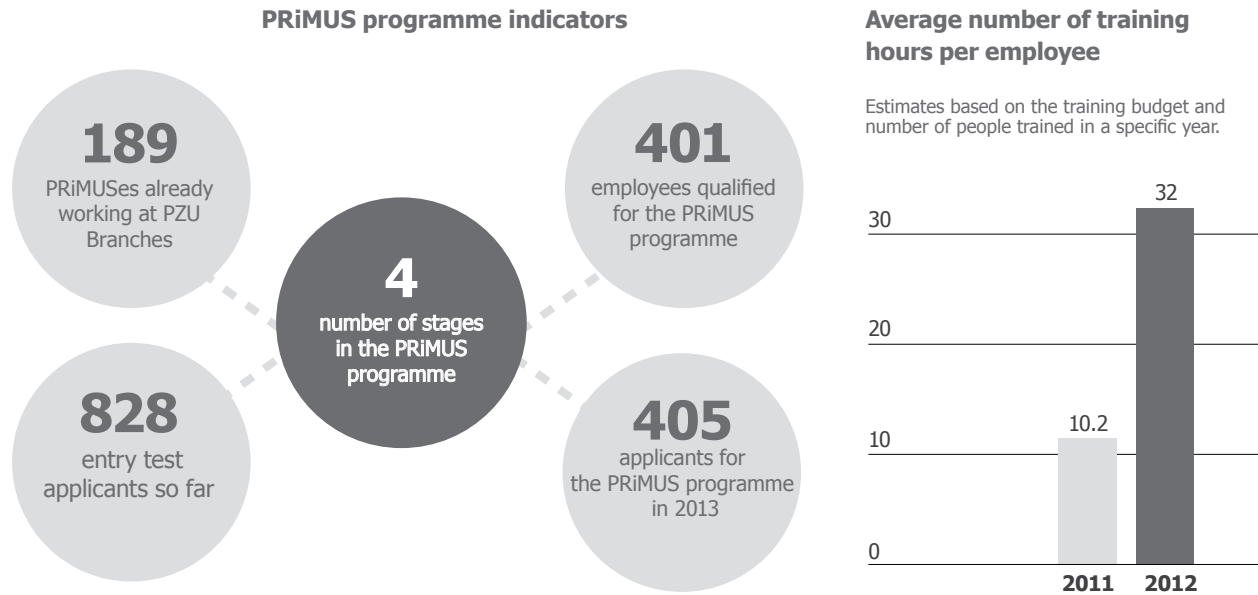
The desired attitudes and behaviours have been defined in the so-called Employee DNA and Leader DNA. They provide a direction in everyday work and constitute a point of reference for the manager when preparing the annual employee evaluation. Employee’s DNA includes five genes: Customer, Accountability, Performance, Cooperation and Growth. Leader’s DNA is made up of: Engaging People, Commitment to Objectives, Vision and Enterprise.



and Growth. Managers – in addition to the Employee’s DNA – are expected to have two Leader DNA competences: Engaging People and Commitment to Objectives. Senior Managers are assessed along the five Employee DNA competences and four Leader DNA competences: in addition to the two indicated above, they should also be characterised by Vision and Enterprise. Each PZU DNA competence is made up of eight behaviours that are evaluated separately. The average scores are converted into a score for a specific competence and the average competence score – into the total DNA score. We carefully calibrated the scores to provide standardisation and objectivity of the evaluation process. Assessment enables not only to evaluate the previous work but also to develop an Annual Development Plan that focuses on three groups of goals: competence goals, position goals and goals for the planned development path if the employee attains high scores.



**Violetta Harasimiuk,**  
**PRiMUS Programme Coordinator**  
PRiMUS teaches employees how to recognise customers and proficiently meet their needs. This is achieved through providing employees with feedback and observing them in one-on-one situations. This unique element of the programme makes employees want to learn and develop further, and continue to go beyond their limits. People are often not aware how great they can be in establishing relations with customers and selling. The programme makes them believe they can do it and be good at it.





The most important development programmes:

- Leader 2.0 – a leadership development programme dedicated to senior management,
- PZU MBA – an exclusive MBA programme developed solely for our organisation, aimed at teaching the highest standards in management applied at Polish and international universities. It is developed in cooperation with recognised market institutions and dedicated to managers with a potential for development and to senior management,
- DNA competence development programme – PLUS (Profesjonalizm – Ludzie – Umiejętności – Szkolenia [Professionalism – People – Skills – Trainings]) designed for all PZU employees,
- STARTER (Sukces Troska Ambicja Rozwój Teoria Empatia Relacja [Success Care Ambition Growth Theory Empathy Relation]) – is a programme that offers comprehensive preparation of the employee to work at a PZU Branch,
- PRIMUS (Program Rozwoju i Mentoringu Umiejętności Specjalistów [Specialist Skills

Development and Mentoring Programme]) – a four-stage programme for PZU Branch employees who want to grow and perform better. Applicants willing to be admitted to the programme must take an entry exam. In 2013, PZU launched the PLUS programme, the largest training and development programme in PZU’s history. PLUS programme includes 54 training modules that develop all DNA competences. It offers more than 1,200 training days and over 8,000 training seats for employees from all the organisation levels. The programme focuses on supporting the development of DNA competences and individual employee efficiency, providing training activities tailored to the needs of PZU employees and strengthening cooperation and sharing experiences between various organisational units. PLUS programme is one of the developmental elements that are consistent with the 70-20-10 model. According to the model, 70% of developmental activities are performed through everyday individual work, 20% are activities with the manager’s support and 10% are formal courses and trainings.

