

PZU (2014)

- report on the application of corporate governance



Warsaw 18 March 2015



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1 Corporate governance principles applied by PZU

Since the IPO of PZU on a regulated market the Issuer has followed the corporate governance rules laid down in [Good practices of companies listed on WSE](#).

The document was accepted by WSE Council on 4th July 2007 and has undergone several modification since then. The document accepted by the Resolution of WSE Council regarding amendments to the Good Practices of Companies Listed on WSE of 21st November 2012 has been effective since 1st January 2013. The current contents are available on the website devoted to corporate governance of WSE- listed entities WWW.CORP-GOV.GPW.PL and on the PZU's corporate website (www.pzu.pl) in the section dedicated to PZU's shareholders – "[Investor Relations](#)".

Code of Good Insurance Practices adopted on 8th June 2009 by the General Meeting of the Polish Chamber of Insurance ("PIU"), an organization associating insurance companies operating in the Polish market is another document determining the manner of business operations and of developing relations with stakeholders. The document is available on the website: <http://piu.org.pl/en>

Further, stakeholder relations are based on our internal PZU Code of Good Practices. The document is available on the website: <http://www.pzu.pl/>

On 22nd July 2014, Polish Financial Supervision Authority issued Corporate Governance Rules for Supervised Institutions ("Rules").

The rules are a set of guidelines (soft law standards) which should be used by supervised entities from 1st January 2015 under the applicable law and with respect to the principle of proportionality.

The rules and information on how to use them can be found on the PZU's website: <http://www.pzu.pl/grupa-pzu/pzu-sa/zasady-ladu-korporacyjnego>

2 Application of Best Practices of WSE Listed Companies

In 2014, PZU complied with the principles included in Good Practices of Companies Listed on WSE except from the one referred to in Section IV.10 and Section I.5, I.9 and I.12.

With regard to the principle referred to in Section IV.10, regarding enabling shareholders' participation in general meetings using IT tools to allow mutual real-time communication and participating in discussions during the meeting for shareholders who are physically absent at the meeting venue, please note that in our opinion, there are a number of technical and legal factors that may affect the course of a general meeting, and therefore the appropriate application of the above rule. Moreover, in our view, the company's principles concerning participation in shareholders' meetings applicable in PZU allow for exercising rights from shares and protect interests of all shareholders. The communication regarding non-compliance with the principle included in Section VI.10 was submitted by the Issuer on 29th January 2013.

The following issues mentioned in section I of Good practices of companies listed on WSE defining Recommendations concerning good practices of companies listed on WSE should be emphasized:

- as for the recommendation included in Section 1.5 concerning the policy of remunerating members of management and supervisory bodies, remunerations of members of the Supervisory Board are determined by the General Shareholders' Meeting and those of the Management Board are set based on a resolution of the Supervisory Board.
- the policy of remunerating members of the management and supervisory bodies of PZU does not include all elements indicated in the recommendation of the European Commission of 14th December 2004 fostering an appropriate regime for the remuneration of directors of exchange listed companies (2004/913/EC), supplemented by recommendation of EC of 30th April 2009 (2009/385/EC). Moreover, PZU did not present a declaration presenting remuneration policy on its corporate website. The decision concerning future compliance with the said rule will be taken by the Supervisory Board and the General Shareholders' Meeting.

- at the same time, please note that implementing the Ordinance on current and periodic information¹, the Issuer discloses information regarding remuneration, awards or bonuses for each member of the managing and supervisory bodies in PZU in the annual report.
- as for the recommendation specified in Section I.9 concerning gender parity principle to be followed in the Company's management and supervisory bodies, PZU has always pursued the policy of appointing competent, creative, experienced and educated people to the Company's bodies. The composition of the Management and Supervisory Board is determined based on a decision of the Supervisory Board or a General Shareholders' Meeting, respectively and other factors, such as sex, are not taken into account.
- with regard to the recommendation referred to in Section IV.12, regarding enabling shareholders' participation in general meetings using IT tools to allow mutual real-time communication and participating in discussions during the meeting for shareholders who are physically absent at the meeting venue, please note that in our opinion, there are a number of technical and legal factors that may affect the course of a general meeting, and therefore the appropriate application of the above rule. Moreover, in our view, principles concerning participation in shareholders' meetings applicable in PZU allow for exercising rights from shares and protect interests of all shareholders.

The announcement on non-compliance with these recommendations was not issued in line with the waiver of the obligation to publish issuers' reports with respect to corporate governance principles set forth in Section I of Good practices of companies listed on WSE, in accordance with the resolution 1014/2007 of the Management Board of WSE dated 11 December 2007 regarding partial waiver of the obligation to publish reports on corporate governance adopted on the WSE Main Market.

3 Application of Corporate Governance Principles to Supervised institutions

The Management Board and the Supervisory Board of PZU declared their readiness to apply the Principles to the furthest objectively possible extent, taking into account the principle of

¹ Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information submitted by issuers of instruments and conditions for recognizing as equivalent information required by the laws of a non-member state.

proportionality and the "comply or explain" rule, arising from their content. These statements of the Management Board and the Supervisory Board of PZU were confirmed by their appropriate resolutions.

Detailed information about the application of the Rules by PZU can be found on PZU's website. That includes the principles whose application is partial, that is:

- in relation to the principle contained in § 8.4 of the Principles, facilitating the participation of all shareholders in the General Shareholders' Meeting i. a. by ensuring the active electronic participation in meetings; it should be emphasized that the current shareholders of PZU can follow the broadcast of the meeting, but the Company decided not to introduce the so-called e-GSM; in the assessment of PZU, there are many technical and legal factors that could affect the proper conduct of the General Shareholders' Meeting. The legal concerns are related to the possibility of identifying shareholders and inspecting the ID cards of the GSM's participants; the risk of technical problems, e.g. with the Internet connection or a potential intrusion into information systems, can disrupt the work of the General Shareholder's Meeting and raise doubts about the effectiveness of the resolutions adopted during the meeting; the occurrence of the above-mentioned risks may affect the correct application of the principle in full;
- in relation to the principle contained in § 12.2 of the Principles, which states that in the composition of the supervisory body there should be a separate function of a chairperson who manages the works of the supervisory body and that the choice of the chairperson of the supervisory body should be made based on the experience and team leadership skills, taking into account the criterion of independence; it must be emphasized that, in accordance with the [Code of Commercial Companies GLOSSARY](#) and the Articles of Association of PZU, there is a separate function of a chairperson in the Supervisory Board of PZU; the composition of the Supervisory Board of PZU, including the function of the chairperson, are shaped according to the criterion of independence set out in the [Act on statutory auditors GLOSSARY](#); the election of the chairperson of the Supervisory Board is made on the basis of their knowledge, experience and skills, which confirm that the chosen person has the competencies necessary for the proper performance of their supervising duties; the application of the criterion of independence in the case of the chairperson in accordance with the PFSA's explanation

- of the principle may raise doubts about the potential conflicts of law relating to shareholders' rights;
- in relation to the principle specified in § 49.3 of the Good Governance Principles concerning appointment and dismissal in supervised institutions of the person heading the internal audit unit or the person heading the compliance unit, it should be noted that PZU complies with the principles specified in § 14 of the Principles fully, which means that PZU's Management Board is the only one entitled to and responsible for management of the operations of the company; furthermore, in accordance with the provisions of the labour law, the activities related to the labour law are performed by the governing body; in view of the above, PZU adopted a solution according to which the decision about appointment and dismissal of the person heading the internal audit unit is made, taking into account the opinion of the Audit Committee of the Supervisory Board; the same applies to the appointment and dismissal of the person heading the compliance unit; the Management Board consults the Audit Committee about such decisions.

Moreover, the following rules do not apply to PZU:

- rule specified in § 11.3:
"In the event that the decision concerning a transaction with a related party was made by the General Shareholders' Meeting, all shareholders should have access to any information necessary for assessment of the terms on which the transaction is to be executed and its impact on the situation of the supervised institution."
– in PZU the General Shareholders' Meeting does not make decisions concerning transactions with related parties;
- rule specified in § 49.4:
"In a supervised institution, where there is no internal audit unit or compliance unit, the entitlements referred to in items 1-3 shall be held by the people responsible for performance of those functions."
– there is both an internal audit unit and a compliance unit in PZU;
- rule specified in § 52.2:
"In a supervised institution, where there is no audit unit or compliance assurance unit, and where no unit responsible for that area has been appointed, the information referred to in item 1 shall be submitted by the people responsible for fulfilling those functions."
– there is both an internal audit unit and a compliance unit in PZU;

- rules specified in Chapter 9 – Execution of Rights Resulting from Assets Acquired at Client's Risk, as PZU offers no products which involve managing assets at client's risk.

4 Control system applied during preparation of the financial statements

Financial statements are prepared within the PZU Finance Division including PZU Head Office (the Accounting Office) and central units operating based on applicable regulations. PZU Finance Division is supervised by a Member of the Management Board of PZU.

The elements which facilitate completing the process are the accounting principles (policy), the chart of accounts with a commentary and other detailed internal regulations approved by the Management Board of PZU specifying the key rules of recording business events in PZU and dedicated reporting systems.

Data is prepared in the source systems using formal operating and acceptance procedures which specify the competencies of individual persons.

The reporting process is controlled by appropriately qualified, skilled and experienced staff.

PZU monitors the changes in the external regulations concerning e.g. the accounting policy (procedures) and reporting requirements of insurance undertakings and carries out appropriate adaptation processes.

