

Report on non-financial
information of the PZU Group and PZU SA in

2021

Integrated report of the PZU Group and PZU SA in 2021
according to the IIRC guidelines and GRI standards





Table of Contents

	Letter from the CEO	8		#Solidarity_with_Ukraine	89
I.	PZU and the PZU Group	11	III.	Social responsibility	91
	1. Magnitude of operation and impact	12		1. Respect for human rights and diversity	92
	2. Balanced Growth	14		1.1. Diversity management	93
	3. ESG rankings	15		2. Employer of first choice	98
	4. Calendar of the most important events in 2021	16		2.1 Working conditions and employee compensation	106
	5. Selected awards and distinctions	18		2.1.1. Fringe benefits	108
				2.1.2. Well-being of employees	109
II.	Corporate governance	23		2.1.3. Inclusive organizational culture	112
	1. Corporate governance	24		2.1.4. Occupational safety and health during the COVID-19 pandemic	113
	2. PZU Group's organizational structure [IIRC]	28		2.1.5. Dialog with trade unions	116
	3. Value creation model [IIRC]	32		2.2. Employee training and development	117
	3.1 Risk management [IIRC]	35		2.2.1. Knowledge sharing	124
	3.1.1. Information security	42		3. Client at the center of attention	127
	3.1.2. Counteracting corruption	48		3.1. Value proposition for the client	127
	3.1.3. Management of a conflict of interest	52		3.1.1. Product strategy	127
	3.1.4. Fraud prevention and counteracting of money laundering and terrorism financing	54		3.1.2. Flexible sales and service provision	128
	3.1.5. Whistleblowing system	58		3.1.3. Modern ecosystems	128
	3.2. Strategy 2021-2024 [IIRC]	60		3.2. Client experience management	130
	3.2.1 Investment strategy	65		3.2.1. Closed Improvement Loop	132
	3.2.2 Innovation strategy	68		3.2.2. Focus on the Client	135
	3.2.3. Tax strategy	77		3.2.3. CX Report – Lasting friendship with the client	136
	3.3. Outlook – 2022+ perspective [IIRC]	78		3.2.4. Client satisfaction surveys	136
	3.4. Results 2021 [IIRC]	80		3.2.5. Complaints and grievances	138
	3.4.1. Strategy execution	81		3.2.6. Client Ombudsman	139
	3.4.2. Results from capital and impact	84		3.3. Responsible sales	141

Table of Contents

3.3.1. Straight-forward products	141
3.3.2. Advertising ethics	143
3.3.3. Plain language	145
3.3.4. Seller network	148
3.3.5. Claims handling	152
4. Rules of cooperation with business partners	156
5. PZU Group's social commitment	161
5.1. COVID-19	163
5.2. Promoting a healthy lifestyle	166
5.3. Safety	170
5.3.1. Collaboration with the emergency services	170
5.3.2. Prevention activities addressed to corporate clients	171
5.4. 4. Cultural patronage	172
5.5. Charity	174
5.5.1. PZU Foundation	174
5.5.2. Volunteerism	174
5.5.3. Remaining activities of the PZU Group	176

IV. Environmental impact 179

1. Business in the face of climate change	180
1.1. PZU Group's ESG Strategy regarding the environment and the climate	180
1.2. Climate change research	184
1.3. The product offer as a response to climate challenges	188
1.3.1. PZU Group activities addressing climate and environmental risks: curtailing greenhouse gas emissions	188
1.3.2. The PZU Group's efforts to adapt to climate change and prevent environmental risks: gaining a better grasp of risk factors	193

1.3.3. the PZU Group's efforts to adapt to climate change and prevent environmental risks: aligning the product offer to the risk factors	194
1.3.4. The PZU Group's efforts to adapt to climate change and prevent environmental risks: innovation as a means of protection against the future	194
1.4. Disclosure under Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088 ("Taxonomy")	195
1.4.1. Quantitative disclosures	195
1.4.2. Qualitative disclosures	196
2. Direct environmental impact	201
2.1. Energy consumption	202
2.2. Carbon footprint of the PZU Group	206
2.3. Consumption of raw materials	212
2.4. Environmental education of employees	216

V. About this report 219

1. Approach to reporting	220
2. Dialogue with the environment	222
4. GRI content index	226
4. Table of compliance with the Accounting Act	235
5. Taking into consideration the guidelines pertaining to disclosure of climate information	236
6. Verification Statement - Greenhouse Gas Emissions	238
7. Additional data	240

In pursuance of the Accounting Act requirements, the Company hereby presents a separate statement of nonfinancial information related to PZU Group and PZU SA. The statement was prepared in conformity with the international reporting standards of the Global Reporting Initiative (GRI Standards). Pursuant to Art. 49b.9 of the Accounting Act, the statement of nonfinancial information is available on the Company's website at: <https://www.pzu.pl/en/investor-relations/reports>



DON'T PRINT IF YOU DON'T NEED TO.



Approach to reporting and methodology

[GRI 102-45]

In accordance with the requirements of the Accounting Act, the report on the PZU Group's non-financial information in 2021 encompasses consolidated non-financial data pertaining to the PZU Group and its parent company PZU in line with the structure of the organization included in the Consolidated Financial Statements for the year ended 31 December 2021.

The data from PZU Życie, the Alior Bank Group, the Bank Pekao Group, LINK4, foreign entities (AAS Balta, AB Lietuvos Draudimas and PrJSC IC PZU Ukraine) and other consolidated companies in the Group are presented as information pertaining to the PZU Group. Moreover, Alior Bank and Bank Pekao have also published separate Group-level disclosures concerning their non-financial data.

The data published in the report span the year subject to reporting and the comparative period, i.e. the preceding year. To present the carbon footprint in accordance with the international GHG Protocol Corporate Accounting and Reporting Standard, 2018 has been treated as the base year.



Key to the iconographics used in the report:



INSURANCE



HEALTH



INVESTMENTS



BANKING



BEST PRACTICES OF THE PZU GROUP



BUSINESS BEST PRACTICES

[XXX-X]

THE GRI STANDARD INDICATORS



POLICY

[UoR]

ACCOUNTING ACT REQUIREMENTS

[IIRC]

GUIDELINES FOR IIRC INTEGRATED REPORTING



INSURANCE



HEALTH



INVESTMENTS



BANKING



POLICY



Beata Kozłowska-Chyła
CEO of PZU

[GRI 102-14]

Dear Sir or Madam,

The PZU Group is the largest financial conglomerate in Poland and Central and Eastern Europe with assets exceeding PLN 400 billion. We have a footprint in five countries in this region. In Poland alone we enjoy the trust of 22 million clients. For us this is a source of great ennoblement but also a great obligation. We are aware to how large of a degree we can influence market standards and social attitudes. We utilize this potential responsibly to co-shape a more sustainable, friendly and safe environment to live and work for all of our stakeholders. We get constructively involved in solving key global and local problems, including ones related to the adverse effects of climate change. We would like to generate significant, recurring benefits for our clients and shareholders by attaching importance not just to financial results but also to how we deliver them.

The ESG Strategy for Sustainable Development as one of the pillars in the PZU Group's new strategy in 2021-2024 lays out our ambitions in environmental protection, social commitment and corporate governance. This is a comprehensive response to the most important contemporary challenges demonstrating that the PZU Group would like to develop its business sustainably, while taking into account climate and social issues and the best governance practices. The ESG Strategy structures and strengthens the cohesiveness of the PZU Group's long-term activities in sustainable development and blazes the path to pursuing specific, crucial goals.

The extensive implementation of ESG issues and their inclusion in the PZU Group's overall business and corporate culture have been noticed and appreciated. Our efforts are reflected by ESG risk

scores and ratings. In February 2022, PZU SA received an ESG risk rating from leading agency Sustainalytics. It rated PZU's risk of experiencing material adverse financial impact due to ESG factors as low.

In 2021 the PZU Group clearly stated its climate responsibility ambitions by embracing a partnership role in the green energy transition of the Polish economy, which is implementing best practices and inspiring others to take similar action. We are reducing our carbon footprint with great steadfastness by curtailing our own emissions and offsetting those that cannot be cut any further. We marketed unrivaled insurance policies for the private and corporate owners of RES installations to respond to their practical needs and support the development of the renewable energy sector. Within several months of announcing our ESG Strategy we committed to funding the construction or expansion of wind farms by allocating more than PLN 150 million and we invested roughly PLN 300 million in ESG bonds.

The PZU Group is also actively involved in pro-social activities, such as improving safety in local communities, popularizing health prophylactics and sports activity. It also is a patron of many institutions of culture and the arts. We are also involved in solving the most pressing social problems. In just 2021 the PZU Group donated PLN 6.2 million as financial and material support to fight COVID-19. These activities included helping hospitals, supporting assistance hotlines, participating in the National Vaccination Program, the 40 Plus Prevention and the Home Medical Care programs. We also created new programs to attenuate the post-pandemic "health gap" seen among adults, children and youth: the Road to Health with PZU and the PZU Good Team.

We would also like to establish the best standards in business transparency and relations with stakeholders, including employees, clients, shareholders and market regulators. In 2021 we made the decision to switch to hybrid work on a permanent basis and we implemented a number of tools and programs to support employees in this process. An open and inclusive work environment, an extended ecosystem of employee benefits, a rich training offer and attractive fellowships and internships have for years brought the PZU Group recognition and numerous awards as an attractive employer. We were the first financial company on the Warsaw Stock Exchange to launch a loyalty program for shareholders called My PZU Shares.

This report, which I convey to you with pleasure also confirms that we are doing our utmost in non-financial reporting. It has been prepared in accordance with recognized standards and the best market practices while simultaneously taking into account the new reporting requirements stemming from the European Union's regulations. I am confident that the activities it describes amply demonstrate that the PZU Group is the leader when it comes to setting the trends for the entire financial sector in sustainable development and corporate social responsibility.

Respectfully,

Beata Kozłowska-Chyła, Ph.D. Hab.
CEO of PZU



I.

PZU and the PZU Group

In this section:

1. Magnitude of operation and impact
2. Balanced Growth
3. ESG rankings
4. Calendar of the most important events in 2021
5. Selected awards and distinctions

1. Magnitude of operation and impact

[GRI 102-1], [GRI 102-2]

The PZU Group (PZU Group, Group) is the largest financial conglomerate in Poland and Central and Eastern Europe. It enjoys the trust of 22 million clients in five countries. The Polish market is the PZU Group's core market measured by its magnitude and client numbers. The Group's subsidiaries play an important role on the markets in Lithuania, Latvia, Estonia and Ukraine. The PZU Group's consolidated assets at the end of 2021 total PLN 402 billion.



The Group is headed by PZU, which has the status leading entity in the conglomerate. PZU's traditions dating back to 1803, when the first insurance company was established on Polish soil. The Company is listed on the Warsaw Stock Exchange.

PZU is a public company. PZU's stock has been listed on the Warsaw Stock Exchange (WSE) since 2010. Since its stock exchange debut PZU has been part of WIG20, the index of the Warsaw Stock Exchange's largest companies. It is one of the most highly valued companies and heavily traded stocks on the Polish stock exchange. Since 2019, PZU's shares have been also part of the WIG ESG (sustainability) index.

[GRI 102-2], [GRI 102-7]

The PZU Group's key market advantages are rooted in its well-known and esteemed brand, largest client database and distribution network in Poland and strong capital position.

PZU Group entities are active in non-life insurance (PZU, TUV PZU, LINK4, companies in the Baltic States and Ukraine), life insurance (PZU Życie, PZU Litwa Życie, PZU Ukraina Życie), investment products (TFI PZU), pensions (PTE PZU), health protection (PZU Zdrowie) and banking (Bank Pekao and Alior Bank).



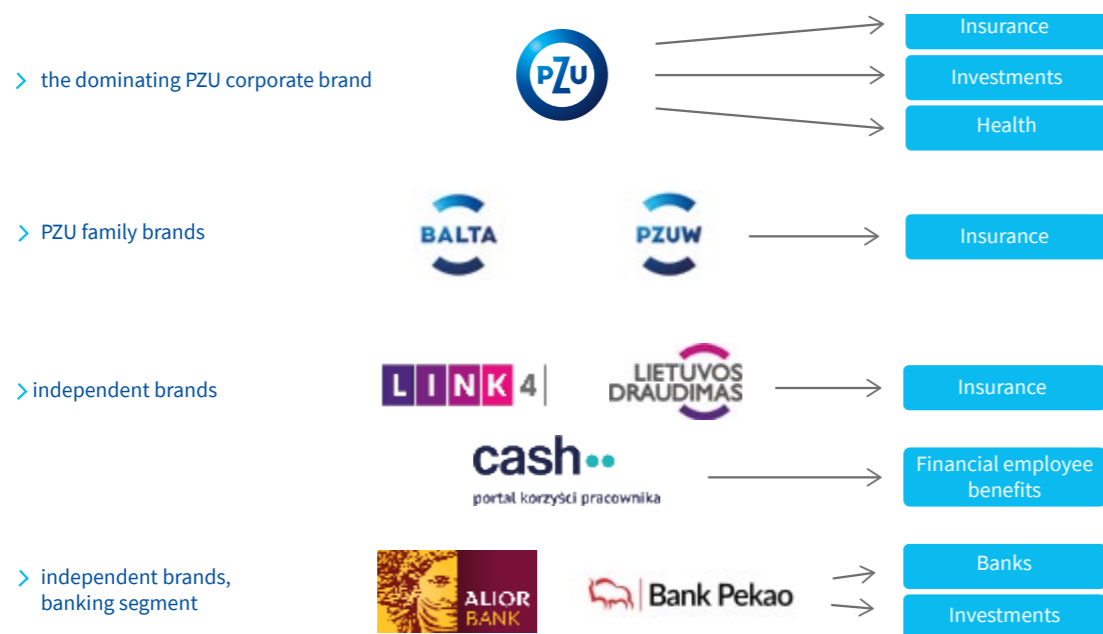
The dominant corporate brand within the Group is that of PZU. It is spontaneously mentioned by 82%¹ of Poles. Aided brand awareness is at the level of 99%². The PZU brand is used to identify the PZU Group, most of its companies operating

on the Polish market (PZU, PZU Życie, PTE PZU, TFI PZU, PZU Pomoc, PZU Zdrowie, PZU Centrum Operacji), as well as some of the international companies – companies in Ukraine and the Lithuanian branch in Estonia and Lithuanian company PZU Lietuva Gyvybes Draudimas.