BEST PRACTICE

Leaders of the future

Leader 2.0, a leadership development programme dedicated to senior management, is one of the foundations of PZU 2.0 strategy for 2012–2014. The aim of the initiative is to develop leadership through the implementation of a unique development programme and to engage employees

by building a performance-based and customer-oriented corporate culture, based on PZU values and transparency. The unique module-based form of the 18-month programme combines various forms of professional and personal development, with special focus on leadership, change

management and personal and team development. The programme includes, among others, a series of inspiring meetings, workshops and lectures of recognised personalities, dedicated trainings, case studies and implementation tasks to be performed between modules.

Welcome aboard

With our new hires in mind, we launched a process aimed at building – in an atmosphere of openness and cooperation – their commitment and loyalty. As effective adaptation of employees is important, this responsibility is shared by the HR Department, the manager and colleagues of newly hired staff. Our onboarding programme includes the following elements:

- trainings on information security and H&S for Head Office employees on every 1<sup>st</sup> and 15<sup>th</sup> day of the month,
- a welcome pack with accessories facilitating everyday work (a notebook, a ball pen, etc.) and a welcome letter from the HR Director,
- an e-learning training on the most important information regarding our company, its products, history and CSR activities,
- a survey sent after 2 weeks from commencing work, with a request to provide an opinion about working for PZU and the adaptation process,
- an e-mail to the manager with detailed information on the actions to be taken to provide the employee with tools and resources as well as with an action plan for the newly hired employee’s mentor.



Aleksandra Leśnicka,  
HR Management Office

My first weeks at PZU were an adventure. I was responsible for the development of a commitment survey that was to cover the entire company so not only did I want to get familiar with the company but I had to do it very quickly to perform my duties well. I learned a lot already on my first day at work, a day that was packed with instructional trainings. Then, I could always rely on my manager and colleagues to assist me. I needed their help on many occasions, starting from finding my way in the building through to information regarding PZU organisation. Also, tools dedicated to new hires such as e-learning trainings or the “New Employee” intranet tab proved very helpful. Looking back, I can see how much I learned during the first three months.



# Rewarding performance

## Launch of the WOW evaluation system

An important factor that builds commitment is remuneration and recognition adequate to one's performance. Therefore, we considered it was a priority for the HR to implement an evaluation system that would enable us to reward individual achievements. The new system of performance management, based on the "Rewarding Performance" philosophy was launched on 1 October 2012. Directors and managers were provided with an effective managerial tool enabling them to better use their employees' potential, to increase their motivation, thus ensuring better business performance of the teams and areas they are in charge of. Managers recognise the unique value of the new reward system in the possibility to provide better financial recognition to committed and efficient employees.

The first step on the way to building an innovative remuneration and performance evaluation system was the introduction of annual employee performance evaluation, which enabled to link efficiency and competence level with salary raises, development proposals and promotions, equip managers with employee goal/task/incentive management tools and to identify and develop high-potential employees. In the WOW system, the annual employee evaluation includes a quarterly target evaluation (adjusted to the management level and business specificity) as well as the annual competence evaluation. The level of quarterly targets attainment translates into a bonus amount.



**Arkadiusz Madej,**  
**Senior Training Specialist, HR Management Office**

Implementation of the DNA competence evaluation was one of the elements of the implementation of a new human capital management system and the first step towards changing PZU's organisational culture. DNA evaluation is one of the elements of employee's annual performance evaluation that eventually contributes to the employee's promotion and remuneration. We "test" DNA already when recruiting new employees and check whether their DNA is consistent with what the organisation needs. Based on the DNA, we also take specific, dedicated developmental activities that were included in the PLUS training programme. We designed DNA as a response to the corporate vision and PZU 2.0 strategy. We also used the previous Leader's Standards, Best Practices and feedback from employee commitment survey. The DNA development process involved contributions from representatives of various organisational units who took part, among others, in a series of workshops devoted to designing DNA competences.

# Satisfaction and openness

Job satisfaction, good atmosphere, solutions enabling to reconcile professional and personal lives are the key to gaining employees' commitment. We promote commitment by strengthening organisational culture based on high social capital, mainly on mutual trust, cooperation and open, effective communication and feedback.

### OPEN COMMUNICATION

We are doing our best to provide all employees, irrespective of their position, location or nature of work, with continued access to up-to-date information on the most important events and changes within PZU. We use many channels of communication: from PZU24 intranet, through our newsletter, meetings and our "Świat PZU" internal magazine to leaflets and posters related to important events or changes in the company. The organisational and technological revolution that has occurred at PZU in the recent years, has significantly improved cooperation and communication among PZU employees scattered all around Poland. The Mikro 2 project, implemented in 2009–2011, introduced new back office management systems, including improvement of information and document distribution (within the eDok system). At the same time, employees remain an important source of feedback on the initiatives and projects that we are implementing at PZU as well as growth scenarios for the entire company. We create free association opportunities for our employees. The team's voice is represented by the Works Council made up in each company of 7 employees, which issues opinions on the most important changes implemented in the company. We strive to strengthen a feedback-based culture implemented under the model, which gives our employees the feeling that sharing concerns, initiatives and ideas makes sense. The organisation, on the other hand, gains a driver for further improvement. Employees can be sure that they can rely on the company to provide



**Jerzy Pleśniak,**  
**Chairman of the Works Council of PZU Życie SA**

6 June 2013, was the second anniversary of the election of Works Council members by employees of PZU SA, PZU Życie SA and PZU CO. The Works Council was appointed in accordance with the Act on informing and consulting employees. The aim of the Works Council at PZU is to support social dialogue between employee representatives and the employer. Works Councils are made up of seven people that are authorised as employee representatives to obtain information on matters important for company staff.

objective feedback on the actions taken towards them such as periodic evaluations, for example. We also keep dialogue with trade unions operating at PZU in order to be able to devise solutions that combine both business objectives of the company and employee expectations and needs, including safety and employment security. Significant operational changes are introduced with due advance: the period for consultation of group layoffs is 20 days from notification, for the establishment of remuneration, bonus, labour, employee benefit fund regulations, etc., the period is 30 days from notification of the draft regulations.