The accounting records are closed and financial statements are prepared in accordance with detailed schedules, including the key activities and control points with assigned liability for timely and correct completion.

The key controls during preparation of the financial statements include:

- controls and permanent monitoring of the quality of input data, supported by the financial systems with defined rules of data correctness, in accordance with the PZU internal regulations concerning the control of correctness of the accounting data;

- data mapping from the source systems to financial statements supporting appropriate presentation of data;
- analytical review of financial statements by specialists to compare them with the business knowledge and business transactions;
- formal review of the financial statements to confirm compliance with the valid legal regulations and market practice in terms of required disclosures.

PZU internal audit periodically reviews the organization and the process of preparing the financial statements.

Activities within the consolidated financial reporting are coordinated through the organizational structure of the Finance Division in the PZU and PZU Życie Head Offices which is shared, i.e. organized based on a personal union. PZU controls all the consolidated subsidiaries through Management Boards and Supervisory Boards of the companies.

The process of consolidated financial reporting is regulated by a number of internal acts. The acts regulate the accounting principles (policy) adopted by PZU Group and applied accounting standards. Additionally, the process is also subject to detailed schedules including the key activities and control points with assigned liability for timely and correct completion.

Audit Committee

In accordance with the Articles of Association of PZU, the Supervisory Board of PZU appoints an [Audit Committee](#) composed of three members, with at least one of them qualified in accounting or auditing as understood by the Act on statutory auditors. The Audit Committee is an advisory and consultative body to the Supervisory Board and is appointed to improve the effectiveness of the supervision of the correctness

of financial reporting, effectiveness of internal control, including internal audit and risk management.

A certified auditor appointed by the Supervisory Board of PZU based on the recommendation of the Audit Committee reviews interim separate and consolidated financial statements of PZU and audits its annual separate and consolidated financial statements.

5 Entity authorised to audit financial statements

On 18th February 2014 the Supervisory Board of PZU appointed KPMG Audyt Sp. z o.o. sp. k., with the registered office in Warsaw, ul. Chłodna 51, 00-867 Warsaw, entered on the list of entities authorized to audit financial statements under no. 3546 by the National Chamber of Statutory Auditors as the entity authorized to audit financial statements, with whom an agreement on audit and review of financial statements will be concluded.

The scope of the agreement will include:

- audit of annual separate financial statements of PZU and of annual consolidated financial statements of PZU Group;
- review of interim separate financial statements of PZU and of interim consolidated financial statements of PZU Group.

The work referred to above will include three subsequent financial years ending, respectively, on: 31st December 2014, 31st December 2015 and 31st December 2016 with an option to extend the agreement for further two financial years ending, respectively, on: 31st December 2017 and 31st December 2018.

Fee of the entity authorized to audit financial statements	1 January - 31 December 2014	1 January - 31 December 2013
Statutory audit of annual separate/consolidated financial statements	714	633
Other attestation services including review of separate/consolidated financial statements	248	887
Tax advisory services	-	416
Other services	27	34
Total	989	1,970

Former cooperation of PZU with KPMG Audyt included mostly tax advisory services.

6 Share capital and shareholders of PZU; stock held by members of its authorities

The share capital of PZU is divided into 86,352,300 ordinary shares with the face value of PLN 1 each, giving right to 86,352,300 votes on the General Shareholders' Meeting.

As at 31st December 2014 the shareholders of PZU with significant blocks of shares were: State Treasury holding 30,385,253 shares, i.e. 35.2% of the share capital of PZU and the right to 30,385,253 votes at the General Shareholder's Meeting, and Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK holding 4,317,691 shares, i.e. 5.00% of the share capital of PZU and the right to 4,317,691 votes at the General Shareholder's Meeting.

There was one significant change in the ownership structure of blocks of PZU shares in 2014.

On 29th May 2014, Aviva Powszechnie Towarzystwo Emerytalne Aviva BZ WBK SA presented PZU with a notice concerning a change in the ownership of PZU shares by Aviva Powszechnie Towarzystwo Emerytalne Aviva BZ WBK ("Aviva OFE"), informing that as the result of the transaction of purchase of the Company's shares on 22nd May 2014, as at 27th May 2014, Aviva OFE increased its volume of shares held in the Company to 5.0% of PZU share capital, which constitutes 5.0% of the total votes at the General Shareholders Meeting of PZU.

The Management Board of PZU has no knowledge about concluded agreements which may result in changes in the proportion of shares held by the shareholders.

PZU did not issue, redeem or repay any debt or equity instruments that would provide its shareholders with special control rights.

In 2013 and 2014 no employee stock ownership plans existed in PZU.

In line with the PZU's Articles of Association the voting right of the shareholders is restricted in a way that none of them can exercise more than 10% of the total number of votes at PZU at the date of the General Shareholder's Meeting, with the reservation that for the purpose of determining obligations of parties acquiring material blocks of shares provided for in the Act on public offering and the Act on insurance activity, such voting restrictions are considered non-existent. The restrictions do not apply to:

- Shareholders who held shares entitling to more than 10% in the total number of votes in the Company as at the date of adopting a resolution of the General Shareholders' Meeting;
- Shareholders co-acting with shareholders defined in the point above based on agreements concerning joint voting rights attached to the shares.

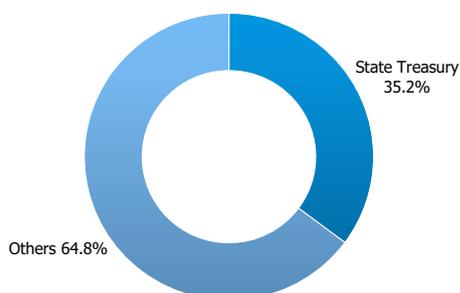
For the purposes of voting rights restrictions, the votes of the shareholders being parent companies or subsidiaries will be added up in line with the principles specified in the Articles of Association.

In case of any interpretation doubts with respect to the voting restrictions, Article 65.2 of the [Civil Code will apply GLOSSARY](#).

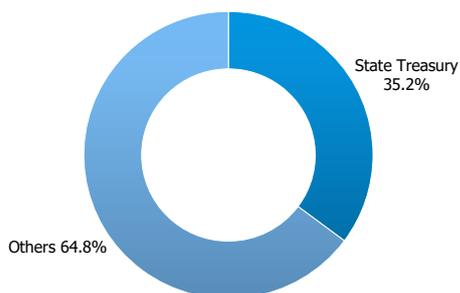
Shareholding structure - as at 31 December 2014

Shareholder	Number of shares	Interest in the share capital	Share in votes at the General Shareholder Meeting
State Treasury	30,385,253	35.19%	35.19%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	4,317,691	5.00%	5.00%
Other shareholders	51,649,356	59.81%	59.81%
Total	86,352,300	100.00%	100.00%

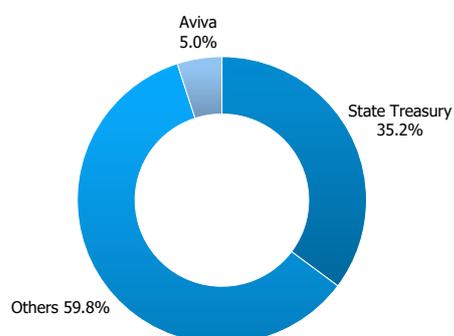
PZU shareholder structure as at 31 December 2012



PZU shareholder structure as at 31 December 2013



PZU shareholder structure as at 31 December 2014



In line with the PZU's Articles of Association, the above voting restrictions will expire starting from the moment when a share of a shareholder who, at the date of adopting a resolution of the Shareholders' Meeting introducing the restriction held shares entitling him to more 10% in the total number of votes in the Company, drops below 5% of the share capital.

7 Articles of Association of PZU

Amendments to the Articles of Association

The Articles of Association of PZU can be amended by the General Shareholders' Meeting in the form of a resolution passed by a majority of three fourths of votes. In cases specified in the Act on Insurance Activity such change must be approved by the PFSA and then recorded in the National Court Register. The Supervisory Board can approve the unified amended text of the Articles of Association.

In 2014 the Articles of Association of PZU were not amended.

8 General Shareholders' Meeting, Supervisory Board, and Management Board

General Shareholders' Meeting

[The General Shareholders' Meeting](#) is the highest body of PZU. The general operational principles and the rights of the General Shareholders' Meeting have been determined by the [Code of Commercial Companies GLOSSARY](#) and the Articles of Association.

[The Articles of Association](#) are available on PZU's corporate website (WWW.PZU.PL) in the "Investors relations" section, tab: "Company".

The General Shareholders' Meeting did not issue its Regulations.

The General Shareholders' Meeting is a body authorized to make decisions concerning issues related to the organization and operations of the issuer. Resolutions of the General Shareholders' Meeting are adopted by an absolute majority of votes, except for cases specified in the [Code of Commercial Companies GLOSSARY](#) or the Articles of Association.