¹Kantar, brand tracking, December 2021

²The percentage of the target group that declares brand awareness after being read out by the interviewer

Magnitude of operation and impact



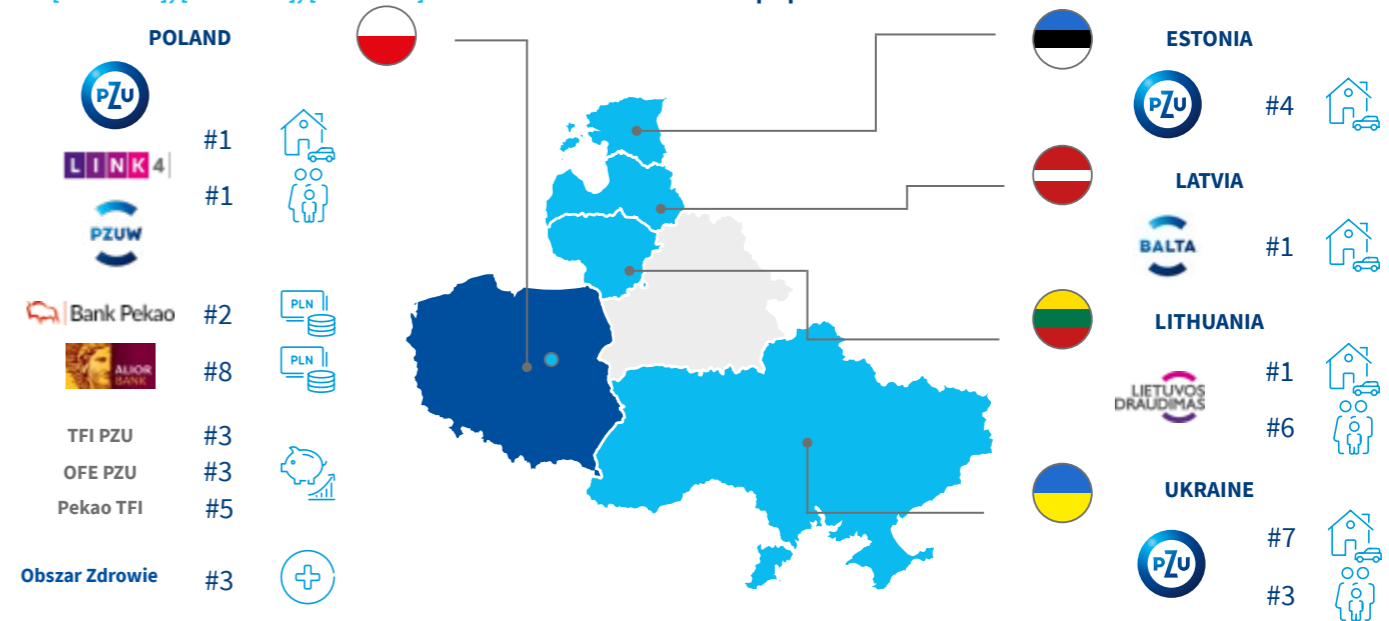
In the PZU Group's architecture, there is also a group of PZU family brands. This family is formed by companies whose names do not reference the parent company brand, such as AAS Balta or TUV PZUW. Visually, however, their logos are similar to the corporate brand.

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

In 2020, in addition the Cash brand joined the PZU Group's architecture. It denotes a company under the name PZU Cash managing the website offering financial employee benefits.

The last level of brand architecture is the independent brands group. This category includes brands whose names and logo differ from the corporate brand, such as Lietuvos Draudimas and LINK4.

[GRI 102-2], [GRI 102-4], [GRI 102-6] Markets on which the PZU Group operates



- Non-life insurance
- Life insurance
- Market position by assets under management
- Market position by assets
- Market position by revenues
- PZU Headquarters: Warsaw, al. Jana Pawła II 24

LITWA (Lietuvos Draudimas AB also has a branch in Estonia)

- Non-life insurance
 - Lietuvos Draudimas AB
- Life insurance
 - UAB PZU Lietuva Gyvybes Draudimas (PZU Litwa Życie)

- #### ŁOTWA
- Non-life insurance
 - Apdrošināšanas Akciju Sabiedrība Balta

- #### POLAND
- Non-life insurance
 - Powszechny Zakład Ubezpieczeń SA (PZU)
 - LINK4 Towarzystwo Ubezpieczeń SA (LINK4)
 - Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych (TUV PZUW)
 - Life insurance
 - Powszechny Zakład Ubezpieczeń na Życie SA (PZU Życie)
 - Medical services
 - Grupa PZU Zdrowie
 - Banking services
 - Bank Pekao i Pekao Bank Hipoteczny
 - Alior Bank
 - Management of pension funds
 - Powszechno Towarzystwo Emerytalne PZU SA (PTE PZU)
 - Creation, representing and management of mutual funds
 - Towarzystwo Funduszy Inwestycyjnych PZU SA (TFI PZU)
 - Pekao TFI
 - Alior TFI
 - Financial employee benefits
 - PZU Cash

- #### UKRAINE
- Non-life insurance
 - PrJSC IC PZU Ukraine
 - Life insurance
 - PrJSC IC PZU Ukraine Life Insurance

[GRI 102-7] [G4-FS14]



Among all the insurers operating in Poland PZU offers its clients the largest sales and service network. It has 409 branches in Poland, including 189 in small towns and communities, 9.7 thousand tied agents and agencies,

3.2 thousand multiagencies, over 1 thousand insurance brokers and electronic distribution channels. When it comes to bancassurance and strategic partnership programs, PZU collaborates with 12 banks and 20 strategic partners in Poland. The PZU Group also has an efficient claims handling system that sets PZU apart from the competition.



In the Baltic States in which the PZU Group is in the insurance business, its distribution network consists of 660 agents, 20 multiagencies and 455 brokers. PZU also cooperates with 6 banks and 13 strategic partners. In Ukraine insurance products

are distributed through nearly 400 agents and in collaboration with 26 multiagencies, 35 brokers and 10 banks.



The PZU Group cooperates with more than 2,200 partner centers in health in nearly 600 towns and cities in Poland. At the same time, it has been consistently developing the PZU Zdrowie's proprietary network of 130 medical centers,

among others in Warsaw, Gdańsk, Poznań, Katowice, Wrocław, Kraków, Częstochowa, Radom, Płock and Opole. It employs over 2,400 physicians in total.



The PZU Group's clients in Poland have access to Bank Pekao's distribution network (650 branches located in all of the regions – the second largest banking network in Poland) and Alior Bank's distribution network (600 branches).

Both banks have professional call centers and mobile and Internet banking platforms.

[GRI 102-7]

At the end of 2021, the PZU Group had 38 666 employees (stated in FTEs), of which 26% of them were employed in PZU and PZU Życie, 5% in the health segment, 37% % in the Pekao Group, 19% in the Alior Bank Group and, 7% in foreign companies.

2. Balanced Growth

The Group's Strategy innovatively defines the mission of all its companies and forms the common denominator for its present and future initiatives. Achieving ambitious business targets makes it possible to generate above average financial performance placing the PZU Group among the most profitable institutions in Poland and Europe. However, the measure of the Group's business success consists not only of its financial results but also of generating them in a sustainable manner.

This is the organization's commitment to its shareholder and clients. The Group delivers value to shareholders taking the form not just of the financial results generated here and now but also the manner in which it generates them by ensuring that they are recurring. Fulfilling this commitment is possible because we do business with an eye to environmental conservation while showing our respect for social issues and acting in accordance with the best practices in corporate governance. Financial capital is not the only type of capital needed to do business and generate robust results. It is just as important as natural capital, intellectual capital, human and social capital.

Even though the COVID-19 pandemic continued to shape many business aspects in 2021, in the process of building a sustainable and responsible organization one cannot overlook other important social and climate changes. In the longer run factors such as climate change, aging society, social inequalities and the industrial and technological revolution will drive the future of business.

In the face of these changes, for the first time in history, PZU adopted its ESG Strategy "Sustainable Development" in 2021-2024. This document lays out the organization's ambitions in

environmental protection, social commitment and corporate governance. This pertains not only to direct business but also to the social and environmental impact exerted by the products PZU offers. This document was drafted while having prevailing and new legal regulations in mind in accordance with European commitments and Poland's climate neutrality plan, and also having regard for the documents and guidelines of organizations and institutions such as the UN, OECD and the European Commission. The Sustainable Development Strategy also supports the execution of Agenda 2030. PZU has defined Sustainable Development Goals on which it has the greatest influence and included them among the fundamental tenets of its ESG Strategy.

3. ESG rankings



In December 2021, PZU received an ESG Risk Rating of 18.6 and was assessed by Sustainalytics to be at low risk of experiencing material financial impacts from ESG factors.¹



In August 2021, PZU scored 37 points out of 100 in the ESG Assessment conducted by Moody's ESG Solutions², which places the company in the following positions: rank in Insurance sector : 32/51, rank in Europe region: 890/1624, rank in universe: 1734/4952.

PZU score of 37 points in 2021 was 6 points higher than in 2020 (31 points), as well as in 2019 (31 points).

¹ Copyright ©2022 Sustainalytics. All rights reserved. This publication contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>

² This ESG Assessment was originally conducted by V.E, which is now part of Moody's ESG Solutions



S&P Global

PZU scored 40 (out of 100) points in the 2021 S&P Global Corporate Sustainability Assessment reflecting an improvement of 19 points compared to 2020, as well as an improvement of 23 points compared to 2019. Consequently, PZU performed in the 57 percentile in the INS insurance industry in the S&P Global Corporate Sustainability Assessment, meaning 57% of companies reached an equal or lower ESG Score (score date: 12 November 2021).

4. Calendar of the most important events in 2021

JANUARY

- PZU LAB developed an innovative system for certifying fire prevention protection to ensure the safety of employees and protect the assets of commercial undertakings. Satisfaction of the criteria by installation producers and users will be confirmed by the PZU LAB APPROVED certificate.
- PZU became the patron of Iga Świątek – the first Polish woman in history to win a Grand Slam, the French Open. For the next three years PZU will accompany Iga on her way to the top of her tennis game.

FEBRUARY

- PZU Zdrowie implemented a pilot program in its diagnostic network for diagnosing strokes in computed tomography tests. The solution is based on artificial intelligence algorithms and is one of the first in Poland to have found application in commercial operations.

MARCH

- The PZU Group published its Strategy in 2021-2024 #PZU Potential and growth, “We care about the most important things in life”. This strategy contains ambitious ESG goals, among other things. PZU is striving to become the leader of the green transition in the financial market in Poland.

APRIL

- PZU Zdrowie introduced free telemedical consultations for Alior Bank’s clients. New account holders in Alior Bank are able to ask a physician for advice remotely, discuss their test results, get a referral for testing or a prescription for medications. Physicians are available 24 hours a day, 7 days a week.
- PZU employees participated in the largest cyber maneuvers in the world. They represented Poland during NATO exercises jointly with other civilian and military specialists in cybersecurity.

MAY

- PZU published a report entitled Customer Experience - Lasting Friendship with the Client. This publication contains an analysis of the opinions and expectations of 3,000 clients of companies in the service, insurance and private health care industries and it is the most up-to-date and comprehensive compendium of knowledge and practice in client experience.
- PZU took first place among financial institutions in the Rzeczpospolita Newspaper’s 15th annual prestigious Ranking of the Most Valuable Polish Brands. The insurer’s brand value was determined to be higher than PLN 3.3 billion

JUNE

- TFI PZU SA participated in financing the construction of two wind farms in Poland with a total capacity of 51.4 megawatts whose total annual generation of clean electricity will be approximately 192 GWh. The Company’s exposure is PLN 50 million. The total term financing is PLN 223 million. TFI PZU will join the debt financing of the project which has so far been provided jointly by the European Bank for Reconstruction and Development and DNB Bank Polska.
- PZU inaugurated the pilot program called the PZU Good Team to advance physical activity among children and youth. Iga Świątek is this campaign’s ambassador. As part of this three-year program PZU will provide financial support to school and amateur sports clubs and teams, especially in smaller cities to level the playing field.
- PZU signed an agreement to finance the Potęgowo wind farm and designated PLN 100 million for that purpose. This is the largest project of its kind in Poland. The project’s capacity is 219.5 MW. As part of the funding provided, the power plant will be enlarged to include another wind farm with a capacity of 37.4 MW.

JULY

- After the success of the pilot campaign in June PZU kicked off the vacation segment of its program entitled the Road to Health with PZU. Mobile gadgets made their way to tourist spots across the nation. As part of this campaign Poles can participate in free-of-charge preventive medical testing.

AUGUST

- PZU established cooperation with the Fryderyk Chopin Institute. For one year it will support the activities of the Institute, also the most important musical event in Poland and one of the key events in the world, namely the prestigious 18th International Fryderyk Chopin Piano Competition.
- PZU started another edition of its nationwide preventive campaign called Helping is Power under the slogan “Healthy and Safe Family”. Local initiatives to protect health and enhance safety received grants.

SEPTEMBER

- PZU enriched its property insurance offering by adding a special product called PZU Eko Energia. This is a solution, among others, for households, small and medium-sized enterprises and agricultural farms that use photovoltaic cells, solar thermal collectors or heat pumps to produce energy for their own needs. This policy protects photovoltaic installations (including a car charger and battery) against all risks, meaning loss, damage or total destruction as a result, e.g. of a failure, fire, power surge, flood, wind gust, hail or other sudden weather phenomena as well as vandalism and theft. It also safeguards the owners of these installations against the risk of interruptions or reduced efficiency in the generation of electricity.
- PZU joined the Agreement for the Development of Offshore Wind Power in Poland - a project initiated by the Ministry of Climate and Environment. This is the first initiative of its type in Poland. It is supposed to be a permanent platform for cooperation between national government authorities, local government, current and future investors and the operators of offshore wind farms in Poland and representatives of the supply chain of products and services, scientific research business units and financial and insurance institutions.