PZU SPORT TEAM

We pay special attention to the promotion of an active lifestyle and disease prevention, also among our employees. Within the PZU Sport Team initiative, we support – also financially – various passions: individual and team sports (running, squash, football, skiing, cycling, volleyball and basketball). Although members of our PZU Sport Team take part in league competitions in their respective disciplines, we encourage all our employees and their families to be physically active through various campaigns and programmes. Many of our employees take part in numerous local running events such as Bemowski Bieg Przyjaźni, Maraton Warszawski, Bieg Olimpijski, Bieg na Kasprowy, "Biegnij Warszawo" sports event, as well as Praska Dysza, II Cross Góry Świętej Anny, Górskie Ekstremalne Biegi na Orientację or Bieg Niepodległości. The subject of a healthy lifestyle and sports achievements of our employees are regularly featured in our internal magazine "Świat PZU".

In 2013, PZU will open its first own gym where employees from the Warsaw Head Office will be able to work out. In all regions, our staff can use FitProfit cards which provide them with access to many sports facilities all over Poland.

MORE THAN REMUNERATION

In order to improve staff satisfaction and commitment, we offer them a number of additional benefits and opportunities such as:

- P Plus and Pełnia Życia group employee insurance,
- discounts for other insurance products offered by PZU SA,
- Employee Retirement Plan,
- programme of benefits from the Social Benefit Fund,
- FitProfit cards,
- membership in the PZU Assistance Club,
- redecoration loans (up to PLN 30,000) and mortgage loans (up to PLN 120,000) on preferential terms.

(Never-)ending cooperation

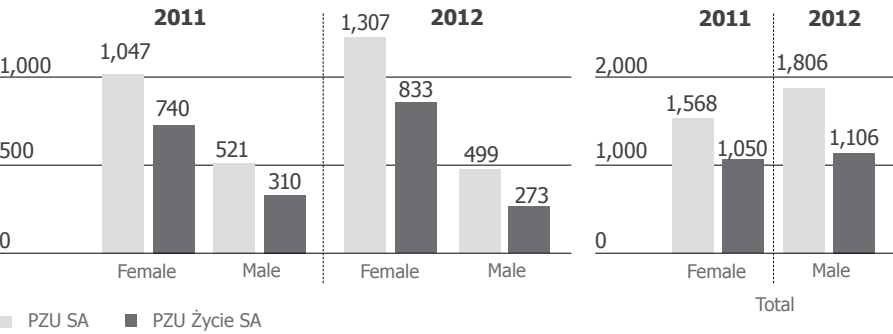
Employee turnover is an inherent part of every team's life. However, an employee's decision to quit should be considered a symptom that there are areas requiring improvement. Therefore, management of the employee's

lifecycle also includes an exit interview at PZU, i.e. a conversation aimed at receiving feedback from the employee on working at the company and the reasons they decided to change their employer. Participation in the interview

is voluntary and its results are confidential. The feedback received on our organisation's strengths and weaknesses enables us to design adequate corrective actions. In pursuit of efficiency to enable further growth, every organisation has to face the need to restructure employment from time to time. We are doing our best to facilitate re-entry of our ex-employees on the labour market. The outplacement programme that we have in place, enables to select individual actions adjusted to the needs and qualifications of outplacement participants.

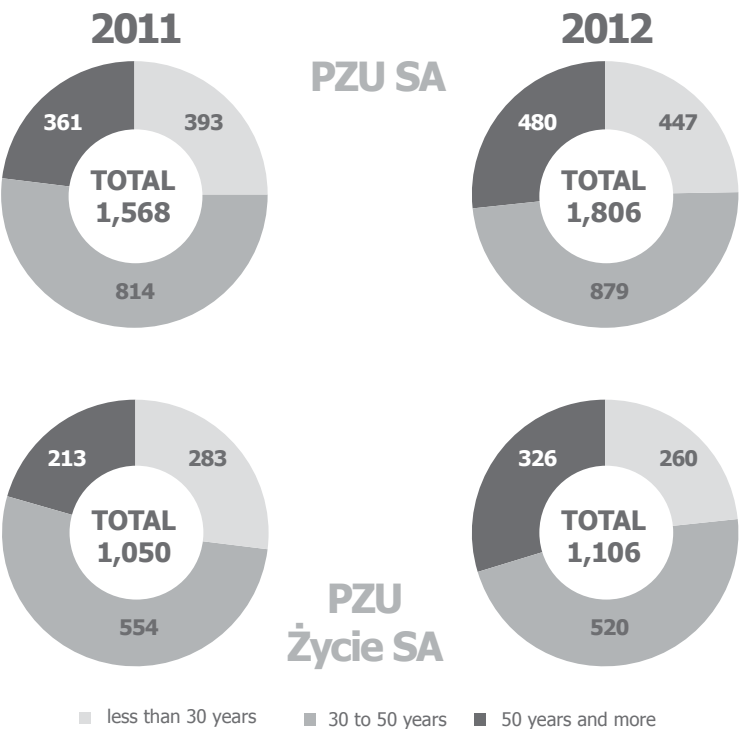
The programme enables to review the previous career path, draw conclusions and plan further steps in view of changing the employer. The outplacement programme designed for PZU employees includes, among others, workshops, individual consultations, Extended Disc analysis (diagnosis of natural predispositions and talents) or X-pert tests that evaluate the level of foreign language fluency and computer literacy. People covered by the programme can also access a special website and a jobs and trainings database.