Shares or rights to shares held by management and PZU supervisory personnel

No.	Body / Name and surname	Number of shares / rights to shares as of the date of submitting this annual report (i.e. 5 March 2015)	Number of shares / rights to shares as of the date of submitting this annual report (i.e. 12 March 2014)	The resulting change in the period between these dates
Management Board				
1.	Andrzej Klesyk	-	-	-
2.	Przemysław Dąbrowski	-	-	-
3.	Dariusz Krzewina	-	-	-
4.	Barbara Smalska	-	-	-
5.	Tomasz Tarkowski	80	80	-
6.	Ryszard Trepczyński	-	-	-
Group Directors				
1.	Rafał Grodzicki	-	-	-
2.	Przemysław Henschke	-	-	-
3.	Sławomir Niemierka	-	-	-
4.	Tobiasz Bury	50	50	-
Supervisory Board				
1.	Aleksandra Magaczewska	-	nd	-
2.	Waldemar Maj	nd	30	-
3.	Zbigniew Cwiąkański	-	-	-
4.	Tomasz Zganiacz	-	-	-
5.	Dariusz Daniluk	nd	-	-
6.	Zbigniew Derdziuk	-	-	-
7.	Dariusz Filar	-	-	-
8.	Dariusz Kacprzyk	-	nd	-
9.	Jakub Karnowski	28	nd	-
10.	Włodzimierz Kiciński	nd	30	-
11.	Alojzy Nowak	-	-	-
12.	Maciej Piotrowski	-	-	-
Total		158	190	

The competencies of the General Shareholders' Meeting, in addition to those specified in the Commercial Companies Code and the Articles of Association of PZU, include passing resolutions concerning the following:

- examination and approval of the Management's Report, financial statements for the previous financial year and acknowledgement of the fulfilment of duties by members of the company's authorities;
- profit distribution or loss coverage;
- making decisions concerning claims for redressing damage inflicted upon formation of the Company or exercising management or supervision;
- disposal of the enterprise or its organized part or its lease or establishment of a limited property right;
- redemption of shares or issue of bonds;
- creating reserve capitals and making the decision whether to use them and if so, how;
- division of the company, its combination with another company, its liquidation or dissolution;
- appointing and dismissing members of the Supervisory Board, subject to the right granted to the State Treasury to appoint and dismiss one member of the Supervisory Board;
- establishing the rules of remunerating members of the Supervisory Board;
- acquisition or disposal by the issuer Real property, perpetual usufruct or share in Real property or in perpetual usufruct with a value exceeding the equivalent of a gross amount of EUR 30.0 million (thirty million euro).

In accordance with the Articles of Association, a majority of three fourths of votes is required to pass the General Shareholders' Meeting's resolutions on the following:

- amendments in the Articles of Association;
- decrease in the share capital;
- disposal of the enterprise or its organized part or its lease or establishment of a limited property right.

A majority of 90% of votes at the General Shareholders' Meeting is required to pass resolutions relating to the following:

- preference shares;
- issuer's business combination by transferring all its assets to another company;
- its merger by forming a new company;
- dissolving the company (also as a result of moving its seat or the head office abroad);

- its liquidation, transformation or reduction in the share capital through redemption of a portion of shares without a similar capital increase.

The General Shareholders' Meeting is held:

- as an Ordinary General Shareholders' Meeting which should be held within six months from the end of each financial year;
- as an Extraordinary General Shareholders' Meeting which is convened in cases specified in the generally applicable law and the Articles of Association.

[The General Shareholders' Meetings](#) are held in Warsaw and convened by placing an appropriate announcement on PZU's website in accordance with the method for providing current information specified in the Act on public offering, conditions governing the introduction of financial instruments to organized trading, and public companies of 19th July 2005, i.e. in the form of current reports. Such announcement should be made not later than 26 days before the date of the General Shareholders' Meeting. From the date of convening the General Shareholders' Meeting the announcement with materials presented to shareholders at the General Shareholders' Meeting are available on PZU's corporate website (WWW.PZU.PL) in section "Investors relations", tab "General Shareholders' Meeting". A duly called General Shareholders' Meeting is deemed valid regardless of the number of attending shareholders or number of represented shares.

The General Shareholders' Meeting is opened by the Chairman of the Deputy Chairman of the Supervisory Board and then the Chairman of the Shareholders' Meeting is elected. In the absence of the Chairman and Deputy Chairman of the Supervisory Board, the General Shareholders' Meeting is opened by the President of the Management Board or a person designated by the Management Board.

The General Shareholders' Meeting may adopt resolutions regardless of the number of attending shareholders or number of represented shares. Resolutions are passed in an open ballot. The secret ballot vote is used when appointing and dismissing members of the issuer's bodies or liquidators, in cases of their personal responsibility towards the issuer and in personal cases, except when an open ballot method is required by the applicable law, upon request

of any shareholder present or represented at the General Shareholders' Meeting.

The rights of the shareholders and the method of exercising thereof at the General Shareholders' Meeting are specified in the [Code of Commercial Companies GLOSSARY](#) and the Articles of Association.

Only persons who were shareholders of the issuer 16 days before the date of the General Shareholders' Meeting have the right to participate in the Meeting (date of registration of attendance at the Meeting). Shareholders may attend the General Shareholders' Meeting and exercise the right to vote personally or through a proxy. The power of attorney to participate in the General Shareholders' Meeting and to exercise the voting right may be granted in writing or in an electronic form.

One share of PZU gives the right to a single vote at the General Shareholders' Meeting, including restrictions with respect to exercising the voting rights described in the Company's Articles of Association. The shareholder has the right to vote in a different manner under each share held.

During the General Shareholders' Meeting each shareholder may provide resolution drafts concerning items on the agenda.

In accordance with the [Code of Commercial Companies GLOSSARY](#), detailed procedures concerning participation in the General Shareholders' Meeting and exercising the voting rights are always presented in an announcement of the General Shareholders' Meeting published on the date of convening the Shareholders' Meeting on PZU's corporate website (WWW.PZU.PL), section "Investors relations", tab "[General Shareholders' Meeting](#)".

Composition, powers and functioning of the Supervisory Board

Composition

The Supervisory Board is composed of seven to eleven members. The number of members is specified at the General Shareholders' Meeting.

Members of the Supervisory Board are appointed by the General Shareholders' Meeting for a shared term which includes three consecutive full financial years.

At least one member of the Supervisory Board must be qualified in accounting or auditing, as understood by the Act on statutory auditors and their self-governing body, auditing firms and on public oversight. Furthermore, at least one member of the Supervisory Board should meet the independence criteria specified in the Articles of Association (Independent Member) concerning e.g. professional and personal relations, especially with members managing or supervising PZU and entities in PZU Group. The Independent Member has to present a written statement that all independence criteria provided for in the Articles of Association have been met and inform the company when the criteria are no longer met. In addition, the Articles of Association give the State Treasury the right to appoint and dismiss one member of the Supervisory Board by way of a written statement submitted to the Management Board. The right will expire once the State Treasury ceases to be the Company's shareholder.

Composition of the Supervisory Board of PZU as at 1st January 2014:

- Waldemar Maj – Chairman of the Board;
- Zbigniew Cwiakalski – Vice-Chairman of the Board;
- Tomasz Zganiacz – Secretary of the Board;
- Dariusz Daniluk – Member of the Board;
- Zbigniew Derdziuk – Member of the Board;
- Dariusz Filar – Member of the Board;
- Włodzimierz Kiciński – Member of the Board;
- Alojzy Zbigniew Nowak – Member of the Board;
- Maciej Piotrowski – Member of the Board.

The criteria of an Independent Member of the Supervisory Board were met by Dariusz Daniluk and Dariusz Filar.

On 17th June 2014, effective from 18th June 2014, the General Shareholders' Meeting of PZU removed from the Supervisory Board of the company Waldemar Maj, the former chairman of the Supervisory Board, as well as Dariusz Daniluk and Włodzimierz Kiciński. At the same time, on 18th June 2014, the General Shareholders' Meeting of PZU Życie appointed the following people to the Supervisory Board: Dariusz Kacprzyk, Jakub Karnowski and Aleksandra Magaczewska.

On 15th July 2014 Aleksandra Magaczewska was appointed the Chairwoman of the Supervisory Board.

Therefore, since 15th July 2014, composition of the Supervisory Board of PZU has been as follows:

- Aleksandra Magaczewska – Chairperson of the Board;
- Zbigniew Ćwiąkalski – Deputy Chairman of the Board;
- Tomasz Zganiacz – Secretary of the Board;
- Zbigniew Derdziuk – Member of the Board;
- Dariusz Filar – Member of the Board;
- Dariusz Kacprzyk – Member of the Board;
- Jakub Karnowski – Member of the Board;
- Alojzy Zbigniew Nowak – Member of the Board;
- Maciej Piotrowski – Member of the Board.

The criteria of an Independent Member of the Supervisory Board were met by Dariusz Kacprzyk and Dariusz Filar.

The current term of office of the Supervisory Board of PZU started on 30th June 2011 and will end after the lapse of three financial years. The mandates of members of the Supervisory Board expire not later than on the date of the General Shareholders' Meeting approving the financial statements for the last full financial year of their term, i.e. on the date of the General Shareholders' Meeting in 2015.

Aleksandra Magaczewska – Chairperson of the Supervisory Board of PZU SA



Aleksandra Magaczewska is a graduate of the Faculty of Law and Administration at the University of Silesia. The President of the Management Board of the Industrial Development Agency. Aleksandra Magaczewska has gained knowledge and professional experience at various positions in the Ministry of Economy where she worked for 11 years (2000-2011). Her work there included i.a. ownership supervision over companies in the steel and mining industry, and special economic zones. Later, as the Director of the Mining Department, she was responsible for the state aid for the mining companies. She took part in the setting-up of Polskie Huty Stali S.A., Kompania Węglowa S.A. and the IPO of Jastrzębska Spółka Węglowa S.A. She worked in the Ministry of Treasury as Director of the Department of Restructuring and State Aid since the beginning of 2012. As the head of the department, she exercised ownership supervision over dozens of state-owned companies, including LOT S.A., defence sector companies and the Industrial Development Agency. Previously she was the Chairwoman of the Supervisory Board of Kompania Węglowa S.A, PERN "Przyjaźń" S.A., KGHM Polska Miedź S.A. and a Member of the Supervisory Boards of the following companies: Katowicki Holding Węglowy S.A., Centrum Bankowo-Finansowe "Nowy Świat" S.A., GRABINEX Sp. z o.o., Centrum Informatyki Sp. z o.o.