OCTOBER

- PZU introduced new insurance products for the operators of photovoltaic and wind power plants. The PZU Wind Power and PZU Solar Power policies protect wind and solar power plants in the event of a failure, damage or destruction. These policies also give protection against civil liability and loss of profit caused by material damages.

NOVEMBER

- PZU employees joined by forestry employees started to renew the forest in one of the spots in Bory Tucholskie, which had been totally destroyed by an enormous storm in August 2017. Reinstating 100 ha of forest in a selected area in the Rytel Forest Region is plausible thanks to funds provided by PZU that were earmarked for this purpose as part of compensation for CO2e emissions in 2020.

DECEMBER

- TUW PZUW marketed insurance called “Power of the Wind” for wind farms and “Power of the Sun” for photovoltaic installations for corporate clients. These policies are comprehensive property insurance against all risks, including against damage and loss of profit, as well as liability insurance associated with the operation of wind turbines and photovoltaic panels.

5. Selected awards and distinctions

Digitization to serve the client better

PZU was distinguished twice in the Rzeczpospolita Daily's Innovation Eagle competition. The Cyber Report service and the OCR semantic project received awards. The Cyber Report is a response to the growing scale of cyber crime that is affecting small and medium-sized companies ever more frequently. This service was created precisely with clients from this sector in mind. It analyzes websites in terms of safety and develops guidelines for raising the level of cyber security. In turn, the semantic OCR is a mechanism for machine recognition of text coupled with automatic analysis. Additionally, Cyber Report received a distinction in the WPROST Innovators competition and the Semantic OCR project received an award in the Gazeta Bankowa Technobiznes 2021 competition.

PZU won the title for being the Most Digital Insurer in the e-Commerce Polska Awards 2021, the most important competition for the e-commerce industry organized every year by the Electronic Economy Chamber. The jury showed its appreciation for myPZU – the most developed self-service platform on the insurance market in Poland.

PZU Zdrowie's Remote COVID Medical Care received an award in the Wprost Innovators 2021 plebiscite in the New Technology category. This program is addressed to people suspected of a coronavirus infection or with a confirmed COVID-19 result who are isolating at home.

The solution designed by Bank Pekao called PeoPay KIDS won the title "Innovation of the Month" awarded by the reputable Efma. This app is dedicated to children aged 6-13. Its purpose is to help parents introduce children to the world of finance.

LINK4 has also received appreciation for its innovations – the jury of the Golden Laurel 2021 competition took notice of projects such as the calculation cloud, blockchain and Big Data and awarded this organization first prize in the category Innovation.

HR

PZU's campaign dubbed "Practical knowledge makes sense" was awarded in the Employer Branding Excellence Awards 2021 competition in the Online Campaign category. This competition is held by the HRM Institute that propagates the best employer branding practices in Poland.

PZU received the "Highest Quality HR 2022" certificate for its application of best practices and for promoting high standards in the HR policy area. The distinction is awarded by the Polish Association of HR Management (PSZK).

PZU was also named a "Friendly Workplace" by the Marka Pracodawcy Employer Branding editorial team for a contemporary approach in the personnel policy and employee development area. The distinction and the special award in the Friendly Workplace program confirm that PZU is committed to a friendly working environment as well as open partner relations with employees. It invests in the development of their professional competence and interests and at the same time respects and supports a healthy work-life balance model.

PZU took the 4th place in the 50 employers ranking published by "WPROST".

For the eleventh time in a row Bank Pekao found itself among the best Polish employers by once again winning the certificate for being a Top Employer. This distinction evidences the organization's great commitment to creating a better workplace by implementing high standards in human resource management and HR practices. This award emphasizes the transparent activities of Bank Pekao and professional development support provided to its employees.

Once again, the National Certification Board awarded LINK4 with the Best Quality Employer title, which is a distinction for companies applying the market's best HR practices. LINK4 can boast on receiving this designation for the third time in a row, which evidences the insurer's great commitment to developing its employees.

PZU is one of the winners of the competition held by the Polish Entrepreneurship Development Agency (PARP). The #innowacJA program received this distinction in the category for the Best Employee Initiative Development Program.

Business

For the third time in a row, PZU Życie received the title of being a Super Ethical Company in the Ethical Company competition. In this way it joined PZU SA, which has held the same title since 2018. Both companies now belong to the select group of organizations awarded for their best compliance systems on the Polish market. This competition is held by Puls Biznesu and its substantive partner is the PwC audit firm. Winners are

selected on the basis of the analysis and verification of the issues associated with compliance and ethics management in the organization.

PZU was distinguished in the International Customer Experience Awards 2021 in the Client-centric Culture category in which it took third place. Companies from across the world take part in this competition. The jury assesses activities in designing and molding customer experience and managing relations with them.

For the seventh time in a row PZU was distinguished as being the Institution of the Year – in some three categories. These categories are the Best Insurer in Poland, the Best Branch Service – Insurance, the Best Service in Remote Channels – Insurance.

LINK4's motor insurance policies were distinguished three times in 2021. Once again they received the Client's Golden Laurel in the direct motor insurance category and they took first place in the Rzeczpospolita daily's ranking in the TPL and ADD insurance categories, while the overall organization was recognized as being the most liked insurer in the motor insurance category in the survey run by the Polish Institute of Quality Research. Consumers showed their appreciation for this insurer for having the best hotline, the most transparent offer, affordability, efficient policy purchase and claim handling. The company also received the Silver Laurel in the residential insurance category. The Laurel is a nationwide annual competition that selects the most recognizable and most frequently recommended products and brands in their categories.

TFI PZU won the Alfa, a prestigious prize awarded for the 9th time by the Analizy Online portal, in the category of Polish treasury securities funds for above-average rates of return compared to the level of risk, for the PZU Sejf+ fund.

Alior Bank received three distinctions in the competition held by Gazeta Bankowa. This organization was awarded in the small and medium banks category and received the title "Best Bank in 2021". Moreover, the President of the Bank, Iwona Duda was designated as the Banking Manager of 2020 while in the category Leader in 2020 Alior Bank took third place thanks to its Photo ID service.

The bank was also awarded in the Forbes ranking in which it took second place in the category called Best Bank for Companies. It also received three prizes in the Golden Banker in 2021 competition: first place for its cash loan, second place for its credit card and third for its personal account. What's more, this institution was also distinguished in the category Safe Bank – best practices in the same competition.

The brokerage account offered by Alior Bank's Brokerage House took first place in the Puls Biznesu annual ranking.

Bank Pekao took third place in the ranking of the Most Valuable Polish Brand in the Financial Institutions category organized by the Rzeczpospolita daily.

For the ninth time Bank Pekao was recognized by the Global Finance magazine as being the best custodian bank. The quality of relations with foreign institutional clients, the level of service and market knowledge among others are taken into consideration in this prestigious ranking.

Other selected awards:

- First place in the category of Best Personal Account for the Przekorzystne Konto in the Golden Banker contest;
- Winner and Golden Emblem in the Top Quality International 2021 contest in the QI PRODUCT category for its Private Banking Account;
- 1st place in the Institution of the Year plebiscite for the best remote account opening process organized by the Mojebankowanie.pl portal;
- 5 Forbes stars for Private Banking in the Forbes magazine Private Banking ranking.

Social impact

The "Road to Health with PZU" campaign won the first prize in the category of Best Polish Service 2021 in the ranking "I like it because it's Polish" organized by Polish Radio. The impact exerted by this comprehensive program of free preventive medical testing and medical advice on the Polish society was appreciated. 13 cities were visited during the campaign and some 6,000 Poles had tests.



AWARDS:

Business:

PZU: The best insurer in Poland in the Institution of the Year 2021 ranking



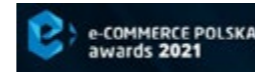
PZU and PZU Życie: among Super Ethical Companies



Alior Bank: "Best Bank 2021" in the Gazeta Bankowa competition (small and medium-sized banks)



Pekao "Best e-banking implementation" in e-Commerce Poland awards 2021



Innovations:

PZU: Double distinction in the "Innovation Eagle" competition of the Rzeczpospolita daily



PZU: WPROST Innovator 2021 for COVID Remote Care



PZU: The most digital insurer in the e-Commerce Poland Awards 2021 competition



LINK4: Super Business Golden Laurel in the "Innovation" category



LINK4: Investor in the Human Capital



PZU: Leader 2020 in the category "Insurance and other financial institutions" by Technobiznes 2021



PZU: Best Team supporting the Contact Center



Pekao: Konto Przekorzystne ranked 1st in the Golden Banker ranking



Pekao: "Innovation of the month" EFMA for PeoPay KIDS application



Pekao: Institution of the Year in the "Best Remote Account Opening Process" category by Mojebankowanie.pl portal



AAS Balta: Sustainability Index Platinum Award (po raz trzeci)



PZU: Droga do Zdrowia with PZU took 1 place in the category "Best service 2021" by Polish Radio



CSR:

Alior: 1 place in the cash loan category and a distinction in the "Safe Bank - Best Practices" category awarded in the Golden Banker plebiscite



Alior: 1 place for brokerage account in the ranking of Puls Biznesu



Alior: Forbes-Best Bank for Business (II place)



Alior: II place in the category "Best Quality of Service" in the contest Institution of the Year



HR:

PZU: Best employee initiative development programs



LINK4: Best Quality Employer 2021 (third time)



PZU: Distinction in the Employer Branding Excellence Awards 2021



Pekao: Top Employers 2021



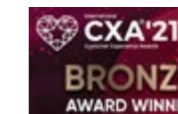
Education:

PZU: Simple Language Bureau conference awarded in Meeting Planner Power Awards 2020



CX:

PZU: distinction in the International Customer Experience



IR:

PZU: The Best Annual Report 2020 "The Best of the Best" (third time)



Pekao: Best Investment Bank in Poland



Pekao: III place in the Most Valuable Polish Brand ranking by the Rzeczpospolita daily



Pekao: Banking Star in the Stability category awarded by Dziennik Gazeta Prawna and PwC



Pekao: Best Bank in the category of large commercial banks in the Gazeta Bankowa competition



PZU: Special prize Friendly Workplace





II.

Corporate governance

In this chapter:

1. Ethical foundations of business operations
2. PZU Group's organizational structure [IIRC]
3. Value creation model [IIRC]



1. Corporate governance



Reporting problems of an ethical nature: - „All of us have a duty to act in accordance with the highest ethical standards and the law. We are obligated to report all our doubts regarding problems of an ethical nature and activities in violation with the law and internal regulations. We acknowledge that this information is conveyed voluntarily and in good faith. In circumstances evincing doubts we may approach our immediate supervisor or report those doubts to the Whistleblowing System in operation in PZU Group entities.”

“The PZU Group is offering broadly defined financial and health services, which are developed to secure the needs of our customers. A major part of our products, in particular in the life insurance or investment area, has a long life cycle that often spans many years. As a result, clients' trust in our corporation is a key element determining good relations and consequently also transaction rates. This is why, as the PZU Group, we apply the highest ethical standards in all areas of contact with stakeholders that allow us to strengthen these relations. We believe that this approach is not only socially beneficial, but also represents a long-term investment in our reputation, which for the customers constitutes a guarantee of quality and security.”



Sławomir Niemierka, Managing Director responsible for Regulations in PZU and PZU Życie

“The Best Practices of the PZU Group” may be found on the website: www.pzu.pl/grupa-pzu/o-nas/kultura-compliance-pzu/dobre-praktyki-pzu

The “Best Practices of the PZU Group” have been adopted as a uniform model of the standards observed by all PZU Group entities, except for the Alior Group and the Pekao Group, which have adopted the “Code of Conduct in Alior Bank” and the “Code of Conduct in the Pekao Group”, respectively. The “Best Practices of the PZU Group” are a collection of values and principles by which employees should be guided. They form an obligation of conducting business in compliance with these values, the prevailing laws and regulations and the highest standards of conduct.

The “Best Practices of the PZU Group” describe the PZU Group’s values and the fundamental rules of conduct on the part of employees in reference to the following issues, among others:

- conflict of interest;
- handling sensitive information;
- corruption and gift policy;
- reporting ethical problems;
- rules of cooperation with contractors;
- disclosures.

Ethical culture

PZU Group’s ethical culture is developed in observance of the highest standards and in line with the needs of the Group’s entities, consequently taking account of the scale, character and type of their operation and local laws. The PZU Group furthers its ethical culture by creating systemic solutions at the level of PZU. As the parent company, PZU sets and develops standards of conduct, and then recommends their proliferation to other Group companies (save for the banks mają własne

[GRI 102-16] [GRI 103-2] [GRI 103-3]

Fundamental ethical values
The PZU Group’s ethical standards are laid down in the set out in the “Best Practices of the PZU Group”. Their aim is to develop the company’s consistent organizational culture in all key aspects of its operation. They define behaviors and conduct towards all stakeholders based on respect and trust. At the same time, this document serves as the common denominator of corporate culture in all of the Group’s entities. Thanks to the consistent compliance of our fundamental principles, all our activities and processes are carried out based on coherent assumptions, thus ensuring a high operating standard throughout the Group.

[GRI 102-16] PZU Group’s values

	Our promise to the client	Our promise to the employee
Stability	<ul style="list-style-type: none"> • Safe and trustworthy business operation • An offer of reliable products 	<ul style="list-style-type: none"> • Commitment to employee development and career opportunities in the PZU Group • Secure forms of employment
Honesty	<ul style="list-style-type: none"> • Transparent rules of communication • Keeping promises 	<ul style="list-style-type: none"> • Fulfilling obligations • Clear operational principles of the organization
Innovation	<ul style="list-style-type: none"> • Knowing clients’ needs and seeking new solutions • Setting trends in the financial services market 	<ul style="list-style-type: none"> • Thinking out of the box • Actively seeking improvements in the company’s operations
Responsibility	<ul style="list-style-type: none"> • Being responsible for our clients at every stage of their lives • Conscious choices thanks to educational and prevention activities 	<ul style="list-style-type: none"> • Taking into account the potential impact of decisions on employees • Involvement in socially responsible activities

that have their own codes of conduct in place). These solutions are implemented in the various companies in keeping with the principle of relevance and suitability. The companies report compliance risk to PZU while respecting legally protected secrets.