Total redundancies by gender (headcount) and volatility ratio



Description	Volatility 2012
PZU SA	-3.63%
Female	-5.90%
Male	0.40%
PZU Życie SA	-1.76%
Female	-3.72%
Male	3.11%

Number of redundancies by age as of 30 December (headcount)



Number of redundancies by region as of 30 December (headcount)

Description	2011	2012
PZU SA	1,568	1,806
GDAŃSK	110	155
KATOWICE	148	285
KRAKÓW	90	112
LUBLIN	127	233
ŁÓDŹ	153	101
POZNAŃ	157	198
SZCZECIN	33	75
WARSAW	631	526
WROCŁAW	119	121
PZU Życie SA	1,050	1,106
GDAŃSK	94	67
KATOWICE	69	152
KRAKÓW	54	75
LUBLIN	83	100
ŁÓDŹ	69	46
POZNAŃ	93	157
SZCZECIN	51	64
WARSAW	498	343
WROCŁAW	39	102



# PZU: an employer of choice

One of the strategic objectives of PZU 2.0 is to make our company the employer of choice. We have initiated a long-term process of building PZU's employer brand and implemented a talent management system. In view of that, we clearly defined our employer value proposition (EVP) that best reflects the expectations of our preferred employees. We are

sending a consistent and appealing message on what makes us different (prestige, challenging job, evolving brand), what we expect (meeting of PZU's DNA standards, commitment to work, wisdom, imagination, simplicity) and who we are looking for (people who are bold, independent, responsible, proactive, enterprising and effective in what they do).

**DON'T EXPLAIN WHERE YOU WORK:  
A GENUINE EMPLOYER**

At the same time, we are implementing image-building activities to make PZU brand commonly recognisable. We focus particularly on communicating with young people. In spring 2012, we launched a coordinated nationwide promotional campaign held at selected universities, websites and job fairs, also virtual job fairs, where we present our education programmes and internships and trainings available. In addition, we established a network of PZU Ambassadors at the best universities to support our activities. We also pursue active cooperation with student organisations. We are involved in leading external initiatives such as "Grasz o Staż", "Program Kariera" (implemented in cooperation with the Polish Business Roundtable), "Studenckie Gwiazdy Sprzedaży".

Our "Wiedzą Pisane" competition that rewards the best essays, presentations or films has become highly popular among students.

We also developed a new centralised internship and training programme and the related benefits for both interns/trainees and their supervisors.

Programme participants will be joining our company twice a year: in June and October. This consistent approach not only meets market expectations but also enables us to efficiently arrange courses and training sessions. PZU's current slogan promoted externally is "Praca przez dużo P" [Genuine Jobs]. However, internal campaigns are held under the slogan "Pracodawca przez dużo P" [Genuine Employer].

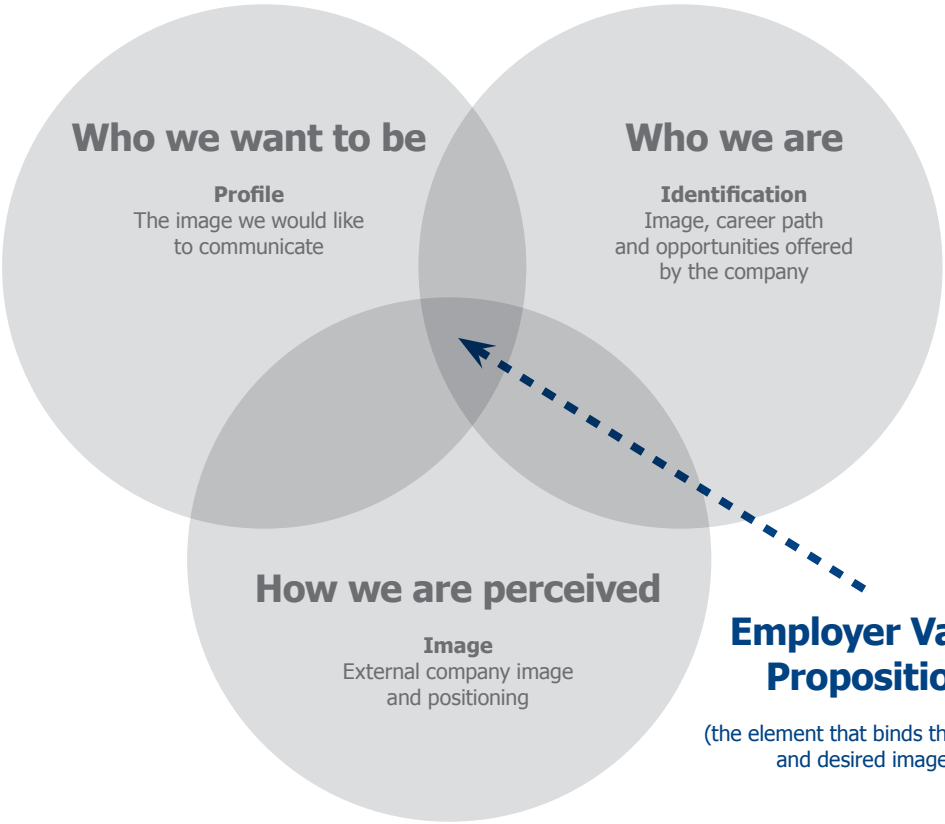


**Maciej Hassa,**  
**Employer Brand Team Manager**

Although we are currently witnessing the employer's market, at PZU we are led by the principle that people are the company's main asset. Committed employees with high potential are a dream of every company. In order to recruit and retain such people, we undertake numerous employer branding initiatives. We want to reach three target groups: young talents, employees and professionals. We tell all of them everyday that working for PZU provides them with genuine benefits such as brand prestige, development perspectives, non-financial benefits, job security and many more.



**Employer Value Proposition model**



The EVP model enables to identify values that will become our employer highlight. The value proposition is a combination of who we are, who we want to be and how we are perceived by potential internal and external candidates. It includes both emotional benefits (wellbeing) and real benefits (professional development opportunities, career paths, etc.).