Zbigniew Ćwiąkowski – Deputy Chairman of the Supervisory Board



He graduated from the Faculty of Law and Administration at the Jagiellonian University in Kraków. An academic teacher and a professor of criminal law at the Jagiellonian University and the School of Law and Public Administration in Przemyśl/Rzeszów. Since 1988, he has been a partner in one of the leading law firms specialising in business law T. Studnicki, K. Płaszka, Z. Ćwiąkowski, J. Górski, sp. k. He is a Member of the Supervisory Board of PLL LOT SA. He was a Member of the Supervisory Board of Bank Przemysłowo-Handlowy in Kraków and, from 16 November 2007 to 21 January 2009, he served as the Minister of Justice – Attorney General in PM Donald Tusk's Cabinet.

Tomasz Zganiacz – Secretary of the Supervisory Board



He is an engineer and MBA graduate. From 2009 he was the Director in the Ministry of Treasury in charge of capital market transactions and ownership supervision over financial institutions. He is an experienced and highly qualified manager with advanced knowledge of tools for restructuring, efficiency improvement, especially in financial management and investment valuation. Until 2009, before he became the CEO of the public listed development company Triton Development S.A., Mr. Tomasz Zganiacz was the Deputy CEO and CFO i.a. of the public listed company Arksteel, head of credit department at Societe Generale Bank, a researcher and a lecturer at the Faculty of Production Engineering of the Warsaw University of Technology, and was a participant in the National Investment Funds programme. Tomasz Zganiacz has been involved in many projects carried out by enterprises from various industries; cooperating with i.a. commercial and investment banks, brokerage offices and other capital market players. He has been in charge of finance management, preparation and implementation of investment projects and has co-authored development strategies. He has broad experience in managing commercial companies; among others, he was a Member of the WSE Supervisory Board. Currently, he is a Member of the Supervisory Board of PKO BP SA.

Zbigniew Derdziuk – Member of the Supervisory Board



He has a degree from the Faculty of Sociology of the University of Warsaw. In 1996, he received a postgraduate diploma in the field of organization and management. A graduate of AMP IESE Business School Programme. He has completed numerous training courses in finance and management. He has many years of experience working in middle and senior management positions, including i.a.: the Deputy Head of the Marketing Department in Polski Bank Inwestycyjny; the Deputy Head of the Promotion and Information Department in PKO BP SA, and the Deputy CEO of Bank Pocztowy SA. Moreover, he gained broad experience in administration during i.a. his employment as the Director of the Chancellery of the Sejm; the Secretary of State in the Chancellery of the Prime Minister, including the Deputy Head of the Chancellery – Member of the Cabinet; the Head of the Standing Committee of the Cabinet; the Secretary of the Capital City of Warsaw. Since 2009, he has been the CEO of ZUS. His extensive experience as member of supervisory bodies extends to numerous companies, including i.a.: PKP Polskie Linie Kolejowe SA, Bank Gospodarstwa Krajowego, Totalizator Sportowy sp. z o.o., PKO BP SA.

Dariusz Filar – Member of the Supervisory Board



In 1973, he began working as a lecturer at the Faculty of Economics of the University of Gdańsk; since 1992 he has been professor extraordinarius. He was a visiting professor at the Centre for Russian and East European Studies (CREES), University of Michigan, Ann Arbor (USA) in 1992-1995 and a lecturer at the Central European University in 1998-2001. In 1980s, he contributed to the underground political publications and published commentaries in The Wall Street Journal. Since 1988, he has cooperated with the editorial team of the quarterly Przegląd Polityczny. He also publishes articles and comments on economic matters in Rzeczpospolita and Gazeta Wyborcza daily newspapers. In 1999 - 2004 he was the Chief Economist of Bank Pekao S.A. In 2004 – 2010 he served as a Member of the Monetary Policy Council of the National Bank of Poland. From March 2010 to December 2014 he was a Member of the Economic Council to the Chairman of the Council of Minister.

Dariusz Kacprzyk – Member of the Supervisory Board



He completed his studies at the Faculty of Internal Commerce and Services at the Warsaw School of Economics (former SGPIIS) and the post-graduate MBA program at the Leon Koźmiński University. Furthermore, Dariusz Kacprzyk is a graduate of IESE – University of Navarra, Advanced Management Program. He has worked in the banking industry for more than 25 years. He has gained knowledge and experience while holding managerial positions in leading financial institutions on the Polish market. In 2011 – 2013 he served as the CEO of Bank Gospodarstwa Krajowego, and before that, he worked in BRE Bank SA as the Director of the Corporate Cooperation Department while simultaneously sitting on the Bank's Management Board's Credit Committee. Even earlier, from 2007 to 2009, he worked at Bank Pekao SA as the Managing Director of the Corporate Banking, Real Estate Financing and International Markets Division and as a Member of its Credit Committee. He also worked in Bank BPH SA and Powszechny Bank Kredytowy SA prior to the merger with BPH SA, as well as in PKO Bank Polski S.A. He was the coordinator of the Municipal Development Program organized by the World Bank and the Municipal Development Agency (Foundation of the Minister of Finance). Since 21 June 2013 Mr. Dariusz Kacprzyk has been a Supervisory Board Member of the WSE.



Jakub Karnowski – Member of the Supervisory Board

He is a doctor of economics and a graduate of the Warsaw School of Economics and the University of Minnesota, as well as a former fellow of The Margaret Thatcher Foundation in the London School of Economics. He holds the title of Chartered Financial Analyst confirming his qualifications in investment advisory services. He works as an assistant professor in the College of Economic Analyses at the Warsaw School of Economics. From 1997 to 2000 he was the Chief of the political office and an advisor of the Minister of Finance. He later worked as an advisor on macroeconomic matters at PKPP "Lewiatan" in the years 2000-2001. He was an advisor to the President of the National Bank of Poland and later the Director of its Foreign Department in the years 2001-2003. From 2003 to 2008, he worked at the World Bank Group in Washington, DC as a Deputy Executive Director. From 2008 to 2012, he held the position of the CEO of PKO TFI, and in the years 2010-2013 he was a Member of the Management Board of the CFA Society of Poland. Since April 2012 he has held the position of the CEO of Polskie Koleje Państwowe S.A.



Alojzy Zbigniew Nowak – Member of the Supervisory Board

In 1984, he graduated from the present Warsaw School of Economics (former SGPIS) and, in 1992, from the University of Illinois at Urbana - Champaign, USA, M.A. in the field of economics. In 1993, he completed studies in banking, finance and capital markets at Exeter University, UK, and in 1996 economic studies at Free University of Berlin, whereas in 1997 in International Economics at RUCA. In 2002, he gained the title of Professor of Economics. He has won a number of prestigious awards, including Rector Award for Scientific Achievements (annually since 1997), Award of the Minister of Education for a book "Integracja europejska. Szansa dla Polski?" and a book titled "Banki a gospodarstwa domowe - dynamika rozwoju". Member of numerous scientific organizations and professional editing boards of periodicals, among others a member of Foundations of Management, the Editor in Chief of Journal of Interdisciplinary Economics, Yearbook on Polish European Studies, Mazovia Regional Studies, Gazeta Bankowa and a reviewer in PWE SA Warszawa editing company. A long-term Competition Jury Member of Teraz Polska Emblem and Scientific Council Member. He gained his professional knowledge and experience working as the Head of International Business Relations Section at Management Faculty, University of Warsaw, the Head of National Economy Unit at Management Faculty, University of Warsaw, the Director of European Centre at University of Warsaw, the Deputy Dean in charge of foreign cooperation at Management Faculty, University of Warsaw, the Dean at Management Faculty, University of Warsaw and the Deputy Rector in charge of scientific research and cooperation, University of Warsaw. Apart from being a lecturer at the University of Warsaw, he also lectures in France, UK, USA, Russia, China and Korea. Furthermore, he served as: advisor to the Prime Minister, to the Minister of Agriculture, the President of University Sports Association at University of Warsaw, a Member of the Advisory Committee NewConnect at Management Board of WSE, a Member of the Foundation Council of the National Bank of Poland, the Chairman of the Scientific Council of the National Bank of Poland. Over the years, he held positions in supervisory boards of i.a.: PTE WARTA S.A., PKO BP S.A., JSW S.A., the Chairman and the Deputy Chairman of the Supervisory Board of EUROLOT S.A.