The compliance risk management system in the PZU Group is based on the best market standards and proprietary solutions, while using a number of agreements between PZU entities and group policies. It is an integrated set of values, standards, tools, including procedures and regulations, supported by adequate communication with, and education of, employees. Individual companies in the PZU Group have a range of separate policies, procedures and practices in this area. The following elements constitute the overall system:

- values and rules of conduct, including the “Best Practices of the PZU Group”, “Code of Conduct in Alior Bank” and the “Code of Conduct in the Pekao Group”;
- procedures, policies and organizational arrangements;
- a system of reporting irregularities and potential malpractice (whistleblowing system);
- educational and communication activities addressed to employees and suppliers.

The obligation of abiding by the enacted standards pertains to all PZU Group employees, regardless of seniority or position.

[GRI 102-18]

Oversight and audit



The Compliance Department operates within PZU’s corporate structure as a separate and independent organizational unit. The person overseeing the key compliance function is the Managing Director on Regulations, who is also in charge of the Compliance Department and reports to the President of the PZU Management Board. The Compliance Department is responsible for systemic management of compliance risk, including compliance with the adopted standards of conduct. The Managing Director on Regulations, overseeing the Compliance Department, as well as the Director of the Compliance Department, have direct access to the members of the Company’s Management Board and Supervisory Board, to whom the compliance function reports. Reporting is done through monthly and annual reports for the Management Board and quarterly risk reports to the Supervisory Board’s Audit Committee and the Supervisory Board itself, as well as in the form of current information provided on an ad hoc basis to the members of the Company’s statutory bodies if the need arises. At the same time, every year the PZU Management Board approves a Compliance Analysis Plan for a given year, which specifies additional areas to be subject to analysis, also including the ethical matters.

Training and communication

PZU places great emphasis on instilling an awareness among employees that ethical values and compliance are of equal importance in the company doing business and employees discharging their daily duties.

Actions instilling an awareness of compliance:

- Employee training

Compliance standards are a permanent part of training for new hires. Employees may participate in additional topical workshops and training sessions regarding its anti-corruption policy, among others.

- Internal communication

Every quarter PZU employees receive the Compliance Bulletin, an inhouse magazine devoted to compliance-related topics.

Employees regularly receive Compliance Alerts. They are distributed in the form of e-mail messages to describe planned amendments to the law and new guidelines.

Ethics are also a part of compliance risk management on the following bases:

- on a systemic basis – practiced by the Management Board which is responsible, among other things, for setting the strategy and adopting policies related to compliance risk management and promulgating the adherence to standards of conduct in PZU, and by the Compliance Department which coordinates the compliance risk management process;
- on an ongoing basis – by the managers of various cells and organizational units in PZU in the area subject to their oversight.

[GRI 419-1]

No non-financial sanctions were recorded in PZU and PZU Życie in 2021 for compliance failure.

Ethics in subsidiaries



In Alior Bank ethical issues are managed in the Regulatory Compliance Department. This is a separate independent organizational unit reporting to the President of the Management Board of the Bank. The Regulatory Compliance Department prepares and presents to the Management Board and the Supervisory Board's Audit Committee (quarterly)

reports of compliance risk monitoring, including information on the identified compliance risk level in the individual area and the recommendations made to mitigate or eliminate the identified risk. In addition, the compliance unit's annual action plan and annual report on compliance risk management are submitted to the Management Board, the Supervisory Board's Audit Committee and the Supervisory Board.

Alior Bank abides by the rules of honesty and business ethics in all of the areas of its operations. It applies its "Compliance Policy", which precisely lays down the rules for adhering to the law, market standards and internal regulations. The actions of Alior Bank as a public trust institution are based on the principles described in the "Code of Conduct in Alior Bank". They are also enforced at the level of subsidiaries, i.e. Alior Leasing, Alior Finance and Alior TFI. The employees of other companies belonging to the Alior Bank Group are employed by the bank; consequently, they are obligated to act in accordance with the principles of the "Code of Conduct".

The Code of Conduct in Alior Bank is a collection of the most significant principles and ethical standards governing the standards of conduct adopted by Alior Bank that must be followed by all members of the Bank's governing bodies, employees and individuals hired by the Bank to carry out various banking activities. The purpose of the principles laid down in the Code of Conduct is to ensure a consistent and continuous improvement in the quality of services offered by Alior Bank and to build an internally more robust organization rooted in honesty, reliability and mutual trust. These values serve as the foundation for building an effective internal governance framework within the Bank, and the rules of conduct developed on their basis are aimed at shaping responsible and ethical attitudes among its staff. As a consequence, the Bank is capable of pursuing the significant undertaking of increasing the awareness of the importance of risk in the activities of this institution among the Bank's employees.

Bank Pekao has a separate compliance unit: the Compliance Department. This department is organizationally and operationally independent and it reports directly to the President of the Management Board of the Bank. The Compliance Department's reports on the execution of its tasks along with information on the level of the estimated compliance risk are presented to the Management Board and the Supervisory Board. The Bank supervises the compliance risk associated with the operations of its subsidiaries. Rolling

out and applying compliance risk standards play an important role in creating goodwill, strengthening and protecting the good name of Bank Pekao and in strengthening public trust in the bank's business and its position.



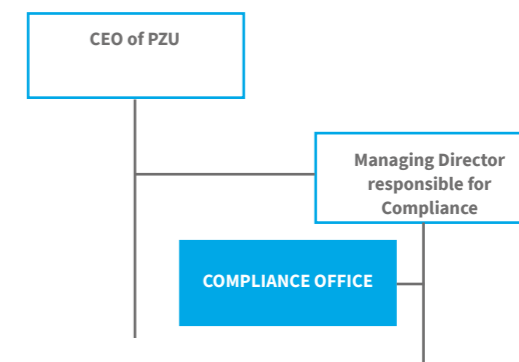
The "Code of Conduct in the Pekao Group" contains the most significant rules of conduct applicable to all individuals bound with Bank Pekao or any other member of the Bank Pekao Group by an employment relationship or other legal relationship of a similar nature, including members of the statutory bodies of the Bank or other Pekao Group companies. These rules apply to contacts with stakeholders: clients, business partners, representatives of local communities, the business environment and colleagues. They are expected to be followed in all areas of the Pekao Group's business in order to ensure the highest quality of services rendered. Compliance with the provisions of the Code of Conduct is considered to be a fundamental duty of each and every employee of the Bank or of other members of the Pekao Group. In addition, a "Corruption Prevention Policy in the Bank Pekao S.A. Group" has been adopted by Bank Pekao. It governs conduct in the event of identifying and preventing potential "acts of corruption".

Compliance units responsible for managing compliance risk also function in the remaining financial regulated companies of the PZU Group (including LINK4, TFI PZU, PTE PZU, TUW PZUW, international insurance companies).

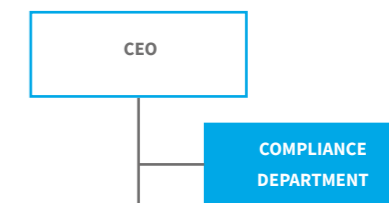
PZU Group companies (including PTE PZU, TFI PZU, TUW PZUW, Lietuvos Draudimas, Balta, PZU Lithuania Life, PZU Ukraine, PZU Ukraine Life, PZU Finanse, LINK4, PZU Zdrowie, PZU Pomoc and PZU Centrum Operacji) have also adopted principles of ethics for the members of their corporate bodies to follow, i.e. the "Principles of ethics of the management board members in PZU Group companies", the "Principles of ethics of supervisory board members in PZU Group companies who are not employees of a PZU Group company and who are not bound to a PZU Group company by some other contract of a similar nature" and "Principles of ethics of supervisory board members in PZU Group companies who are employees of a PZU Group company or who are bound to a PZU Group company by some other contract of a similar nature". The principles of ethics applicable to members of corporate bodies serve the following purposes:

Compliance and ethical management structure:

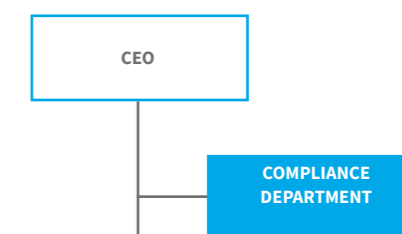
PZU



Bank Pekao



Alior Bank



- they ensure that the members of the corporate bodies discharge their functions properly in compliance with the highest standards of conduct;
- they prevent the occurrence of a conflict of interest, in particular by counteracting the use of the position held to reap private gains;
- they specify the ethical standards, values and attitudes by which management board members should be guided.

[GRI 206-1]

In 2021, four proceedings were pending against the PZU Group and its subsidiaries in terms of violating fair competition principles. (3 against Bank Pekao and 1 against PZU Pomoc).

2. PZU Group's organizational structure [IIRC]



"The PZU Group is the largest financial conglomerate in Poland and Central and Eastern Europe. The complex structure of the PZU Capital Group requires an effective system of corporate governance, appropriate allocation of tasks and cooperation between the entities within the Group. It enables to achieve the benefits of diversification of revenue, cost efficiency and synergies in selected areas. In this way, we strengthen our position on the market and build shareholder value."

Izabela Felczak-Poturnicka - Corporate Managing Director, PZU i PZU Życie

[GRI 102-18]

Conglomerate

Due to its structure, extent and line of business, the PZU Group was identified by the Polish Financial Supervision Authority (KNF) as a financial conglomerate, in which PZU is the leading entity - due to its parent status in the PZU Group - and at the same time a regulated entity. Since February 2019 the PZU Group has also been subject to supplementary supervision exercised by KNF.

For a conglomerate to operate efficiently, the allocation of responsibilities and the methods for discharging the duties were adopted (individual PZU departments take the responsibility for specific duties). The cooperation and information exchange procedures are regulated by Agreements signed with respective PZU Group entities.

In addition to internal and sector regulations (pertaining to the business profile of individual Group companies), the main legal act regulating conglomerates is the Act of 15 April 2005 on supplementary oversight over credit institutions and insurance undertakings, reinsurance undertakings and investment firms comprising a financial conglomerate. It imposes a number of obligations on the leading entity and the regulated entities of a financial conglomerate.

The obligations may be divided into 6 categories:

- capital adequacy obligations - an obligation to maintain the financial conglomerate's own funds at a level that is not lower than the financial conglomerate's capital adequacy requirement;
- obligations pertaining to significant intragroup transactions - material intragroup transactions are transactions, whose amount exceeds the threshold specified by a coordinator for the financial conglomerate. The transactions cannot pose a threat to financial stability of regulated entities forming part of the conglomerate;
- obligations pertaining to significant concentration of risk - the content of this obligation is comprised of PZU's obligation to disclose each instance of a significant risk concentration, to collect ongoing information on each occurrence of a significant risk concentration and significant risk concentration reporting to KNF for the calendar year;
- risk management obligations - PZU is obliged to develop and implement an appropriate risk management system that covers all the regulated entities of the financial conglomerate;
- internal control obligations, which are defined as introduction of capital adequacy procedures enabling the determination and measurement of the risk level and calculation of an appropriate level of own funds or own resources for this risk, introduction of information and accounting procedures enabling effective identification and monitoring of intragroup transactions in a financial conglomerate as well as significant risk concentration instances and ultimate introduction of an internal control procedure that ensures effective collection and disclosure of any data and information that may be significant for supplementary supervision purposes.;
- disclosure obligations that PZU SA performs in respect to regulated entities and to the KNF.

Of particular importance for the insurance segment is the cooperation between PZU and PZU Życie, which operate with shared structures, especially in terms of strategic management and risk, as well as operational support.

The management and supervision processes over other Group companies exercised from the parent company level are

supported by internal formal solutions that are complementary to regulatory requirements and, at times, are designed to fill in legislative loopholes. For instance, they take the form of cooperation agreements and area-specific policies and procedures issued on their basis. Within the framework of this cooperation, representative organizational structures also exist, and their task is to develop and implement uniform solutions across the PZU Group.

[GRI 103-2, 102-19][IIRC]

Approach to management



PZU applies the corporate governance rules laid down by law, in particular the Commercial Company Code and the Insurance and Reinsurance Activity Act, the regulations governing the operation of the capital market and the rules set forth in the documents described hereinbelow.

PZU applies the Corporate Governance Rules for Regulated Institutions published on 22 July 2014 by the Polish Financial Supervision Authority (KNF). They define the internal and external relations of regulated institutions, including their relations with shareholders and customers, their organization, the functioning of internal oversight and key internal systems and functions as well as the governing bodies and the rules for their cooperation.

Since the day when its shares were admitted to trading on a regulated market, PZU has followed the corporate governance rules laid down in the "Best Practices of WSE Listed Companies". The document entitled Best Practices of WSE Listed Companies 2016 adopted by the Supervisory Board of the Warsaw Stock Exchange (WSE) on 13 October 2015 was in effect up to 1 July 2021. On 29 March 2021, the Supervisory Board of WSE adopted a resolution introducing the "Best Practices of WSE Listed Companies 2021", which came into effect on 1 July 2021. It is a collection of corporate governance rules and rules of conduct that affect how public companies interact with their market environment.

In line with the said standards, issues related to the operation of the management and supervisory bodies of key significance for the PZU Group have been codified.

• Shareholder Meeting

PZU's highest authority is the Shareholder Meeting which operates on the basis of the Commercial Company Code, PZU's Articles of Association and the Rules and Regulations

of the PZU Shareholder Meeting. The Shareholder Meeting adopts decisions regarding PZU's organization and operation. Resolutions are adopted by an absolute majority of votes, except in special cases provided for in the relevant laws.

• Supervisory Board

The Supervisory Board exercises continuous oversight over PZU operations. It is composed from seven to eleven members. The PZU Supervisory Board's Rules and Regulations lay down the organization and method of operation of the Supervisory Board.