**Wojciech Hudzik,**  
**PZU Ambassador in Kraków**

I am in my senior year of Production Management and Engineering at the AGH University of Science and Technology in Kraków. I was honoured and pleased to be PZU Ambassador in academic year 2012/2013 at my university. I was a part of a serious project of significant image-related changes of our company. One of my main tasks was to promote good image of PZU among students. I decided to apply for the job as I like to work with people and I am interested in the financial and insurance sector. Thanks to my cooperation with such a well-known and prestigious corporation like PZU, I had an opportunity to contribute to the promotion of the currently very important concept of corporate social responsibility (CSR) among students.



# Environmental impact **awareness**

Environmental sensitivity

Supporting employee  
environmental awareness

Influencing others

# Environmental sensitivity

## Strategic approach

For years, people thought that environmental initiatives should be undertaken by industrial companies whose operations have an impact on the environment. As a result, the financial sector narrowed the application of CSR to involvement for the benefit of the employees, the market and local communities. In Poland, however, like in the case of mature markets, this approach is being quickly reconsidered. Banks and insurers realise that they can have a significant impact on the environment. Responsible approach to environmental issues that we have pursued for years, was structured under PZU 2.0 strategy. Environmental impact management was considered as one of the factors that build the value of PZU. Our activities are of a double nature: responsible management of natural resources in the

company and building environmental sensitivity and awareness among our stakeholders: employees, customers, business partners, suppliers and local community representatives. We strive to reduce the negative environmental impact of our operations by implementing “green” initiatives, engaging employees in efforts to protect the environment and by using IT tools to optimise consumption of resources. Environmental issues were also included in “PZU Best Practices”.

### THE PAPER CHALLENGE

We are pursuing a number of initiatives to reduce paper consumption such as the promotion of electronic distribution of documents and applications or encouraging employees to abandon printouts, etc.



**Agata Drożdż,**  
**Real Estate Office, Central Real Estate Maintenance Manager**

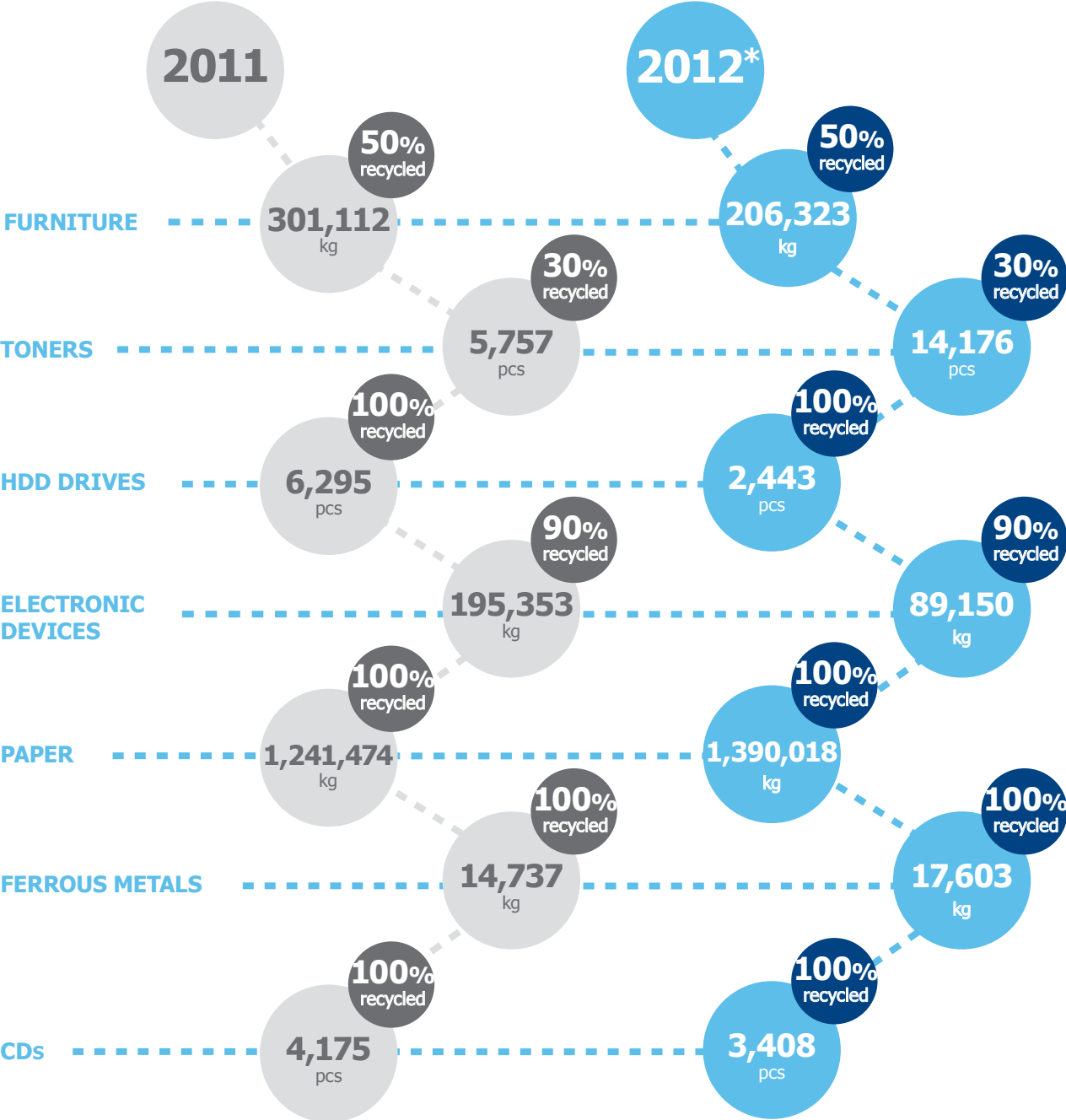
The issues of environmental protection have always been in the centre of my generation’s attention. Although we did not know terms such as recycling or waste separation, we used to take empty bottles to bottle return depots, arrange waste paper collection at schools, we collected cans and did not pack our shopping into disposable plastic bags that are immediately thrown away. Back then, we used to value the economic aspect, too, namely the ability to earn a few zlotys more to spend in addition to our pocket money.