Maciej Piotrowski – Member of the Supervisory Board

In 1989, Maciej Piotrowski graduated from the Master Studies at the Faculty of Fundamental Problems of Technology at Wrocław University of Technology. In 1998-1990, he was a student at post-graduate Foreign Trade courses at Wrocław University of Economics; from 1990 to 1991, he was a student at post-graduate Finance courses at the same University, and in the years 1990-1994, he participated in Ph.D. studies at Wrocław University of Technology. Moreover, in 1995-1997, he participated in Master of Business Administration Program at the University of Illinois at Urbana-Champaign, USA co-organized with the University of Warsaw (M.A. in Management and Marketing). Participated in a number of domestic and foreign seminars and courses on banking, finance and capital markets. In 1991, he obtained a security broker license (in 1992, he won WSE President Award for the best broker) and in 2004 obtained a license for candidates for supervisory board members in state-owned companies. In 1991-1997, he gained professional knowledge and experience working i.a. as a securities broker, the Deputy Director in a Brokerage Office, the Managing Director in Charge of Investment Banking in Bank Gdański S.A. From 1997 to 1999, he was the Investment Banking Director in Bank of America (Poland) S.A. In 2000-2002, he was the Managing Director in charge of investment project funding and the Vice President Global Corporate & Investment Banking in Bank of America (Poland) S.A., then from 2002 to 2007, he held the following positions: Management Board Chairman in TP Invest Sp. z o.o. and CEO of Towarzystwo Emerytalne Telekomunikacji Polskiej S.A. in Telekomunikacja Polska S.A. Capital Group. In 2008-2013, he was the Deputy CEO in charge of finance and administration in Polska Agencja Żeglugi Powietrznej, and in 2013 he temporarily acted as its CEO. Later, he served as the Deputy CEO of the Supervisory Board of Bank Gospodarstwa Krajowego, and he currently works for the WSE Capital Group as the General Director of the Polish Power Exchange SA. Over the years, he held positions in supervisory boards of numerous institutions, i.a.: Supervisory Board Chairman in Bank Gospodarstwa Krajowego, Member of the Compulsory Supervisory Board of Bank Przemysłowy in Łódź established by the National Bank of Poland, Supervisory Board Member in Metro Warszawskie sp. z o.o., and since 2013 Supervisory Board Member in Enea Wytwarzanie SA. Mr. Maciej Piotrowski has also served as a Member of the Advisory Committee to the Chairman of the Polish Securities and Exchange Commission (present PFSA).

Competencies

The Supervisory Board exercises constant supervision over the company's activities in all aspects of its business.

In accordance with the Statute, the powers of the Supervisory Board include:

- review of the Management's Report and financial statements for the previous financial year in terms of their compliance with the accounting records, documents and facts;
- review of the motions of the Management Board concerning profit distribution or loss coverage;
- presenting the General Shareholders' Meeting with a written report on the results of the review described above and submitting a brief annual assessment of the situation of the company, including internal controls and key risk management and an annual report on the work of the Supervisory Board;
- concluding, terminating and amending the agreements with members of the Management Board and setting the terms and conditions of remuneration and the amount of remuneration;
- appointing, suspending and dismissing the President of the Management Board, members of the Management Board or the entire Management Board, as well as making decision to stop the suspension;
- agreeing to transfer the entire or portion of the insurance portfolio;
- accepting motions of the Management Board concerning acquisition, assumption or disposal of shares in companies, as well as the company's participation in other entities - the Supervisory Board may specify the amount, terms and conditions and the way in which the Management Board may carry out the activities without the acceptance of the Supervisory Board;
- delegating members of the Supervisory Board to temporarily perform the functions of members of the Management Board who have been dismissed, resigned or cannot perform their functions for other reasons;
- accepting instructions concerning votes being cast by the company's representatives during the General Shareholders' Meeting of PZU Życie concerning: an increase and decrease in the share capital, bonds issue, disposal and lease of a PZU Życie enterprise or establishment of a usufruct right, division of PZU Życie, combination of PZU Życie with a different company, liquidation or termination of PZU Życie;
- selection of the entity authorized to audit the financial statements which will audit the annual financial statements of the company;

- wording of the consolidated amended Statute;
- approval of the long-term plans for the development of the company and annual financial plans drafted by the Management Board;
- approval of the regulations of the Management Board;
- examination and evaluation of issues submitted by the Management Board for discussion during the General Shareholders' Meeting.

Moreover, the Supervisory Board grants consent to:

- acquisition or disposal of a real property, perpetual usufruct or share in the real property or in perpetual usufruct exceeding the equivalent of EUR 3.0 million.
- conclusion of a material agreement by the company and its related party, as understood by the Ordinance on current and periodic information, excluding standard agreements concluded by the company on an arm's length basis as part of its operating activities;
- conclusion of the agreement by the issuer with the underwriter referred to in Article 433.3 of the [Code of Commercial Companies GLOSSARY](#);
- advance payment against expected dividend;
- creation and closing of regional and foreign branches.

Mode of operation

The Supervisory Board adopts the [regulations of the Supervisory Board](#) specifying its organization and the manner of performing activities. The regulations of the Supervisory Board were adopted by its Resolution of 9th October 2012 and specify its composition and the way in which its members are appointed, the tasks and the scope of its activities and the manner of calling the Supervisory Board and conducting debates.

The Statute stipulate that the Supervisory Board should meet at least once every quarter. The Supervisory Board may delegate its members to fulfil specific supervising activities on their own and to this effect appoint temporary committees. The scope of responsibility of a delegated member of the Supervisory Board and the committee is specified in a resolution of the Supervisory Board.

Resolutions of the Supervisory Board are adopted by an absolute majority of votes. In the event of a voting tie, the Chairman of the Supervisory Board has the casting vote. The resolutions of the Supervisory Board may be adopted using means of direct distant communication and in a written form.

Additionally, the Statute stipulate that a vote may be cast in writing through another member of the Supervisory Board.

In accordance with the Statute, the resolutions of the Supervisory Board are adopted in an open ballot, except for resolutions concerning appointment of the chairman, Deputy Chairman and the Secretary of the Supervisory Board, delegation of members of the Supervisory Board to temporarily fill in for members of the Management Board and for resolutions with respect to appointing, suspending and dismissing the President of the Management Board, members of the Management Board or the entire Management Board as well and taking decision to stop such suspension which are adopted in a secret ballot. Moreover, a secret ballot may be chosen on request of a member of the Supervisory Board.

The Supervisory Board appoints the Chairman and the Deputy Chairman of the Supervisory Board from its members and it may also select the Secretary of the Supervisory Board.

In accordance with the Regulations of the Supervisory Board, apart from appointing the audit committee and promotion and compensation Committee, provided for in the Statute to properly perform its supervision, the Supervisory Board may appoint other permanent advisory and consultative committees whose competencies, composition and way of work is specified by regulations adopted by the Supervisory Board. The regulations of the Supervisory Board stipulate that the Supervisory Board and the appointed committees may use the services of experts and advisory companies.

Members of the Management Board, employees of the company competent for the discussed issue, selected by the Management Board and other persons invited by the Supervisory Board may take part in the meetings of the Supervisory Board, however, they cannot cast votes. In specific cases, the Supervisory Board of PZU may also invite members of the management board or a supervisory board of a different company in PZU Group. Moreover, members of the Supervisory Board, upon consent of the Supervisory Board, may select one advisor authorized to take part in the meetings of the Supervisory Board devoted to reports and financial statements, and give their advice, provided that such person respects confidentiality and signs a confidentiality statement.

At present, the following committees work as part of the Supervisory Board of PZU:

- Audit Committee;
- Promotion and Compensation Committee;
- Strategy Committee.

The Statute provide for appointing an Audit Committee by the Supervisory Board. The Committee is composed of three members, including at least one independent members qualified in accounting or auditing. Detailed tasks and terms and conditions of appointing members of the Audit Committee and its functioning have been specified in a resolution of the Supervisory Board, which views relevant competencies and experience of the candidates for members of the Committee.

In accordance with the Regulations of the Audit Committee adopted by a resolution of the Supervisory Board, the Audit Committee is an advisory and consultative body to the Supervisory Board and is appointed to improve the effectiveness of the supervision of the correctness of financial reporting, effectiveness of internal control, including internal audit and risk management, exercised by the Supervisory Board. Moreover, the Audit Committee may apply to the Supervisory Board for commissioning specific controls in the company to be exercised by an internal or external entity.

The Supervisory Board appointed the Audit Committee on 3rd June 2008. Composition of the Audit Committee as at 1st January 2014:

- Dariusz Filar – Chairman of the Committee;
- Dariusz Daniluk – Member of the Committee;
- Tomasz Zganiacz – Member of the Committee.

Dariusz Filar was indicated by the Supervisory Board as an independent member, having accounting and audit qualifications as defined in Article 86.4 of the [Act on statutory auditors GLOSSARY](#).

On 17th June 2014, effective from 18th June 2014, the General Shareholders' Meeting of PZU removed Dariusz Daniluk from the Supervisory Board of PZU. Therefore, on 15th July 2014, the Supervisory Board of PZU added Dariusz Kacprzyk to the Audit Committee.

Accordingly, as at 31st December 2014 the composition of the Audit Committee was as follows:

- Dariusz Filar – Chairman of the Committee;
- Dariusz Kacprzyk – Member of the Committee;
- Tomasz Zganiacz – Member of the Committee.

In accordance with the Regulations of the Supervisory Board, once the company's shares are listed on a regulated market, as understood by the Act on trading in financial instruments of 29th July 2005, the Supervisory Board may appoint a Promotion and Compensation Committee.

In accordance with the Statute, detailed responsibilities and the method of appointing members of the Promotion and Compensation Committee, the way it works and remuneration are specified in a resolution of the Supervisory Board. The Committee should include at least one independent member. If the Supervisory Board includes five members elected in a vote, the Promotion and Compensation Committee is not appointed and its tasks are carried out by the entire Supervisory Board.