Organizational supervisory structure in PZU and PZU Życie as at 31 December 2021

PZU	PZU Życie
Paweł Mucha – Chairman of the Supervisory Board	Beata Kozłowska-Chyła – Chairwoman of the Supervisory Board
Paweł Górecki – Deputy Chairman of the Supervisory Board	Piotr Głod – Deputy Chairman of the Supervisory Board
Robert Śnitko – Secretary of the Supervisory Board	Marcin Szuba – Secretary of the Supervisory Board
Marcin Chłudziński – member of the Supervisory Board	Beata Bieńkowska – member of the Supervisory Board
Agata Górnicka – member of the Supervisory Board	Grzegorz Dostatni – member of the Supervisory Board
Robert Jastrzębski – member of the Supervisory Board	Norbert Dworak – member of the Supervisory Board
Elżbieta Mączyńska-Ziemacka – member of the Supervisory Board	Joanna Szandorowska – member of the Supervisory Board
Krzysztof Opolski – member of the Supervisory Board	
Radosław Sierpiński – member of the Supervisory Board	
Józef Wierzbowski – member of the Supervisory Board	
Maciej Zaborowski – member of the Supervisory Board	

The current composition of the PZU and PZU Życie Supervisory Boards can be found on our website at www.pzu.pl

• Management Board

The Management Board exercises any and all rights related to managing PZU which are not otherwise reserved by law or the provisions of the Articles of Association to the Shareholder Meeting or the Supervisory Board. Two Management Board members acting jointly or one Management Board member acting with a commercial proxy, are authorized to represent the Company. The Management Board adopts its rules and regulations (Rules and Regulations of the PZU Management Board) to govern the organization and operation of the Management Board. The Rules and Regulations of the Management Board are approved by the Supervisory Board. The Management Board is composed of three to eight members appointed for a shared term of office lasting three years.

Organizational management structure in PZU and PZU Życie as at 31 December 2021

PZU	PZU Życie
Beata Kozłowska-Chyła – President of the Management Board;	Aleksandra Agatowska – President of the Management Board;
Ernest Bejda – Management Board Member;	Ernest Bejda – Management Board Member;
Małgorzata Kot – Management Board Member;	Małgorzata Kot – Management Board Member;
Krzysztof Kozłowski – Management Board Member;	Tomasz Kulik – Management Board Member;
Tomasz Kulik – Management Board Member;	Bartłomiej Litwińczuk – Management Board Member;
Maciej Rapkiewicz – Management Board Member;	Dorota Macieja – Management Board Member;
Małgorzata Sadurska – Management Board Member;	Maciej Rapkiewicz – Management Board Member;
Krzysztof Szypuła – Management Board Member;	Małgorzata Sadurska – Management Board Member;
	Krzysztof Szypuła – Management Board Member;

The current composition of the PZU and PZU Życie Management Boards can be found on our website at www.pzu.pl

• Audit Committee

The Audit Committee is appointed by the PZU Supervisory Board. The majority of the Audit Committee members, including its chair, satisfy the independence criteria defined in

the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision, and at least one member has knowledge and skills of accounting or audit of financial statements in accordance with the Act. The Audit Committee is an advisory and consultative body to the Supervisory Board and is appointed to improve the effectiveness of the Supervisory Board's oversight activities in respect of the correctness of financial reporting, the effectiveness of internal control system, including internal audit, and the risk management system. In addition, the Audit Committee may request the Supervisory Board to request specific control activities in the company, whereby the requested activities may be performed by an internal unit or external entity.

• Standing committees on which Management Board Members and PZU Group Directors sit

Committees are collegial structures operating in the Head Office of PZU and PZU Życie. They are established and disbanded by the Management Board. Committees issue opinions and make decisions in matters within their area of operation defined in the rules and regulations of a given committee. The following committees operated in PZU and PZU Życie in 2021:

- Data Governance Committee;
 - Innovations Committee;
 - Investment Committee
 - Cost Committee;
 - PZU Group's Risk Committee;
 - Investment Risk Committee
 - Sponsorship, Prevention and CSR Committee;
 - Property Sales Committee;
 - Procurement Committee;
 - Asset and Liability Management Committee;
 - Initiatives Management Committee;
- and the Crisis Management Team, which is vested with the powers of a committee and pursues tasks laid down in the PZU and PZU Życie Business Continuity Plan.

PZU additionally operated the PZU Pricing Committee.

Corporate governance over subsidiaries

Since 2010, the PZU Group's practice in terms of its corporate governance model and collaboration among its various entities has been for representatives of PZU and PZU Życie to sit on the supervisory boards of the Group's main companies, including:

- Beata Kozłowska-Chyła, Ph.D. Hab., President of the PZU Management Board, is also Chairwoman of the Supervisory

Board of the PZU Życie and the Chairwoman of the Bank Pekao Supervisory Board;

- Aleksandra Agatowska, President of the PZU Życie Management Board and PZU Group Director, is also the Chairwoman of the Alior Bank Supervisory Board;
- Bartłomiej Litwińczuk, Member of the PZU Życie Management Board and PZU Group Director, is also the Chairman of the LINK4 Supervisory Board;
- Tomasz Kulik, Member of the PZU Management Board and Member of the PZU Życie Management Board, is also the Chairman of the TFI PZU Supervisory Board;
- Maciej Rapkiewicz, Member of the PZU Management Board and Member of the PZU Życie Management Board, is also the Chairman of the PTE PZU Supervisory Board;
- Krzysztof Kozłowski, Member of the PZU Management Board, is also the Chairman of the PZU Zdrowie Supervisory Board;
- Ernest Bejda, Member of the PZU Management Board and Member of the PZU Życie Management Board, is also the Chairman of the PZU Centrum Operacji Supervisory Board;

Since the supervisory boards constantly supervise the operations of the companies in all the areas of their operations, this solution ensures a uniform approach to governance standards in the key areas of the PZU Group's functioning.

Within the PZU Group, the following agreements have been entered into by and between PZU SA and PZU's subsidiaries to govern the principles of cooperation between the parties:

- Agreement on the principles of cooperation within the PZU Group dated 21 March 2017, governing the principles of cooperation between PZU and 26 members of the PZU Group, including PZU Życie, TFI PZU, TUW Polski Zakład Ubezpieczeń Wzajemnych, LINK4 TU, PrJSC IC PZU Ukraine, PrJSC IC PZU Ukraine Life Insurance, UAB PZU Lietuva Gyvybes Draudimas, Lietuvos Draudimas AB, Apdrosinasanas akciju sabiedriba "BALTA", Tulare Investments sp. z o.o., PZU Cash and PZU Corporate Member Limited. Under the Agreement, the parties thereto cooperate in the areas of procurement, risk management, IT management, internal audit, strategy, projects, marketing and brand management, consulting and legal assistance, security management, human resources management, corporate communication, tax policy, corporate governance, actuarial services, accounting, planning and controlling, compliance, reinsurance, supervision over foreign companies, customer experience management, claims and benefits handling, sustainable business development (ESG), tariff-related actuarial services,

analysis of insurance evolution and tariffs, remote sales, CRM and non-motor underwriting of business insurance products.

- Agreement on Cooperation and Exchange of Information entered into on 28 September 2017 (amended on 2 April 2020 and 3 July 2020) between PZU and Bank Pekao.
- Agreement on Cooperation and Exchange of Information entered into on 19 June 2019 (amended on 25 September 2020) between PZU and Alior Bank.

Implementing PZU Group policies directly in banking structures would require the incorporation of the distinctive nature of banking operations therein, including separate solutions pertaining to risk management, which might not be an optimum solution. Accordingly, relationships with banks within the PZU Group are governed by separate agreements laying down the rules of cooperation and exchange of information, among others, on reporting duties and accounting, planning and controlling, compliance and internal control, internal audit, risk and security.

Because the PZU Group includes two banks (Alior Bank and Bank Pekao), PZU's organizational structure is governed by the principle of Chinese walls implemented in PZU's organizational cells responsible for the conduct of business processes. The purpose is to ensure the observance of the two banks' legally protected trade secrets and limitation on the exchange of sensitive information concerning their business activity, also to ensure the separation of the flow of information obtained from PZU as the entity heading up the PZU Group, to procure compliance with the legal regulations pertaining to information subject to banking secrecy and other legally protected secrets.

A major challenge in unifying governance standards in the PZU Group was the implementation of a coherent and effective risk management system.

Having regard for the different business nature of the banking entities and the insurance entities, and their sectoral regulations, the direct application in the banks of the risk management system functioning in the insurance companies was impossible. The challenge was to align the process so that the attainment of the PZU Group's objectives in risk management would transpire while respecting the banking sector's regulations, the independence of the entities within the understanding of the Commercial Company Code and equal access to information among all the shareholders of the



banks. This alignment was crafted in full cooperation with both banks. Risk appetite in Bank Pekao and Alior Bank is consulted with the PZU Group's parent company and the subject matter of opinions issued by the PZU Group Risk Committee. The aim is to ensure consistency between the activities carried out by the banks and the strategic plans and business objectives of the PZU Group as a whole and maintain an acceptable level of risk at the Group level. Once agreed, the level of risk appetite is then approved by the banks' Supervisory Boards.

3. Value creation model [IIRC]

[GRI 102-26]

"Our offering will be the best response to all of the most important needs most demanding individual clients and businesses currently have at every stage of their private and professional lives. We will provide them and our shareholders with significant benefits in a sustainable, sound and socially and environmentally responsible manner".



Beata Kozłowska-Chyła, CEO of PZU

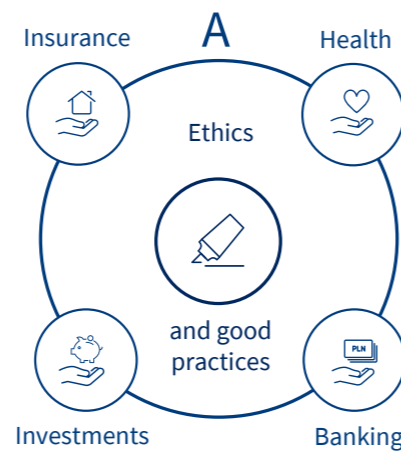
The PZU Group's value creation model refers to the international "IIRC" guidelines of the International Integrated Reporting Council.¹ They define the approach to reporting, combining material information pertaining to an organization's strategy, approach to management, performance and future prospects in a way that reflects the financial, social and environmental context of an organization's operations. All these aspects should refer to value creation over time with the use of available capital, i.e. the resources that the organization can access and use to create value.

A - Business

Business activity, with insurance as the key element, is at the core of the PZU Group's value creation model. The offering is supplemented by health, banking, investment and pension products. The PZU Group is trusted by 22 million clients in five European countries, including 16 million Polish residents who hold insurance policies marked with the PZU brand. Detailed information on the activities of the PZU Group is presented in the Management Board Activity Report.

¹ www.integratedreporting.org

PZU Group – key areas of activity (A)



B - Various types of capital

In the PZU Group, various types of capital are broken down in accordance with the IIRC classification: financial, intellectual, human, social and relational, infrastructural, and natural. The approach to managing and measuring the effectiveness of each form of capital is described below, while the detailed results generated with the use of each type of capital are presented in SECTION 3.4.2 RESULTS GENERATED FROM VARIOUS TYPES OF CAPITAL AND THEIR IMPACT.

• Financial capital

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

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

- maintaining financial security and stability;
- ensuring funds for the development and pursuit of the strategy;
- operational and cost effectiveness.

Measurement of the effectiveness of this type of capital is based chiefly on an analysis of revenue, profitability, financial costs and the level of dividend payout from profit.

• Intellectual capital

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

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

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

Measurement of the effectiveness of this type of capital is based chiefly on client satisfaction surveys, analysis of the progress of work in the deployment of modern technologies (within the service and sales layers), cost analysis and evaluation of the outcomes of cooperation with startups and accelerators.

• Human capital

This type of capital is made up of employees, agents and business partners of the PZU Group. It involves matters related to creating a friendly workplace, caring for safety,

building relationships based on honesty, respect and dialogue, supporting diversity, managing talents and retaining key employees.

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

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

Measurement of the effectiveness of this type of capital is based chiefly on quantifying employee commitment and satisfaction.

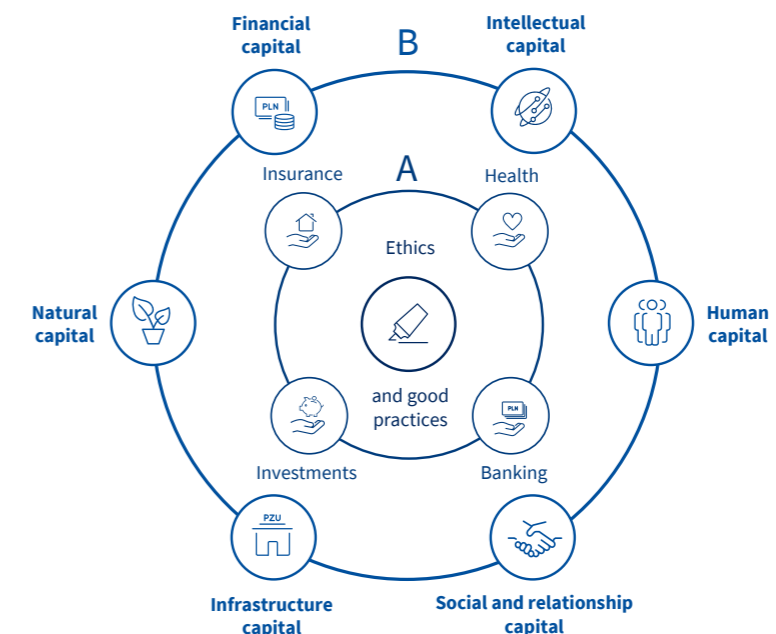
• Social and relational capital

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

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

- setting standards for cooperation with suppliers and business partners;

PZU Group – various types of capital (B)



Corporate governance

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

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

• Infrastructural capital

This type of capital is made up of the largest distribution and service network in Poland, in particular: branches, outlets, agents and business partners, the claims handling network, and electronic distribution channels. It also includes one of the

largest corporate PZU Data Warehouses in Central and Eastern Europe as well as IT tools and systems that enable information flow both within and without the PZU Group. As a result, PZU Group clients enjoy easy and convenient access to financial products and services.