Today, environmental responsibility is an important aspect of corporate social responsibility. Through continued environmentally-friendly initiatives, PZU aims to minimise its impact on the environment (reduction of paper, water and energy consumption, planned waste separation) and to shape a positive image of the company among employees and stakeholders.



### Waste in 2011–2012

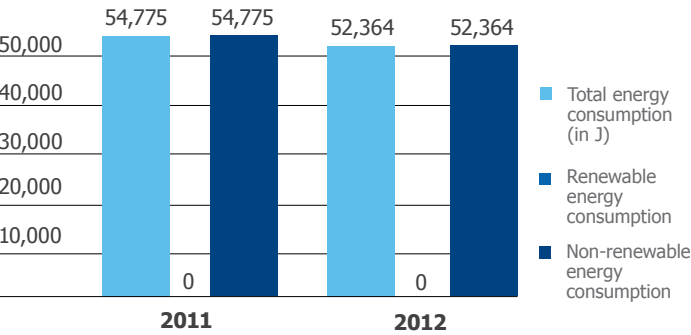
Our activity related to waste management includes initiatives for the reduction of use of particular materials, accessories, furniture, etc. At the same time, we try to recycle them as much as possible. In the case of waste such as electronics, paper or metals, our recycling rate reaches 100%.



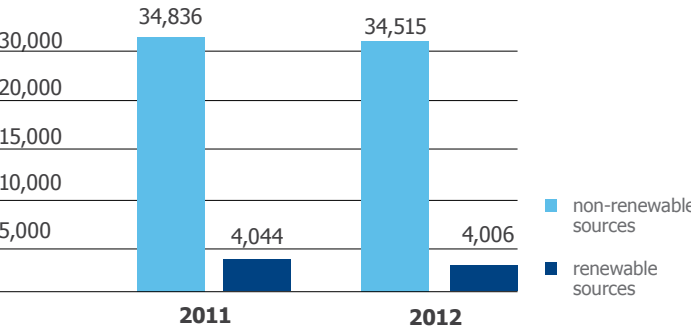
\* Additionally in 2012: batteries and storage batteries: 12,856 kg (100% recycled)



Direct energy consumption by primary energy sources (gas and oil converted into GJ)

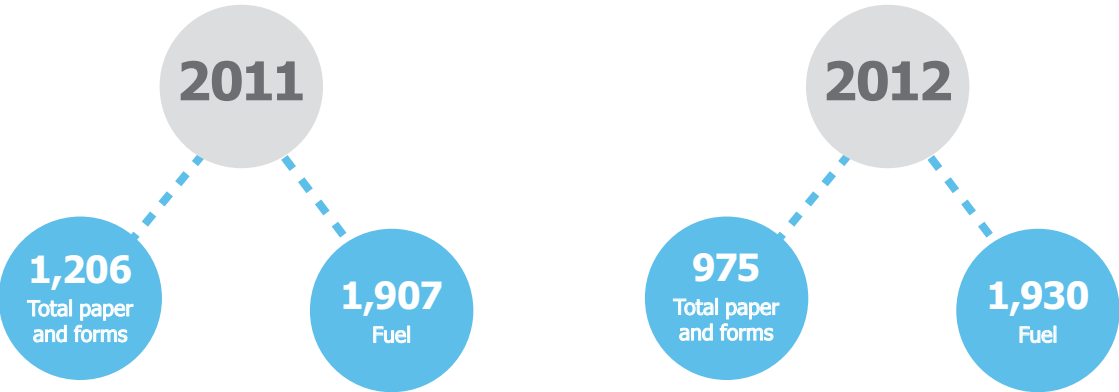


Indirect energy consumption by primary energy sources (GJ)



Proportions of renewable sources calculated according to the regulation of the Minister of the Economy determining the volume of renewable energy in total sold energy (10.4% for 2011 and 2012).

Raw materials / consumables consumed (tonnes)



As a result, we recorded a significant decrease of paper consumption in 2012: compared to 2011, we saved around 75 tonnes of paper (i.e. 15 million A4 sheets). Such a significant reduction was possible thanks to remodelling of business processes, and primarily to increased share of scanned documents, reduction of copying to the necessary minimum, optimisation of the usage of printing devices and reduction in the number of local printers. In addition, instead of a paper-based one, we introduced electronic distribution of applications and confirmations of the purchase of goods and services. Toilet paper and paper towels purchased for the head office and corporate branches are manufactured from waste paper. In December 2012, we initiated a campaign that promotes subscription to electronic newspapers and magazines: replacement of 10 daily newspapers with their e-issues enabled us to save around 100kg of paper per month. The campaign continues in 2013. We also undertake regular actions and reviews of sales forms (policies, applications) in terms of paper reduction or their replacement with electronic versions. We also encourage agents to rationally order and use our sales forms (the campaign was particularly intense when PZU's

Total weight of waste by waste type and methods of waste treatment (tonnes).



\* Including furniture, toners, electronics, HDDs, CDs, paper, storage batteries, mobile phones.

In addition to recyclable waste, PZU also generated municipal waste. However, the company is unable to estimate its weight.

visual identification system was changing). We are developing print stock management standards and planning to launch additional mechanisms to control the dynamics of the use of stocks in a weekly cycle. The said activities brought in 2012 a 15% decrease in expenses for sales forms at PZU compared to 2011.