According to the regulations of the Promotion and Compensation Committee adopted by a resolution of the Supervisory Board of 4th April 2013, it is an advisory and consultative body to the Supervisory Board and is to improve efficiency of the Board's supervisory activities related to establishing the management structure, including organizational issues, remuneration system, remuneration principles and selection of properly qualified staff.

The Supervisory Board decided that the promotion and compensation committee would be composed of five persons. Composition of the Promotion and Compensation Committee as at 1st January 2014:

- Zbigniew Ćwiąkański – Chairman;
- Zbigniew Derdziuk – Member;
- Dariusz Filar – Member;
- Maciej Piotrowski – Member;
- Tomasz Zganiacz – Member.

As at 31st December 2014 the composition of the Committee had not changed.

The Committee is dissolved once five members of the Supervisory Board are elected in a vote in groups and its rights are then taken by the entire Supervisory Board.

According to the regulations of the Strategy Committee adopted by a resolution of the Supervisory Board of 4th April 2013, it is an advisory and consultative body to the Supervisory Board and is to improve efficiency of the Board's

supervisory activities related to consulting of all strategic documents presented by the Management Board (in particular, the company development strategy) and presenting the Supervisory Board with recommendations on planned investments that materially impact the company's assets.

Composition of the Strategy Committee as at 1st January 2014:

- Waldemar Maj – Chairman of the Committee;
- Zbigniew Derdziuk – Member of the Committee;
- Alojzy Zbigniew Nowak – Member of the Committee;
- Maciej Piotrowski – Member of the Committee.

On 14th January 2014 the Supervisory Board added Włodzimierz Kiciński to the Strategy Committee.

On 17th June 2014, the General Shareholders' Meeting of PZU effective from 18th June 2014 removed from the Supervisory Board of PZU Waldemar Maj and Włodzimierz Kiciński.

Therefore, on 15th July 2014, the Supervisory Board of PZU established the composition of the strategy committee:

- Alojzy Zbigniew Nowak – Chairman of the Committee;
- Dariusz Kacprzyk – Member of the Committee;
- Aleksandra Magaczewska – Member of the Committee;
- Maciej Piotrowski – Member of the Committee.

On 8th September 2014 the Supervisory Board added Jakub Karnowski to the Strategy Committee.

As at 31st December 2014 the composition of the Committee had not changed.

Management Board

Composition

In accordance with [the Statute of PZU](#), the [Management Board](#) is composed of three to seven members appointed for a shared term which includes three consecutive full financial years.

Members of the Management Board, including the President of the Management Board, are appointed and dismissed by the Supervisory Board; however, members of the Management Board are appointed and dismissed by the Supervisory Board at the request of the President of the Management Board. The President of the Management Board of the new term appointed before the end of the current term may apply to

the Supervisory Board for appointing other members of the Management Board of the new term before the end of the current term.

Management Board of PZU as at 1 January 2014 consisted of:

- Andrzej Klesyk – Chairman of the Board;
- Przemysław Dąbrowski – Member of the Board;
- Dariusz Krzewina – Member of the Board;
- Barbara Smalska – Member of the Board;
- Tomasz Tarkowski – Member of the Board;
- Ryszard Trepczyński – Member of the Board.

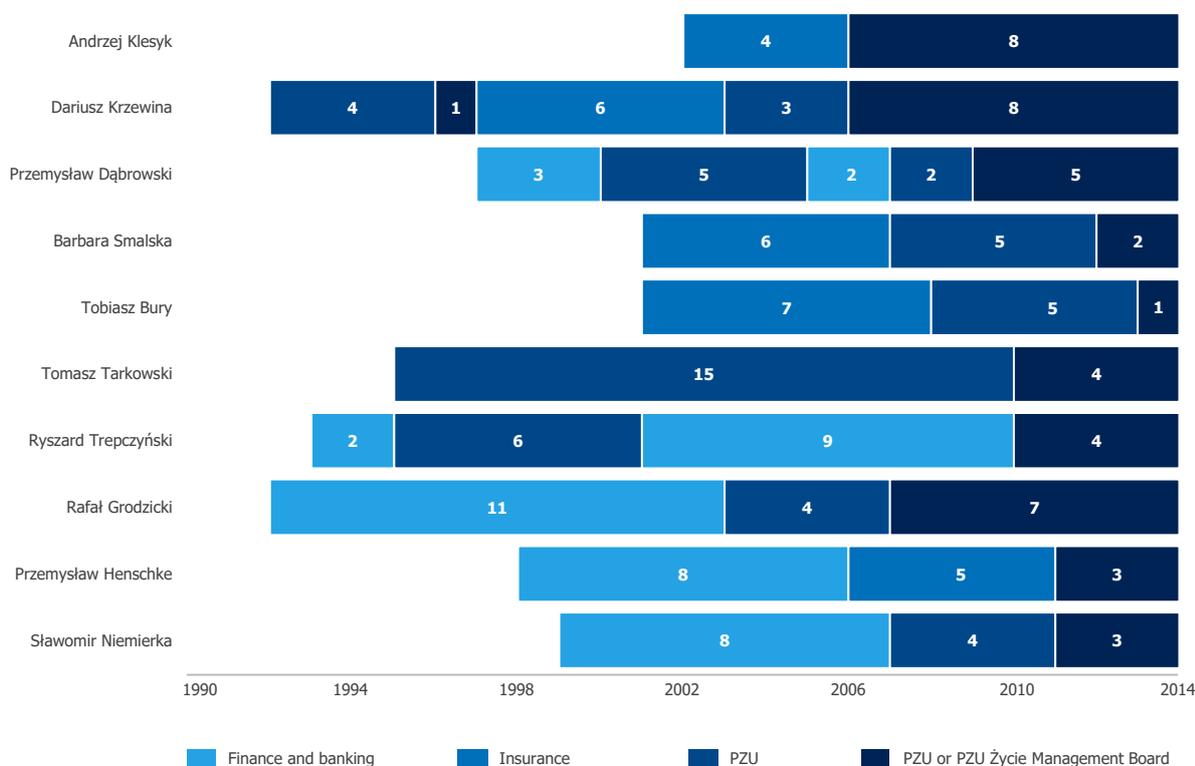
On 6th October 2014, Barbara Smalska resigned from the position of Member of the Management Board of PZU as at 31st December 2014.

Therefore, since 1st January 2015, composition of the Management Board has been as follows:

- Andrzej Klesyk - Chairman of the Board;
- Przemysław Dąbrowski - Member of the Board;
- Dariusz Krzewina – Member of the Board;
- Tomasz Tarkowski – Member of the Board;
- Ryszard Trepczyński – Member of the Board.

The current term of the Management Board of PZU started on 1 July 2011 and will last until the end of three consecutive financial years. The mandates of members of the Management Board expire not later than on the date of the General Shareholders' Meeting approving the financial statements for the last full financial year of their term.

Experience of the Management Board on the financial market and in PZU (in years)



Roles and responsibilities:



Andrzej Klesyk
PZU CEO



Dariusz Krzewina
PZU Życie CEO / PZU



- Responsible for:
- corporate management;
 - HR;
 - corporate and health insurance;
 - administration;
 - logistic;
 - reinsurance;
 - bancassurance.

Przemysław Dąbrowski
CFO PZU / PZU Życie



- Responsible for:
- accountancy;
 - planning;
 - controlling;
 - accounting operations;
 - tax policy;
 - debt collection;
 - actuaries.

Barbara Smalska
PZU / PZU Życie
(to 31 December 2014)



- Responsible for:
- marketing;
 - retail insurance;
 - agency sales;
 - innovations.

Tobiasz Bury
PZU Życie

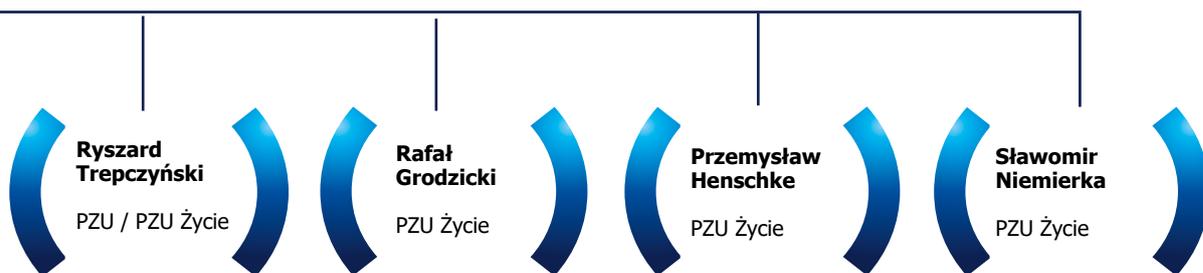


- Responsible for:
- PZU's branches;
 - after sales client service.

Tomasz Tarkowski
PZU / PZU Życie



- Responsible for:
- claims handling;
 - assistance



Responsible for:

- investment;
- macro analysis.

Responsible for:

- contact center;
- insurance operations;
- foreign operations.

Responsible for IT.

Responsible for:

- risk management;
- security;
- compliance;
- reinsurance.