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

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

Measurement of the effectiveness of this type of capital is based chiefly on the outcomes of satisfaction surveys, cost

effectiveness and the pursuit of strategic objectives in the area of sales and aftersales service and distribution channels

• Natural capital

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

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

Measurement of the efficiency of this type of capital is based predominantly on the actual reduction of and compensation for CO2 emissions, the value of funds involved in activities supporting the climate and energy transition and the percentage of procurement processes in which the ESG criteria were taken into account.

3.1 Risk management [IIRC]

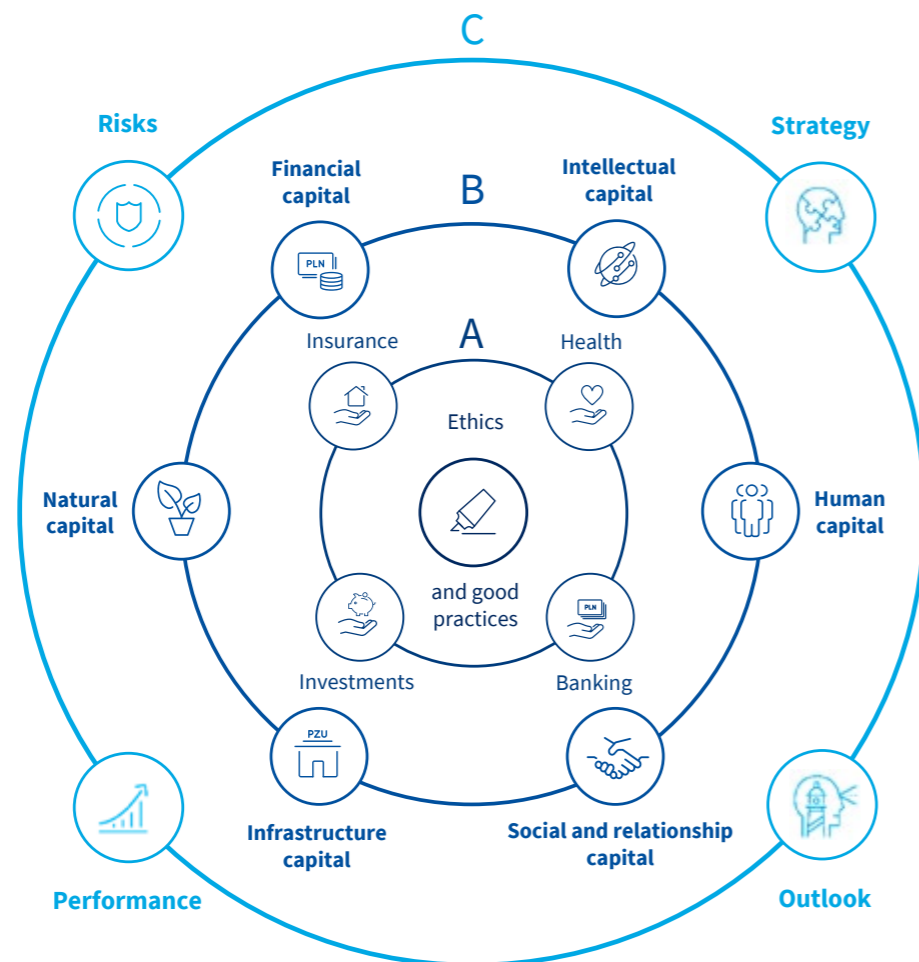
[GRI 103-2, 102-11, 102-15]



Risk management is one of the key internal processes in the PZU Group. The risk management system in place in PZU is based on three lines of defense. Its framework reflects the standards prevailing in the

insurance sector and the guidelines laid down in regulatory regulations. The overriding objective of the PZU Group's risk management system is to ensure early identification and adequate management of material risks associated with the activities of the PZU Group and its individual entities. The non-financial risk management processes are part of a broader risk management process in the Group. Non-financial risks were also identified at the stage of development of the ESG Strategy entitled "Balanced Growth". They were addressed in strategic commitments, key performance indicators and strategic initiatives. Moreover, selected non-financial risks are taken into account in the investment decision-making process and in selected corporate client risk assessment processes, which enable the insurer to evaluate the premium.

PZU Group – corporate governance (C)



C – Corporate governance

The overriding element in the PZU Group's value creation model is its corporate governance, which defines governance and supervision standards for the conducted business activity and strategic measures pursued by the PZU Group. The key processes are identified within the existing organizational structures that are critical for the outcomes generated by the distinct types of capital. Among the most significant of these are: risk management ([SECTION 3.1 RISK MANAGEMENT](#)) and development strategy ([SECTION 3.2 STRATEGY FOR 2021-2024](#)). These two aspects determine the value of the company in the future as well as its impact on its surroundings and stakeholder relations.

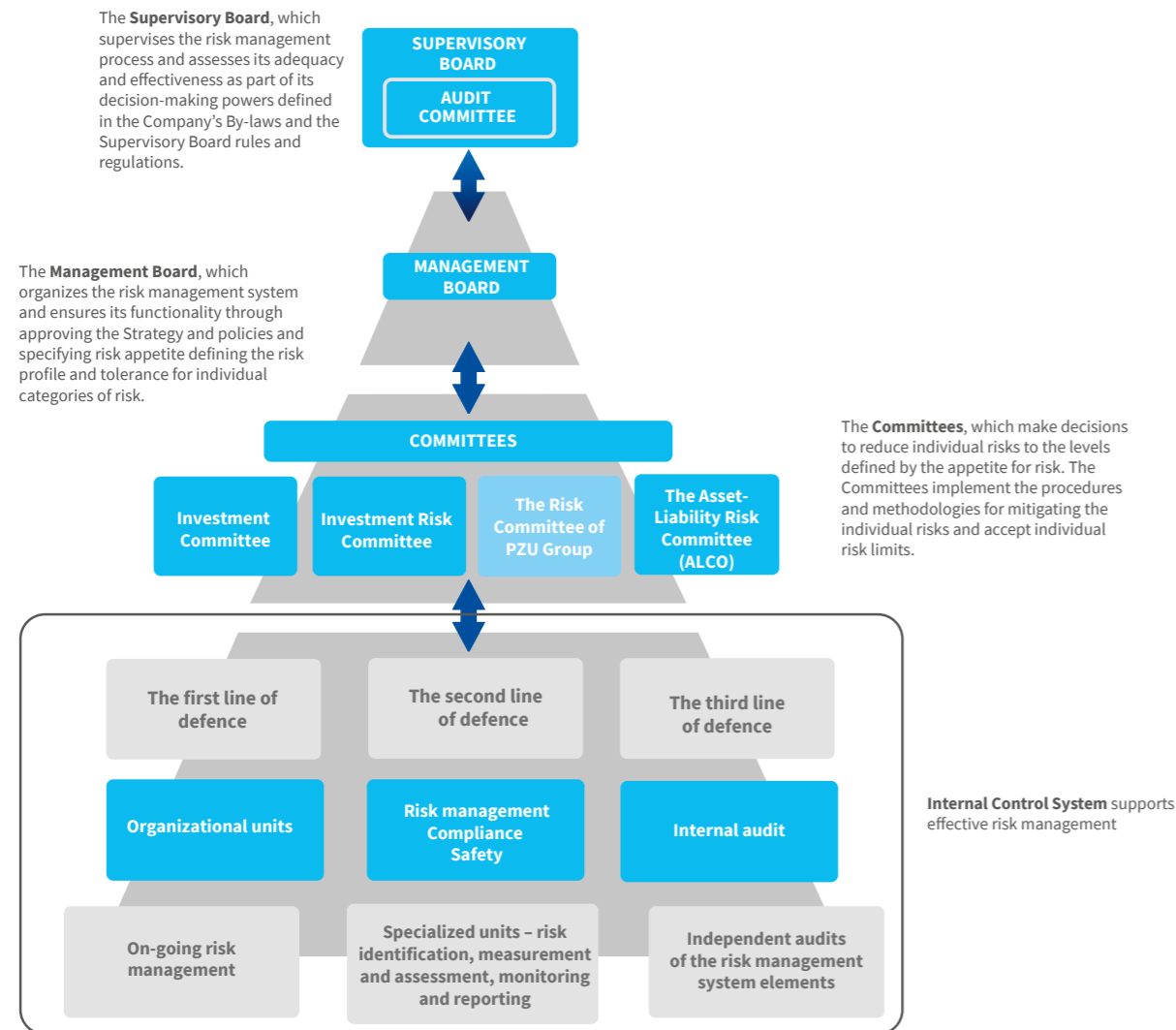
[GRI 103-3]

Risk Management System

PZU exercises supervision over the PZU Group's risk management system by the power of mutual cooperation agreements entered into with other Group entities and the information provided thereunder. It manages risk at the PZU Group level on an aggregate basis, especially in terms of capital requirements. The cooperation agreements signed with the PZU Group subsidiaries enable the collection and processing of information necessary for appropriate and effective management of risk at the PZU Group level. They also guarantee that the various risks generated by the individual PZU Group entities are assessed and are based on the same standards, taking into account the requirements and restrictions arising from the applicable law. The main elements of the PZU Group's risk management system have been implemented to ensure sectoral consistency and the execution of the various entities' strategic plans and the overall PZU Group's business objectives.

The Risk Management Strategy in the PZU Group is the basis of operation of the risk management system in the PZU Group. The Group has introduced risk management rules for the affiliates identified in the strategy. The rules constitute a

Chart of the organizational structure for the risk management system



recommendation issued by PZU regarding the organization of the risk management system in subsidiaries. Additionally, guidelines regulating the various risk management processes in the PZU Group entities are also issued from time to time. The management boards of PZU Group companies from the financial sector are responsible for fulfilling their own duties in accordance with the generally applicable provisions of national and international law. In particular, they are responsible for the implementation of an adequate and effective risk management system.

Subsidiaries from outside of the financial sector introduce the risk management rules including the allocation of roles and responsibilities and the catalog of risks associated with the relevant activity.

The determination of the appropriate level of risk in each company is the management board's responsibility, whereas a review of the risk management system, especially the risk appetite level, is conducted once a year by the unit responsible for risk, with all actions being coordinated at the PZU Group level.

Effective risk management is supported by the Internal Control System implemented in PZU, which offers solutions for three levels of defense. The Internal Control System is described in the Management Board Report on the activity of the PZU Group and PZU SA in 2021.

Risk appetite

Risk appetite is defined in the Risk management Strategy based on the values as the minimum value of the PZU Group's solvency ratio on a consolidated basis and PZU on a standalone basis.

In addition, PZU as the leading entity in the PZU Financial Conglomerate manages risk concentration at the level of the overall conglomerate. The leading entity has established the risk concentration management standards, in particular through introduction of rules for identification, measurement and assessment, monitoring and reporting of significant risk concentration and making managerial decisions.

Once a year, the internal audit unit prepares an annual activity report, which includes, in particular, an evaluation of the internal control system and the risk management system. The procedure for preparing the report and its scope are governed by separate internal regulations. For the purposes of report, the risk unit prepares information as to the adequacy and effectiveness of the risk management system.

As part of its activities PZU classifies the following risks to which the PZU Group is exposed as material: actuarial risk, risk of models, compliance risk, credit risk, concentration risk and market risk (including liquidity risk).

The non-financial risks are managed primarily in the group of operational risks, compliance risks and actuarial risks, which reflect the product risks associated with catastrophic events, in particular resulting from climate changes, such droughts, floods and cyclones. Furthermore, selected non-financial risks

Risk categories in the PZU Group [IIRC]:

<p>Actuarial risk the likelihood of incurring a loss or an adverse change in the value of liabilities under the existing insurance contracts and insurance guarantee agreements, due to inadequate assumptions regarding premium pricing and technical provisions.</p>	<p>Risk of models the risk of incurring financial losses, incorrectly estimating data reported to the regulatory authority, taking incorrect decision or losing reputation as a result of errors in the development, implementation or application of models</p>
<p>Operational risk possibility of suffering a loss resulting from improper or erroneous internal processes, human activities, system failures or external events.</p>	<p>Compliance risk risk that PZU Group entities or persons related to PZU Group entities may fail to adhere to the applicable provisions of law, internal regulations or standards of conduct, including ethical standards, adopted by PZU Group entities, and the risk of violating these provisions of law, regulations and standards. The outcome is or may be: legal sanctions incurred by the PZU Group or persons acting on its behalf, incurring financial losses, loss of reputation or credibility</p>
<p>Credit risk is the risk of a loss or an adverse change in the financial situation resulting from fluctuations in the reliability and creditworthiness of issuers of securities, counterparties and all debtors. It materializes in the form of a counterparty's default on a liability or an increase in credit spread</p>	<p>Concentration risk possibility of incurring a loss stemming either from lack of diversification in the asset portfolio or from large exposure to default risk by a single issuer of securities or a group of related issuers</p>
<p>Market risk, including liquidity risk: market risk risk of a loss or an adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, credit spread, as well as value of liabilities and financial instruments.</p>	<p>Financial liquidity risk possibility of losing the capacity to settle, on an ongoing basis, the PZU Group's liabilities to its clients or business partners. The liquidity risk management system aims to maintain the capacity of fulfilling the entity's liabilities on an ongoing basis. Liquidity risk is managed separately for the insurance part and the bancassurance part.</p>

The risk management process consists of the following stages:

Identification

commences with a proposal to start developing an insurance product, buying a financial instrument, modifying an operating process, as well as whenever some other event occurs that may potentially lead to the emergence of risk. The identification process continues until the expiration of liabilities, receivables or activities associated with the risk. Risk identification involves identification of actual and potential sources of risk, which are later analyzed in terms of significance.

Risk measurement and assessment

are carried out depending on the nature of the given type of risk and the level of its importance. Risk measurement is carried out by specialized units. Risk units in each company are responsible for the development of tools and for the measurement of risk in terms of risk appetite, risk profile and risk tolerance.

Risk monitoring and control

consists in the ongoing analysis of deviations from benchmarks (limits, threshold values, plans, figures from prior periods, recommendations and guidelines).

Reporting

allows for effective communication on risk and supports risk management on various decision-making levels.

Management actions

include, among others, risk avoidance, risk transfer, risk mitigation, acceptance of risk level, as well as implementation of tools supporting these actions, such as limits, reinsurance programs or regular review of internal regulations and processes.

are subject to separate assessment within the framework of the risk analysis process and the key risk identification process.