WASTE MANAGEMENT

The scale of our business and thus the amount of waste generated requires particular responsibility from us. We want to meet the challenge by implementing initiatives such as separation of waste in Regional Branch and Head Office buildings (into paper, municipal waste, glass, plastics) and consolidation of waste removal contracts to maintain better control. In the reporting period in question, there was no significant dangerous waste at the company. Actions related to waste management will be continued and extended in the subsequent years.

REDUCTION OF FUEL CONSUMPTION AND USE OF COMPANY CARS

We aim to reduce the impact of our company cars on the environment. In order to do that, we introduced fuel limit cards in 2012. We are also exchanging the car fleet into smaller, more

economic vehicles. As a result, we managed to reduce the average monthly fuel consumption from 125 to 117 litres per vehicle. We are also trying to make our employees familiar with the principles of eco-driving, i.e. more efficient and environmentally-friendly vehicle usage.

REDUCING ENERGY AND WATER CONSUMPTION

The largest PZU building, the Warsaw-based PZU Tower, was equipped in 2010 in water flow limiters (timed flow taps). The effects were visible already in 2011. Energy efficiency was enabled by the installation in the PZU Tower building of time switchers in the underground parking lot and halls as well as consolidation of energy purchase contracts. We are also systematically replacing fluorescent lamps with energy-saving sources of light, and when modernising heating systems, we replace heat furnaces with energy-efficient ones.

# Supporting employee environmental awareness



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**Karol Stokop,**  
**Technical Maintenance Coordinator**

By promoting environmentally-friendly behaviours, awareness-raising campaigns held at PZU teach employees to consciously use the environment and its resources. Campaigns related to saving water, energy, paper and other resources encourage us to use these good habits in our everyday lives, also outside the company. The collection of cell phones made us realise that objects that we tend to consider useless or redundant can bring – when properly handled – measurable benefits to other people in need.

We encourage our team to live an environmentally-friendly lifestyle, also at work. We educate employees in many different ways on the importance of the environment and the need to preserve it in non-deteriorated condition for future generations.

We make our staff aware of the need to save water and energy in their everyday office activities. We use internal communication, including the Intranet, to promote reduction of the consumption of raw materials and consumables during the performance of their duties. Themes that educate and raise environmental awareness are regularly featured in our magazines "Świat PZU" and "Świat Agenta" as well as the "Z pierwszej ręki" newsletter.

As part of our environment protection campaign held in the office, we provided stickers with useful environmental tips in kitchen rooms and toilets. We also support our employees' initiative of collecting bottle caps.

In the second half of 2011 and in the first half of 2012, we conducted numerous awareness-raising campaigns encouraging PZU agents to order and use sales forms in a rational manner.

In December 2012, we arranged a collection of old cell phones in specifically marked bins. Phones collected during the campaign were resold to a company that repaired them and disposed of the ones damaged beyond repair in an environmentally-friendly manner. The funds obtained from the sale of used phones were provided to "Grow with Us" Foundation (formerly: "10<sup>th</sup> April Foundation") which supports children of people injured during public service.



# Influencing others

We encourage our stakeholders to undertake environmental activity by sending a clear message to them: the environment is very important for us. We pay special attention to educating our customers. We are aware that we indirectly influence the level of environmental knowledge and shape proper behaviours and habits of 16 millions of Poles. We strive to make the sales and customer service process, including claims adjustment, cause as little environmental impact as possible. Within the applicable legislative framework, we are reducing the length of forms and replace them with electronic documents whenever possible.

We encourage customers to abandon paper-based correspondence (e.g. fund unit purchase or redemption confirmations) and to use electronic access channels (text messages, Internet, phone). Responding to their needs, we provided the option to conveniently and quickly adjust claims on-line. We find and promote trends that can contribute to better management of the impact of the economy and consumption in the environment. In June 2012, we were the partner of the "Auto Moto Eko" fair held in Warsaw, the first Polish exhibition presenting various designs and studies of green vehicles that will dominate the market in the near future.

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## Limited assurance report

### To the Management Board of PZU SA and PZU Życie SA

#### Subject matter and Criteria

As per terms of our Agreement (the "Agreement") we have been engaged to perform a limited assurance engagement on selected data named below and presented in the "PZU Corporate Social Responsibility Report 2011-2012" ("PZU Report").

PZU SA and PZU Życie SA (the Company) management prepared PZU Report ensuring its adherence to the Sustainability Reporting Guidelines of the Global Reporting Initiative version 3.0 (the "GRI G3.0 criteria, "reporting criteria").

PZU Report presents quantitative and qualitative information on the Company's corporate responsibility practices in the period of 1 January 2011 to 31 December 2012.

#### Management's Responsibility

The Company's management is responsible for the preparation of the PZU Report in accordance with the GRI G3.0 criteria.

This responsibility includes the selection and application of appropriate methods to prepare the non-financial data and the design, implementation and maintenance of systems and processes which ensure the adherence to the GRI G3.0 criteria relevant for the preparation of the non-financial data using assumptions and estimates which are reasonable in the circumstances.

#### Practitioner's Responsibility

Our responsibility is to express a conclusion as to the selected indicators presented in PZU Report. Performed procedures were chosen based on our judgment and take under consideration our judgment of the risk of material misstatement for the selected indicators: EN1, EN22, LA1, LA7, LA11, HR3, SO3, PR5, PR8, PR9 (definitions of the indicators and respective reference to the page of their reporting are presented in PZU Report in the table "GRI disclosures")

We conducted our work in accordance with International Standard on Assurance Engagements 3000 "Assurance engagements other than audits or reviews of historical financial information" („ISAE 3000").