Andrzej Klesyk – CEO of PZU

Andrzej Klesyk has been the Chairman of the Management Board of PZU since December 2007. From 2003 to 2007 he was a Partner and Managing Director of The Boston Consulting Group in Warsaw, where he collaborated with PZU in performing insurance projects. Created and managed Inteligo, a pioneer Internet banking project. Managed a team creating Handlobank, the consumer banking division of Bank Handlowy w Warszawie SA. From 1993 to 2000 he worked in the London branch of McKinsey. In 1991 Andrzej Klesyk went to the USA, where he worked for Kidder, Peabody and Coopers & Lybrand, New York. Andrzej Klesyk graduated from the Faculty of Economy of the Catholic University of Lublin. He was one of the first Poles to complete a two-year MBA course at Harvard Business School, USA. He is a member of: the Board of Trustees of the National Museum, the Programme Board of the Institute of Public Affairs, the Geneva Association – a non-profit organisation associating eighty Board Chairmen from top world insurance companies – as well as a member of the European Advisory Board at Harvard Business School. He represents PZU at annual meetings of the World Economic Forum in Davos.



Dariusz Krzewina – CEO of PZU Życie, PZU Management Board Member

Dariusz Krzewina graduated from the Economy and Sociology Department of the University of and post-graduate studies in insurance at Warsaw School of Economics. He has worked in the insurance industry for many years. From September 1993 to August 1998 he was employed in PZU as a Sales Department Head, Deputy Director and Director of the Insurance Office. From September 1997 to September 1998 he was a Member of the Management Board of PZU Życie. In the period from September 1998 to March 2000 he was the General Sales Director and from April 2000 to August 2001 a Member of the Management Board of STUnŻycie ERGO HESTIA SA. From April 2002 he was a Sales Director and from October 2002 to June 2004 he was the Chairman of the Management Board and the Sales Director at SAMPO Towarzystwo Ubezpieczenia SA. In August 2004 he was appointed the Director of the Group Insurance Office Director in PZU and since January 2006 he was the Coordinating Director in charge of Corporate Clients. He has been in the Management Board of PZU since March 2007 and since August 2007 he has held the position of the Chairman of the Management Board. From 1 February 2010 to 14 March 2013 Director in PZU Group. Member of the Management Board of PZU from 15 March 2013. He is in charge of corporate governance, HR, corporate insurance, administration and logistics, bancassurance and reinsurance.



Barbara Smalska – PZU / PZU Życie Management Board Member until 31 December 2014

Barbara Smalska studied particle physics and holds a PhD of Warsaw University, the Physics Department and the Institute of Deutsches Elektronen Synchrotron (DESY) in Hamburg. In the years 2002-2008 she worked at the Warsaw office of the Boston Consulting Group. As a strategic advisor to top Polish banks, insurance and telecommunication companies she specialized in business strategies, operational models, distribution strategy, organization and activation of the sales network – in particular in the consumer and SME sectors. She joined PZU Group in 2008 and worked as a Director of the Product Management Office, Managing Director in charge of Mass Client Sector and Managing Director in charge of Marketing and Individual Products. She joined the Management Board of PZU on 1 February 2013. On 5 February 2013 she was appointed a Director of PZU Group and held the position until 14 March 2013. Member of the Management Board of PZU from 15 March 2013. She was in charge of marketing and innovations



Przemysław Dąbrowski – PZU / PZU Życie Management Board Member

Przemysław Dąbrowski graduated from Warsaw University, Information Technology Department and a Post-Graduate Management Course. He graduated from MBA studies at the University of Illinois and from the Warsaw-Illinois Executive MBA program. He has vast experience in financial management services for the insurance sector, in managing financial investments and large financial transactions. He has knowledge and experience in accounting, tax and actuarial issues.

He started his professional career in 1993. From 1993 to 1998 he worked at Whirlpool Polska Sp. z o.o. as an analyst and financial controller. In 1998-2000 he was the Treasurer at AIG Poland. In the years 2000-2001 he was the Financial Director and a Member of the Management Board of Creative Team SA (the Elektrim Group). From 2001 to 2006 he was the Planning and Controlling Director at PZU. In 2006-2008 he worked at AT Kearney and Accenture as a Manager and a Senior Manager. From October 2008 to March 2009 he held the function of the Director – Financial Division Deputy Head in the Head office of PZU and PZU Życie. From November 2008 to February 2009 he was the Planning and Controlling Director in the Head office of PZU and PZU Życie and in March 2009 he was appointed the Information Management Director in the Head office of PZU and PZU Życie. He has been a Member of the Management Board of PZU since January 2010. He has held the position of a Member of the Management Board of PZU since December 2010. He is in charge of the Financial Division.



Rafał Grodzicki – PZU Życie Management Board Member, PZU Group Director

Rafał Grodzicki graduated from Warsaw School of Economics. He has extensive management experience in the banking and insurance sector gained in numerous Polish and foreign institutions. He joined PZU Group in February 2004 holding the following positions: Director of the SME Insurance Office, Coordinating Director in charge of Agency Network Development and Managing Director in charge of Insurance Products – Head of the Mass Client Function. He has been in the Management Board of PZU Życie since 2008. He became a Director of PZU Group in February 2010. He is in charge of insurance activities, foreign operations (international activities) and the area of business health.



Przemysław Henschke – PZU Życie Management Board Member, PZU Group Director

He graduated from Warsaw University of Technology. He has more than 20 years of experience in financial services for the IT industry. He worked as a technology provider (as a Project Manager and an advisor) and also represented clients (IT Architect, CIO). His first important engagement was the implementation project for Handlobank, which he managed as a Project Manager of the provider. He was one of the co-founders and creators of Inteligo, where he was the IT Architect and Project Manager of the implementation and then the CIO. He also acted as the CIO in Lucas Bank, where he managed the replacement of the banking system and IT reorganization in the Credit Agricole Group in Poland. The next stage in his career was the launch of Polbank EFG, where he acted as a CIO responsible for the IT structure implementation in the Polish branch and he co-designed universal IT infrastructure for the CEE as a part of the EFG Group. After the launch of Polbank in 2007 he supported Management Boards and CIOs of top banks and insurance companies from Europe and the Middle East as a strategic advisor at McKinsey. He focused on optimization of operations and IT costs, supported reorganization projects, developing IT strategies and architecture and streamlining communication and mutual understanding between the Business and the IT functions. Later, as the Group CIO in Banque Audi, one of the top banking groups operating in the Middle East and headquartered in Beirut, he developed an IT strategy and architecture for the group and started the implementation. Przemysław Henschke joined the Management Board of PZU Życie on 3 February 2012. On 7 February 2012 he was appointed a Director of PZU Group. He is in charge of IT.



Sławomir Niemierka – PZU Życie Management Board Member, PZU Group Director

He graduated from the Faculty of Law and Administration at the University of Warsaw and Harvard Business School. He is a qualified legal counsel and a co-authored a number of publications on financial law and bank supervision. He was an academic teacher at post-graduate courses at Polish Academy of Sciences, Warsaw University and the Academy of Insurance and Finance. For many years he worked in the National Bank of Poland, where he headed the Inspection Office responsible for inspections carried out in banks. Member of a Steering Committee of the General Inspectorate of Banking Supervision in charge of the implementation of the second Basel Accord, supervision over risk models, operational risk and accounting standards. He was in a Team in charge of the development of the risk management system in the National Bank of Poland. As a Member of the Management Board of the Bank Guarantee Fund, he supervised the operational risk management system. He joined PZU Group in 2008 and was appointed the Managing Director in charge of auditing. On 19 March 2012 he was appointed Member of the Management Board of PZU Życie and the Director of PZU Group. He is in charge of risk management, reinsurance, compliance and safety.



Tomasz Tarkowski – PZU / PZU Życie Management Board Member

Tomasz Tarkowski graduated from the Faculty of Automotive and Construction Machinery Engineering at the Warsaw University of Technology and from the Academy of Finance (formerly Academy of Insurance and Banking). He also completed an Advanced Management Program at IESE Business School University of Navarra and post-graduate studies in road traffic safety, business insurance and management psychology. He has been collaborating with PZU Group since 1996. Initially, he worked in internal control and insurance fraud departments. Since 2002, he specialises in claims handling. He was the Director of the Claims Handling Centre of PZU in Warsaw. In 2007-2011 he was a Member of the Management Board of PZU Ukraine, where he supervised the Claims Handling, product management and risk assessment departments. He has held the position of a Member of the Management Board of PZU since April 2011 and the position of a Member of the Management Board of PZU Życie - since July 2011. He is in charge of Claims Handling and assistance functions.



Ryszard Trepczyński – PZU / PZU Życie Management Board Member

Ryszard Trepczyński graduated from Warsaw School of Economics, the Management and Marketing Department. Since the beginning of his professional career he was focused on the capital market. He has vast experience in developing and implementing investment strategies and drawing up investment policies. He has experience in managing large and diverse asset portfolios. He participated in building management structures for strategic allocation of assets, liquidity and investment risk. In 1994-1006 he worked as a broker in the Capital Transactions Centre of Bank Handlowy w Warszawie SA. In the years 1996 – 2002 he was employed in the Financial Investment Office of PZU – initially as an Asset Manager and subsequently as the Head of the Debt Instruments Portfolio Management Department. From December 2002 to June 2011, he worked at Pioneer Pekao Investment Management S.A., where he successively held the positions of the Director of Debt Securities Department, Director of the Asset Management Department and the Deputy Chairman of the Management Board in charge of investments. He has held the position of a Member of the Management Board of PZU and PZU Życie since July 2011. He is in charge of the Investment Division.