[GRI 102-30]

Risk management responsibility, including the climate impact risk on the PZU Group

The consistent split of powers and tasks in the PZU Group and in its various financial sector subsidiaries covers four decision-making levels: Supervisory Board, Management Board, Committees and various operating units within the three lines of defense.

- I. Supervision over the risk management systems in the various financial sector entities is exercised by supervisory boards. PZU designates its representatives to the supervisory boards of its subsidiaries, including in particular the Alior Bank Group and the Pekao Group.
- II. The management boards of PZU Group entities are responsible for executing their own duties in accordance with the generally applicable provisions of national and international law. In particular, they are responsible for implementation of an adequate and effective risk management system. The Management Board organizes the

risk management system and ensures that it is operational by adopting strategies and policies, setting the level of risk appetite, defining the risk profile as well as tolerance levels for the individual categories of risk.

- III. Committees decide about limiting the levels of individual risks to fit the risk appetite framework they have defined, adopt procedures and methodologies for mitigating the individual risks and accept the limits for individual risk types. Selected members of the Management Boards sit in the Committees.
- IV. The fourth decision-making level pertains to operational measures in the various business units divided into three lines of defense:
 - the first line of defense – entails ongoing risk management at the entities' business unit and organizational unit level and decision-making as part of the risk management process, taking into account the limits for individual risks;
 - the second line of defense – risk management by specialized units responsible for risk identification, measurement, monitoring and reporting, as well as for limits control;
 - the third line of defense – internal audit which conducts independent audits of the individual elements of the risk management system, as well as of control procedures.

[GRI 102-15]

Key non-financial risks

From the perspective of the impact on issues related to social, employee, environmental, human rights and prevention of corruption, compliance risk and operational risk are of special importance. Accordingly, the PZU Group has implemented an operational risk management system under which it prevents operational risk incidents and reduces operational losses. The operational risk management principles and structure in PZU are based on the adopted operational risk management policy. Operational risk is controlled on multiple levels in the organization. Supervision over the operational risk management system is exercised by an independent, dedicated unit within the Risk Department structure.

The key tool used to monitor operational risk is the key risk indicator system, covering areas with special exposure to operational risk. The indicators are subject to regular reviews: at least once a year.

As part of compliance risk and operational risk, employee, environmental, social, ethical, including interactions with clients and prevention of corruption issues have been identified. Detailed references to these risks and methods of mitigating them are described in the following sections of this report:

Corporate governance

Risk	Detailed information
Corruption risk	Section II 3.1.2. Counteracting corruption
The risk associated with insurance crime and frauds	Section II 3.1.4. Fraud prevention and counteracting of money laundering and terrorism financing

Environment

Risk	Detailed information
Climate risks associated with transformation of the insurance portfolio	Section IV 1.3. The product offer as a response to climate challenges
The physical risk of pollution of natural environment and natural disasters resulting from climate changes	Section IV 1.3.2. The PZU Group's efforts to adapt to climate change and prevent environmental risks: gaining a better grasp of risk factors
The reputation risk and the compliance risk in connection with the direct environmental impact	Section IV 2. Direct environmental impact

Social responsibility

Risk	Detailed information
The risk associated with the difficulty of hiring qualified staff	Section III 2. Employer of first choice
The risk of overrunning the personnel budget	Section III 2.1 Working conditions and employee compensation
The risk of failure to respect employee rights by unequal treatment of employees, discrimination of employees and cases of mobbing and discrimination	Section III 2.1.3. Inclusive organizational culture
Risk of failure to ensure a safe and healthy work environment	Section III 2.1.4. Occupational safety and health during the COVID-19 pandemic
Risk related to the lack of effective dialog with the trade unions (collective dispute)	Section III 2.1.5. Dialog with trade unions
The risk associated with quickly changing regulations and necessity to update the knowledge about prevailing regulations, obligatory operating methods and the rules of work organization.	Section III 2.2. Employee training and development
The risk pertaining to disclosure of personal data and data subject to insurance secrecy to unauthorized persons	Section III 3.1.1. Information security
The risk of dishonest communication with clients regarding the PZU Group's offers to purchase products that do not meet their needs or do so in a manner that is not suitable to their nature.	Section III 3.3.1. Straight-forward products
Compliance risk concerning the generally prevailing laws and guidelines of state authorities and reputational risk.	Section III 3.3.2. Advertising ethics
Risk associated with employee unavailability due to COVID-19 infection.	Section III 5.1. COVID-19

3.1.1. Information security



We protect personal data : -“Everyone’s personal data, in particular the data of our clients, employees, business partners and users of our websites – are subject to strict protection. This pertains to all data facilitating the identification of a given person. The regulations of the personal data protection law apply to every work position and all information systems which employees use. Only those persons obtain access to such data if they need it on account of the work they do.”

Area-specific risk: the risk pertaining to disclosure of personal data and data subject to insurance secrecy to unauthorized persons.

Approach to management: PZU and PZU Życie have implemented principles for client identification and provision of information depending on the client’s requests. In addition, access to personal data and data subject to insurance secrecy is granted only to authorized persons using the Central Information Security Management System (CSZBI). Additionally, PZU has implemented a DLP class monitoring system, which comprises appropriate rules minimizing the risk of disclosure of information, including personal data, to unauthorized persons. The companies regularly implement procedures and safeguards in electronic channels of communication with clients, thereby minimizing the risk of unauthorized disclosure of legally protected information.

Key regulations: Security Policy.

Active existence within any global network is associated with a number of threats; therefore, in order to successfully face the constantly changing challenges, the fundamental units responsible for ensuring the Group’s IT security keep getting reinforced. For 2022, production deployment and expansion of solutions addressing the need for defense against new threats, incident analysis and identity management are scheduled. Among the key elements of the strategy adopted with a view to solidifying PZU’s IT security is the introduction and improvement in 2022 of the process of proactive search for potential threats and threat mitigation modeling. In 2022, educational activities for PZU employees and agents will also be continued, including exercises in identifying phishing attempts.

“One of the priorities that we have adopted in the PZU Group is to ensure security of information, in particular confidentiality of personal data that we process. In order to meet this challenge, we make sure to follow the highest security standards of IT systems. We believe that protecting the information entrusted to us is our obligation to customers, who show their trust in us on a daily basis by choosing the PZU Group as their service provider.”

Rafał Jeż, Director of the Security Department, PZU and PZU Życie

[GRI 102-15, 103-1, 103-3]

“Security Policy in PZU SA and PZU Życie SA”

The main document that governs the security of information protected in PZU and PZU Życie, including personal data, physical security, security of IT systems and business continuity, is the Security Policy. It also pertains to the area of counteracting insurance crime, money laundering and the financing of terrorism as well as occupational safety and health.

“Information Security Procedure of PZU SA and PZU Życie SA”

Activities following from the Procedure in the area of information security include ensuring the protection of all information in conformity with the relevant security level, ensuring information access control and the integrity and availability of information, and preventing theft and unauthorized outflows of information. The document defines the rules for protecting and sharing information protected by law and for managing security risks.

[GRI 103-2]

Cybersecurity management system

IT security is considered one of the most significant challenges faced by in the domain of modern technologies. Efforts focused on prioritizing the strategic objectives in this area within the PZU Group are aimed at responding to new threats, in terms of both organization and technology. Appropriate policies, procedures and detailed requirements are in place in all Group companies in order to ensure an adequate level of protection for clients’ information and data. A comprehensive multiple-layer system to protect against cybersecurity threats functions in PZU and PZU Życie and is being constantly developed – new tools and competences are acquired on an ongoing basis.

The cybersecurity management system in PZU SA and PZU Życie complies with the requirements of the ISO 27001 standard, which is the highest Information Security Management System standard renowned and recognizable all over the world.

In 2021, we managed to prevent:

more than 14 thousand potential infections;
more than 132 million attempts of making a connection to send malicious e-mails;
approx. 200 thousand high-risk attacks;
 references to **more than 3 million** dangerous resources.

Additionally:

more than 1.3 million malicious e-mails were blocked;
46 thousand analyses were carried out;
 opinions on **1,342** initiatives were issued;
173 manual safety tests were conducted;

137 thousand vulnerabilities to threats were detected, including **27.4 thousand** critical cases.

Security tests

Rolling out and selling products and customizing the offer to evolving client needs is an enormous challenge for the Group’s information systems. For these changes to proceed smoothly and not to disrupt client service, the organization has crafted a recurring information procedure embracing a broad set of tests and verification methods. This procedure guarantees early detection of threats and possible problems and supports the appropriate management thereof.

Vulnerability assessment tests are conducted by the Group on the company’s systems. Infrastructure vulnerability detection is an ongoing and automated process in which dedicated Vulnerability Assessment solutions are used. Security tests form part of the change, release and project management processes.

Security training



Information security and cybersecurity are not just efficient systems and adequate procedures. Threat awareness and the knowledge of rules among employees and associates are of no less importance. For this reason, newly employed persons participate in onboarding training during which they are acquainted with security principles and then undergo obligatory e-learning training. Refresher training courses are also conducted on an ongoing basis, along with internal information campaigns on information security, personal data protection and cybersecurity. These issues are most frequently raised jointly, as they complement one another. In 2021, dedicated refresher training courses on these issues were conducted for employees and agents of particular units, mainly in the form of webinars. Their participants were, among others, employees of branches, exclusive agents, and operation centers and centers for handling claims and benefits (in particular, individuals involved in data processing operations). In June 2021, an internal information campaign was held, entitled “Cyberthreats come in different colors”. Cybersecurity was also among the topics of the fall campaign “We care for super security”. As part of the campaign, in addition to the publication of useful articles and pieces of advice, on-line meetings with external cybersecurity experts were held, devoted in particular to some of the most common threats and attacks currently experienced.



In 2021, employee training programs continued on GoPhish platform launched in 2018. Such actions are taken to improve the awareness among employees of the threats following from suspicious messages, including those containing malicious elements and prompting people to open suspicious pages or attachments.

In 2021, one GoPhish training campaign was conducted, in which employees who accidentally clicked the link in a specially prepared e-mail were shown a training video produced by the Security Department presenting information on how to avoid such threats in the future. Compared to the previous year, the number of reckless clicks on suspicious links decreased by roughly a half. At the same time, many more people react properly: as many as 23% of recipients reported their receipt of a suspicious message (compared to 0.2% in 2018, when we launched these activities). Despite the observed significant increase in awareness, it is still necessary to keep the anti-phishing efforts up and running. Also, since 2020, special e-learning training has been provided under the name Phishing quiz, showing how to distinguish between safe and unsafe messages. The training is mandatory for all staff who have clicked on the links in fake e-mails.



In 2021, the following were conducted:

Training	Number of training courses	Number of participants
 Onboarding training for newly employed persons	37	842
 Refresher training	38	3,619

E-learning training	Number of participants (who completed the training)
 Information security, cybersecurity and counteracting crime for newly employed persons	877
 Phishing quiz	595

Security procedures in subsidiaries

Procedures to manage the security of information processes were implemented in PZU and Pekao Group companies as well as in all foreign companies.

A package of regulations pertaining to personal data processing, including security policies containing requirements pertaining to IT processes, was implemented in the PZU Zdrowie Group. In turn, PTE PZU introduced the guidelines issued by the KNF (Polish Financial Supervision Authority) concerning the management of areas involving information technology and ICT environment security in universal pension fund management companies.

In Bank Pekao, in order to ensure that comprehensive actions are taken in the area of personal data protection, a number of internal regulations have been implemented related to the various areas of the bank's business. They include, among others, the "Information Security Policy along with Information Security Policy Documents", the "Security policy for applications in Bank Polska Kasa Opieki Spółka Akcyjna", the "Procedure to be followed by Bank Polska Kasa Opieki Spółka Akcyjna when examining requests from data subjects under the GDPR", the "Procedure for managing personal data protection breaches in Bank Pekao S.A." and the "Protection of electronic information in Bank Polska Kasa Opieki S.A."

Stringent security procedures ensuring confidentiality, integrity and availability of processed information are also in place throughout the Alior Bank Group. The security policy in place and all procedures in this area are updated on an ongoing basis in response to the changing market circumstances in the cybersecurity area as well as new requirements and guidelines issued by the regulatory authorities. Alior Bank, as a key service operator, pursuant to the Act on the National Cybersecurity System (implementing the requirements of the European NIST Directive), meets the high cybersecurity requirements following from the provisions of law and the recommendations of KNF. In 2021, all of Alior Bank's key IT systems involved in the processing of client data and participating in the processing of financial transactions were subjected to in-depth security tests. Additionally, the systems monitoring and protecting clients' financial assets in mobile banking (e.g. the FDS and Malware Shield - a proprietary solution developed by the bank's experts dealing with cybersecurity) were expanded in 2021.

GDPR

The PZU Group ensures the security of the processed information and the protection of the personal data of its clients. It understands the complexity of the obligations following from Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR) and makes sure all of its processes are compliant with the Regulation and local personal data protection regulations. The PZU Group expects an equally mature approach from its business partners.

The responsibility for the area of security in PZU and PZU Życie rests on the Director of the Security Department who answers directly to a Management Board member. Moreover, the Data Protection Officer (DPO) was appointed in PZU and PZU Życie. Security structures for the processing of information, including personal data, have been established within the Security Department, which support the performance of the tasks of the Data Protection Officer (DPO).

Internal regulations are in place in PZU and PZU Życie which support the effective management of information security and of personal data protection. Their purpose is to minimize the risk of security incidents and reduce their effects. The addressees of these regulations are the employees, Management Board members and associates of PZU and PZU Życie.

The fundamental document governing the issues of personal data protection in PZU SA and PZU Życie is the "Personal Data Protection Procedure". The document defines, in particular, the rules for handling requests from data subjects, responding to security incidents, assessing and reporting breaches and selecting and auditing processors, as well as the role and tasks of the Data Protection Officer.