PricewaterhouseCoopers Sp. z o.o.,  
Al. Armii Ludowej 14, 00-638 Warszawa, Polska  
T: +48 (22) 523 4000, F: +48 (22) 523 4040, [www.pwc.com](http://www.pwc.com)

PricewaterhouseCoopers Sp. z o.o. wpisana jest do Krajowego Rejestru Sądowego prowadzonego przez Sąd Rejonowy dla m. st. Warszawy, pod numerem KRS 0000044655, NIP 526-021-02-28. Kapitał zakładowy wynosi 10.363.900 złotych. Siedzibą Spółki jest Warszawa, Al. Armii Ludowej 14.



## Summary of the work performed

Within the scope of our work we performed amongst others the following procedures:

- Examination of the relevant documentation regarding relevant systems and processes for gathering and analyzing the data for the selected indicators named above,
- Inquiries of the appropriate management members as well as personnel responsible for the reporting of CSR information and performing of analytical procedures on the selected indicators named above,
- Obtaining sample evidence for the selected indicators named above. Sample analyzed documents included invoices/reports from external service providers, internal reports including data generated as reports from the Company's IT-systems.

In a limited assurance engagement the evidence-gathering procedures are more limited than in a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the selected indicators named above as presented in the PZU Report have not been prepared, in all material respects, in accordance with the GRI G3.0 criteria.

## Limitation of use and distribution

Our limited assurance report prepared by PricewaterhouseCoopers sp. z o.o. („PwC") for PZU SA and PZU Życie SA in respect of the Agreement is directed to sole use of the Company's Management Board. It should not be used to other purposes.

Thus PwC does not take any responsibility in respect of this report (contractual, tort (including that for negligence) or any other) in respect of any parties other than the Company. Respectively, regardless of the form of the actions, whether in contract, tort or other, within the capacity allowed by the law, PwC does not take any responsibility, and any consequences coming out of the report for any person (excluding the Company, based on rules described above) or for any other decision taken based on this report.

The PZU Report should be read together with the Sustainability Reporting Guidelines of the GRI G3.0.

## TRANSLATION ONLY

PricewaterhouseCoopers Sp. z o.o.  
Warsaw 23 July 2013





Statement  
GRI Application Level Check

GRI hereby states that **PZU** has presented its report “PZU 2.0 We are changing for good. Corporate Social Responsibility Report 2011-2012” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 17 July 2013



Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative

The “+” has been added to this Application Level because PZU has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 9 July 2013. GRI explicitly excludes the statement being applied to any later changes to such material.



GRI Content Index

Profile disclosure	Disclosure	Level of reporting	Location of disclosure
Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organization.	Fully	4–5; 24
1.2	Description of key impacts, risks, and opportunities.	Fully	4–5; 24
Organizational Profile			
2.1	Name of the organization.	Fully	8
2.2	Primary brands, products, and/or services.	Fully	12
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	9
2.4	Location of organization’s headquarters.	Fully	8
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	8
2.6	Nature of ownership and legal form.	Fully	8–9
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	8–9
2.8	Scale of the reporting organization.	Fully	10–11; 83–85
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	30
2.10	Awards received in the reporting period.	Fully	15
Report Parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	2; 30
3.2	Date of most recent previous report (if any).	Fully	30
3.3	Reporting cycle (annual, biennial, etc.)	Fully	30
3.4	Contact point for questions regarding the report or its contents.	Fully	2
3.5	Process for defining report content.	Fully	31
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	30
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	30
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	30
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	30–31
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	30
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	30
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	111–114

Profile disclosure	Disclosure	Level of reporting	Location of disclosure
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	30
Governance, Commitments and Engagement			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	16–17
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	16
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	16–17
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	19–20; 95
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization’s performance (including social and environmental performance).	Fully	17
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	17
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization’s strategy on economic, environmental, and social topics.	Fully	17
4.8	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization’s strategy on economic, environmental, and social topics.	Fully	23
4.9	Procedures of the highest governance body for overseeing the organization’s identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	25
4.10	Processes for evaluating the highest governance body’s own performance, particularly with respect to economic, environmental, and social performance.	Fully	17
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	19
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	23
4.13	Memberships in associations (such as industry associations) and/or national/ international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	14
4.14	List of stakeholder groups engaged by the organization.	Fully	28–29
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	28
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	28–29
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	28–29

Profile disclosure	Disclosure	Level of reporting	Location of disclosure
Disclosure on Management Approach (DMAs)			
	Disclosure on Management Approach EC		13; 56–57
	Disclosure on Management Approach EN		102–105
	Disclosure on Management Approach LA		82–85; 86–87; 90–92; 95–96
	Disclosure on Management Approach HR		45–47; 53; 95–96
	Disclosure on Management Approach SO		45–47; 56; 58–59
	Disclosure on Management Approach PR		34–35; 47–49
Economic (EC)			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	13; 56–57
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Partially	56–57
Environmental (EN)			
EN1	Materials used by weight or volume.	Fully	104
EN3	Direct energy consumption by primary energy source.	Fully	104
EN4	Indirect energy consumption by primary source.	Fully	104
EN22	Total weight of waste by type and disposal method.	Partially	103; 105
Social: Labor Practices and Decent Work (LA)			
LA1	Total workforce by employment type, employment contract, and region.	Fully	83–85
LA2	Total number and rate of employee turnover by age group, gender, and region.	Fully	97
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	96
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	95–96
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	86
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Fully	86
LA10	Average hours of training per year per employee by employee category.	Partially	91
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	90–92

Profile disclosure	Disclosure	Level of reporting	Location of disclosure
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	16–17; 83–84
<b>Social: Human Rights (HR)</b>			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Fully	53
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	45–46
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Fully	95
<b>Social: Society (SO)</b>			
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Fully	56–57
FS14	Initiatives to improve access to financial services for disadvantaged people.	Fully	35
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	46–47
SO4	Actions taken in response to incidents of corruption.	Fully	47
<b>Social: Product Responsibility (PR)</b>			
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	41–43
FS16	Initiatives to enhance financial literacy by type of beneficiary.	Fully	68–71
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	47
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	48
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	47