Tobiasz Bury – PZU Życie Management Board Member, PZU Group Director

Tobiasz Bury graduated from Warsaw School of Economics, Kellogg School of Management w USA and Harvard Business School Advanced Management Program. He joined PZU Group in 2009. He held the position of Director Managing the Agency Network and Director in Charge of Mass Sales in PZU Życie since May 2010, he held the position of the Director Managing the Network in PZU Group and Head of the Network Division in the Group. On this position, he was in charge of the network of branches in PZU and PZU Życie and of client service in the network and in the Client Center of PZU Group. On 16 January 2014 he was appointed a Member of the Management Board of PZU Życie and a Director of PZU Group. He is in charge of mass-market insurance, management of the network of the PZU Branches, sales channels, contact centre services and post-sale support.

The Management Board exercises all management rights which have not been reserved by the provisions of law or provisions of the Statute for the General Shareholders' Meeting or the Supervisory Board.

The company may be represented by two members of the Management Board acting jointly or one member of the Management Board acting with a commercial proxy.

The Management Board adopts its regulations which are approved by the Supervisory Board. The regulations of the Management Board were adopted by the Management Board on 2nd October 2012 and amended with a Resolution of the Board of 8th April 2013 and approved by a resolution of the Supervisory Board of 16th April 2013.

The regulations of the Management Board determine:

- the scope of Management Board's competencies and activities that require approval or confirmation by the Supervisory Board;
- competencies of the Chairman and Members of the Management Board;
- principles and organization of Board's activities, including its meetings and decision making procedures;
- rights and obligations of Board members upon dismissal.

In accordance with the regulations of the Management Board, resolutions of the Management Board are especially required for:

- adoption of a long-term plan for development and operations of the company;
- adoption of an action and development plan for PZU Group;
- adoption of an annual financial plan and a report on its implementation;
- approval of the financial statements for the previous financial year and the Management's Report;
- approval of a motion concerning profit distribution or loss coverage;
- determination of premiums in the compulsory and voluntary insurance and general voluntary insurance terms and conditions;
- determination of the scope and size of outward reinsurance and the tasks for inward reinsurance;
- adoption of an annual audit and control plan and a report on its implementation with conclusions;
- determination of the terms and conditions of investments, prevention and sponsoring;

- giving sureties and guarantees (excluding insurance operations) and taking out and giving credit facilities or loans by the company (excluding credit facilities and loans given from the company's Social Benefits Fund);
- appointment of a commercial representation.

In accordance with the regulations, meetings of the Management Board are held at least once a fortnight.

The work of the Management Board is administered by the President of the Management Board whose powers include in particular:

- defining the scope of responsibility of each member of the Management Board;
- calling meetings of the Management Board;
- setting the agenda of the meeting of the Management Board;
- applying to the Supervisory Board for appointing and dismissing members of the Management Board;
- designating a person to administer the work of the Management Board during the absence of the Chairman.

The work of the Management Board is administered by the President of the Management Board who defines the scope of responsibility of each member of the Management Board.

Resolutions of the Management Board are adopted only in the presence of the President of the Management Board or a person designated to administer the work of the Management Board during their absence and if the meeting is attended by at least half of the members of the Management Board.

Resolutions of the Management Board are adopted by an absolute majority of votes and in the event of a voting tie, the President of the Management Board has the casting vote. The Management Board, upon consent of the Chairman, may adopt resolutions in writing, on paper or in an e-form (i.e. using means of distant communication and a qualified electronic signature). The Statute also provide that the meetings of the Management Board may be held using means of direct distant communication.

The President of the Management Board takes decisions in the form of orders and official instructions. Other members of the Management Board administer the operations of the company within the scope specified by the President of the Management Board.

The Statute of PZU do not provide for any special rights of the Management Board concerning decisions to issue or redeem shares.

9 Compensation of the members of governing bodies

Employment contracts concluded with the Chairman and the members of the Management Board, approved by resolution of the Supervisory Board, do not include compensation for resignation or dismissal from their positions without a valid reason, or if the dismissal results from a business combination through an acquisition of the issuer.

Separate non-competition agreements regulate among others refraining from post-employment competition with PZU in exchange for damages. In 2013-2014, PZU Group companies included in consolidation did not grant any loans or similar benefits to members of their management boards, higher level managers or members of their supervisory boards.

Rules of granting annual bonuses to the Members of the Management Board

The bonuses of the Management Board's Members are dependent on their performance for the financial year. They are awarded by the Supervisory Board after the approval of the financial statements for the year.

Compensation and other short-term employee benefits paid by PZU (PLN 000)	1 January – 31 December 2014		1 January – 31 December 2013	
		including bonuses and special prizes:		including bonuses:
Management Board, including:	8,226	2,812	9,503	3,024
Andrzej Klesyk	2,714	914	2,780	980
Przemysław Dąbrowski	1,054	313	1,135	336
Dariusz Krzewina	1,314	534	642	-
Barbara Smalska ¹	1,088	399	593	-
Tomasz Tarkowski	891	228	1,102	336
Ryszard Trepczyński	1,165	424	1,535	736
Bogusław Skuza ²	-	-	1,716	636
Contracts concluded with high level managers – High level management (Directors of PZU Group), including:	3,717	1,193	3,263	1,122
Rafał Grodzicki	936	312	874	250
Przemysław Henschke	936	312	804	180
Dariusz Krzewina ³	-	-	291	180
Sławomir Niemierka	860	199	863	200
Barbara Smalska ³	-	-	431 ⁴	312 ⁵
Tobiasz Bury	985	370 ⁶	-	-
Supervisory Board, including:	1,221	-	1,224	-
Aleksandra Magaczewska	97	-	-	-
Waldemar Maj	90	-	192	-

Compensation and other short-term employee benefits paid by PZU (PLN 000)	1 January – 31 December 2014		1 January – 31 December 2013	
		including bonuses and special prizes:		including bonuses:
Zbigniew Ćwiąkalski	168	-	168	-
Tomasz Zganiacz	144	-	144	-
Dariusz Daniluk	57	-	120	-
Zbigniew Derdziuk	120	-	120	-
Dariusz Filar	120	-	120	-
Dariusz Kacprzyk	64	-	-	-
Jakub Karnowski	64	-	-	-
Włodzimierz Kiciński	57	-	120	-
Alojzy Nowak	120	-	120	-
Maciej Piotrowski	120	-	120	-

Compensation and other short-term employee benefits paid by other entities of PZU (PLN thousands)	1 January – 31 December 2014		1 January – 31 December 2013	
		including bonuses:		including bonuses:
Management Board, including:	2,942	996	3,826	1,224
Andrzej Klesyk	-	-	320	-
Przemysław Dąbrowski	599	200	654	255
Dariusz Krzewina	553	133	1,121	561
Barbara Smalska ¹	596	225	327	-
Tomasz Tarkowski	536	179	510	153
Ryszard Trepczyński	658	259	654	255
Bogusław Skuza ²	-	-	240	-
High level management (Directors of PZU Group), including:	1,844	478	2,235	1,071
Rafał Grodzicki	455	119	742	357
Przemysław Henschke	455	119	742	357
Sławomir Niemierka	427	70	751	357
Tobiasz Bury	507	170 ⁶	-	-

Total estimated value of benefits in kind allocated by PZU and its subsidiaries (PLN thousands)	1 January – 31 December 2014	1 January – 31 December 2013
Management Board, including:	1,307	1,343
Andrzej Klesyk	282	251
Przemysław Dąbrowski	186	167
Dariusz Krzewina ³	217	214
Barbara Smalska ^{1,3}	205	151
Tomasz Tarkowski	191	181
Ryszard Trepczyński	226	166
Bogusław Skuza ²	-	213
Management Board, including:	908	401
Rafał Grodzicki	170	183
Przemysław Henschke	203	55
Sławomir Niemierka	358	163
Tobiasz Bury	177	-

¹ On 06 October 2014, Barbara Smalska resigned from the position as at 31 December 2014

² Bogusław Skuza on 27 December 2013 resigned with effective date on 31 December 2013

³ On 12 March 2013, the Supervisory Board of PZU appointed Dariusz Krzewina and Barbara Smalska to the position of Members of the Management Board effective from 15 March 2013. (additionally Dariusz Krzewina and Barbara Smalska were Directors of PZU Group respectively till 14 March 2013 and from 5 January 2013 till 14 March 2013)

⁴ The aforementioned amount includes a bonus for 2012 as well as remuneration for performance of other functions at PZU and PZU Życie until the date of appointment as the Group's Director

⁵ Amount representing the value of benefits for 2012 granted during the term of office in PZU and PZU Życie

⁶ Amount representing the value of benefits for 2013 granted during the term of office in PZU and PZU Życie

The bonus amount depends on the performance of the business area supervised by the given Member of the Management Board, however, the areas that affect business results have much greater impact on remuneration than the support areas.

Group Directors

Positions of PZU Group Directors were established in relation to the implementation of the management model, according to which members of the Management Board of PZU Życie as Group Directors are in charge of the same business areas and functions in PZU and PZU Życie. The positions of Group Directors are established based on Organizational Regulations of PZU (paragraph 20, item 3).

As at 1st January 2014, Group Directors of PZU Capital Group were the following:

- Rafał Grodzicki;
- Przemysław Henschke;
- Sławomir Niemierka.

On 16th February 2014 the Management Board of PZU appointed Tobiasz Bury Director in PZU Group. On 16th January 2014 Tobiasz Bury was appointed a Member of the Management Board of PZU Życie.

As at 31st December 2014, Group Directors of PZU Capital Group were the following:

- Tobiasz Bury;
- Rafał Grodzicki;
- Przemysław Henschke;
- Sławomir Niemierka.