Additionally, in PZU and PZU Życie, this area is governed by a number of procedures and rules, in particular:

- IT security risk management procedure;
- Risk assessment and personal data protection impact assessment procedure in PZU SA and PZU Życie SA;

- Management of anti-malware safeguards;
- Rules for secure personal data processing,
- Rules for managing the IT infrastructure vulnerabilities and security tests;
- IT security rules – IT Security Management System.
- Classification of information and security levels at PZU SA and PZU Życie SA

PZU and PZU Życie act with all diligence in taking care of information security and data protection in compliance with the GDPR. Client personal data is collected, processed and transmitted in PZU and PZU Życie in compliance with law. Data which is subject to insurance secrecy is made available on the basis of Article 35 of the Insurance and Reinsurance Activity Act which provides the list of the entities and institutions to which data may be made available. External entities are entrusted with personal data processing on the basis of an agreement for entrusting the processing of personal data. Where third party entities are provided with protected information, it is a standard practice to enter into a confidentiality agreement. The content of such an agreement includes, among other things, an undertaking to implement at least the same measures to ensure the protection of information, as well as a provision guaranteeing a possibility of conducting an audit.

GDPR – access to data

In order to maintain the highest privacy of clients, each person whose data is processed is entitled to access data and to erase, rectify, complete or modify his or her personal data, as well as has a possibility to ask questions concerning privacy. Appropriate processes have been put in place for this purpose, which ensure the exercise of the rights of data subjects, as defined in Articles 12 to 22 of the GDPR.

GDPR – management information

The management information concerning the security of the processed data in terms of the identified risks and vulnerabilities is reported to the Management Board of PZU and PZU Życie on a periodic basis and includes information on the carrying out of the obligations set forth in Article 33 (Notification of a personal data breach to the supervisory authority) and Article 34 (Communication of a personal data breach to the data subject) of the GDPR. The companies monitor the data processing operations and the applied technical and organizational measures on an ongoing basis to identify possibilities for improving the level of security of the processed data.

GDPR – audits

Audits of entities that have been entrusted with personal data processing are conducted by PZU and PZU Życie on a regular basis. During an audit it is verified whether the processing of the entrusted personal data by the processor complies with the GDPR and the agreement for entrusting personal data processing. PZU and PZU Życie also conduct audits of the processors in the case of which security incidents have occurred. Recommendations for changing processes or systems for particular business owners are issued on the basis of audits.

Personal data protection officers

Fulfilment of the duties of a personal data controller (PDC) and a data protection officer (DPO) set forth by law, monitoring of information security incidents, in particular relating to personal data and breaches reported to the President of the Personal Data Protection Office (PUODO), periodic data reporting to the Management Board of PZU and PZU Życie.

Having regard to the security of processed personal data and in order to guarantee the compliance with the GDPR, a practice of periodic data reporting to the Management Boards of PZU and PZU Życie has been established, encompassing data concerning information security incidents, in particular relating to personal data and breaches reported to PUODO. The ongoing data monitoring, analysis and reporting guarantee the transparency and accountability of the process. With the use of the established mechanisms, the areas requiring the implementation of changes are identified and recommendations concerning the improvement of personal data processing security in these areas are issued.

The obligations imposed on the personal data controller and the data protection officer are complied with in the daily activity, which ensures compliance of the personal data processing with the laws.

The PZU Group works on a continuous basis for the strengthening of the functioning data protection system. In view of the above, steps will be taken in the future to maintain the quality of the processes carried out.

Data protection impact assessment (DPIA)

Following the obligations set forth expressly in the GDPR, processes have been implemented in PZU and PZU Życie which guarantee a documented process relating to the carrying out of the provisions of Article 35 (Data protection impact assessment) of the GDPR, requiring companies to assess the data protection impact in order to estimate, in particular, the source, nature, specifics and seriousness of the risk.

With a view to complying with the GDPR, the following procedures have been introduced: Rules for personal data processing risk management in PZU and PZU Życie and the Instruction (methodology) for identifying and assessing personal data processing risks in PZU and PZU Życie. Moreover, periodic reporting to the Management Boards of PZU and PZU Życie has been introduced, encompassing data concerning the conducted DPIA analyses. Processes are monitored on an ongoing basis and the fulfilment of the issued recommendations is checked. With the use of established mechanisms, the areas requiring the implementation of privacy by design and privacy by default are identified and recommendations concerning the improvement of personal data processing security in these areas are issued. DPIA analyses are conducted also for the existing processes and the changes made and their impact on the personal data processing are checked on a periodic basis.

The undertaken measures have made it possible to establish, with the use of the Jira system, a regulated and tightened DPIA analysis process imposed on the controller under Article 35 (Data protection impact assessment) of the GDPR. Project product assessments in terms of the impact on data protection have been introduced for the Jira system. Having regard to data security, the implementation of topics which have not been assessed for compliance with the GDPR is blocked. A multi-track assessment of the impact of processing on data protection ensures the compliance of personal data processing with laws. 2,081 elements of distinct processes were assessed in 2021, including the assessment of 823 initiatives/topics, 1,235 sub-topics, 8 proof-of-concept operations and 42 full DPIA tests, including 10 DPIA analyses of ongoing processes.

Opinion issuing process

Internal documents, contracts and processes are reviewed in terms of compliance with the applicable provisions on the protection of personal data, judicial rulings, administrative decisions, regulations adopted by PZU and PZU Życie and best market practices.

The implementation of the opinion issuing process by PZU and PZU Życie has contributed to ensuring compliance of the Group's data processing operations with the applicable laws, accountability and the implementation of the privacy by design principle. It allows to identify irregularities at an early stage and to adapt actions to the standards in force.

The implemented opinion issuing process encompasses the rollout of new functionalities or changes in the existing functionalities of IT systems, internal documents, processes and contracts in which a personal data related element is or may be present. For this process to be carried out in the best possible way, a dedicated e-mail box has been set up to which queries from business units are sent. Matters are assigned to employees specializing in various data protection areas. The opinion issuing process ends with the issuing of a recommendation in compliance with the applicable provisions on the protection of personal data, judicial rulings, administrative decisions, regulations adopted by PZU and PZU Życie and best market practices. All matters on which opinions are issued are entered in a register in order to ensure accountability.

In 2021, opinions were issued in PZU and PZU Życie on more than a total of 1,768 matters. The process of issuing opinions enables the identification and correction of irregularities, if any, and contributes to raising awareness of personal data protection and personal data processing security among employees.

[GRI 418-1]

Breaches and complaints

In 2021, 816 personal data protection breaches in the PZU Group were reported to the President of the Personal Data Protection Office (PUODO), of which 404 breaches were recorded in PZU, 186 in PZU Życie, 23 in the Alior Group, 27 in Bank Pekao, 138 in LINK4 and 38 in PZU Zdrowie.



In 2021, the number of complaints filed against the activities of PZU and PZU Życie by external entities with the supervisory authority was 7 and 5, respectively. In 2020, 17 complaints were filed against PZU and 4 complaints were filed against PZU Życie. In 2 of these cases, the regulatory authority issued a reprimand for a breach of Article 6(1) of the GDPR (1 to PZU and 1 to PZU Życie). In the remaining cases, the supervisory authority refused to allow the request or discontinued the proceedings, or has not taken a decision yet.



3.1.2. Counteracting corruption



Corruption and gift policy - „We do not tolerate corruption. We act ethically and in accordance with the law when performing our business tasks and cooperating with our business partners. We do not give impermissible presents to business partners, their employees, agents or other third parties. Nor do we promise or expect to receive such presents, nor do we accept them. In particular, this applies to situations in which the type and extent of these gifts affect the actions or decisions of the recipient. It is also unacceptable to make use of third parties to circumvent this rule.”

Area-specific risk: the risk of corruption associated with inappropriate implementation in the Group’s structure of anti-corruption procedures, including the lack of protection for whistleblowers.

Approach to management: there is zero tolerance for any form of corruption in the PZU Group. Therefore, the Group companies have in place corruption prevention policies and rules for acceptance and giving of gifts. Additionally, PZU and PZU Życie have implemented a Whistleblowing Procedure and an Anti-Corruption Program which serves as the basis for establishing and supporting preventive and educational solutions in the field of counteracting corruption and defines a breakdown of responsibilities to control the risk of corruption.

Key regulations: Anti-Corruption Program; Whistleblowing Procedure

[GRI 102-11, 103-1, 103-2, 103-3]

There is zero tolerance for corruption in the PZU Group. The organization’s implemented solutions define the method of corruption risk management, including identification, mitigation and monitoring.

The Group’s companies have in place internal regulations to prevent corruption, including, inter alia, rules for accepting and giving gifts, conflict of interest management, and ethical principles to be followed by members of the company’s statutory bodies. Relative to the entity in question, these rules have been covered by a range of implemented documents, regarding, inter alia, prevention of corruption, whistleblowing, conflict of interest management, and procurement. Those issues are also discussed during internal employee training.

The rules for Group employees to accept and give presents and the rules for registering them have been strictly defined. Gifts and entertainment, exclusively of low value, may be offered or received in the course of typical business practices. Under no circumstances can money or its equivalent be offered or received. Giving and receiving gifts cannot be so frequent, excessive or generous as to represent an actual or perceived risk of corruption, or breach local statutory or executive regulations.



The “Best Practices of the PZU Group” constitute the model for the standards, values and principles for all Group employees and they outright forbid corruption in companies. They obligate employees to act in compliance with

the law and defined ethical standards: “We do not tolerate corruption. We act ethically and in accordance with the law when performing our business tasks and cooperating with our business partners”. All of the PZU Group companies implemented the “Best Practices”, except for the Alior Bank Group, which has in place the “Code of Conduct in Alior Bank”

and except for the Pekao Group, which has in place its own “Code of Conduct in the Pekao Group”. In turn, LINK4 has in place its “Corruption Prevention Compliance Policy”.

Corruption risk is part of the ongoing management of compliance risk in various areas of activity. PZU has therefore implemented solutions imposing an obligation to identify and assess corruption risk. The 2021 corruption risk assessment confirms that the system solutions work correctly in PZU and that actions aimed at managing this risk were taken with due diligence.

[GRI 205-1]

Anti-Corruption Program



PZU and PZU Życie have in place the “Anti-Corruption Program in PZU SA and PZU Życie” which lays down the standards of conduct to reduce corruption risk. The master rules described therein for managing corruption risk

form the basis for introducing detailed internal regulations in the various areas of the company’s business. This “Program” aims to uphold the company’s reputation as an honest company in terms of its managerial practices and business activities. The Management Boards of PZU and PZU Życie oversee the execution of this Program. Non-compliance with the provisions of the Program constitutes a breach of employee duties and is subject to the sanctions provided for in the provisions of labor law.

According to the rules prescribed by this Program, companies conduct business in accordance with the law in an honest manner and counteract any and all forms of corruption, which may be linked to their business. In turn, their employees are obligated to act ethically and in compliance with the law in favor and on behalf of PZU and to avoid factors increasing corruption risk. Employees are prohibited from proposing, promising, giving or demanding any material or personal benefits in order to manipulate a pending decision, including the usage of gratification. The “Anti-Corruption Program in PZU and PZU Życie” defines the business areas in which corruption risk is potentially the greatest and specifies symptoms of unethical employee conduct. Mechanisms to identify and monitor corruption risk function in those areas of business that are particularly susceptible to corruption risk.

Corruption

It is a direct or indirect demand, acceptance, provision or promise to provide a material benefit or a personal favor in exchange for taking or not taking an action in connection with a function in PZU.



Gratification is a form of corruption. It involves making small and unofficial payments or some other types of benefits to procure the accelerated execution of a routine activity, which the party delivering the gratification has the right to receive.

In turn, a **bribe**, which is also a form of corruption involves giving or receiving a present, loan, fee, award or some other material or personal benefit to or from another person as an incentive for a dishonest or illegal action or breach of trust in the course of the company’s business activity.

Material benefit

This is a material benefit given or received by an employee in connection with his or her position or function in the company net of his or her salary and other benefits due in connection with acting in this function and souvenirs given customarily whose unit value is not subject to personal income tax.

Personal benefit

This is an immaterial benefit augmenting the standing of an employee, his or her loved ones or persons or organizations with whom or with which he or she closely cooperates or cooperated on a professional, business or personal footing.

Regular risk assessments

The “Anti-Corruption Program in PZU and PZU Życie” introduces mandatory, regular and periodic corruption risk assessments. It includes, among other things, corruption risk self-assessment questionnaires conducted among employees, registered notifications of irregularities in specific areas, results of internal inspections and reports of non-governmental organizations dealing with corruption. Intensified educational activities for employees – training sessions, publications and consultations are performed for the purpose of effectively controlling corruption risk. All PZU and PZU Życie employees

Corporate governance

have been obligated to familiarize themselves with the Anti-Corruption Program and comply with its provisions and submit the pertinent representations in this respect.

In the other PZU Group entities, the potential corruption risk analysis or assessment is carried out as part of the analysis of the notifications or inquiries related to a conflict of interest or accepting or giving gifts.

[GRI 205-1]

The “Anti-Corruption Program” lays down the standards of conduct to mitigate corruption risk. The rules for managing conflicts of interest and the principles for accepting and giving gifts are in line with the Program.

Communication and training

[GRI 205-2]

These actions are supplemented by anti-corruption training and campaigns executed in the corporate communication channels, attracting the employees’ attention to the corruption risk.



The training course pertaining to the “Anti-Corruption Program in PZU and PZU Życie” is one of the mandatory training courses for all of the employees in these companies. PZU and PZU Życie employees submit declarations in

the HR system that they have familiarized themselves with the “Program” and undertake to adhere to it and also that they are aware of the criminal liability for corruption. Every amendment to the “Program” will necessitate the submission of an updated declaration. 530 employees completed this training course in 2021.

Regulations in subsidiaries

Tower Inwestycje has adopted the “Anti-Corruption Program in Tower Inwestycje sp. z o.o.”. PZU CO has adopted the “Anti-Corruption Policy”. PZU Zdrowie has in place its own “Anti-Corruption Program”.



In Bank Pekao, in compliance with the guidelines of the “Corruption Prevention Policy in the Bank Pekao S.A. Group”, the “Corruption Prevention Program” has been adopted and includes rules and procedures

regarding cooperation with intermediaries, the provision of gifts and entertainment activities, the recruitment process,

cooperation with contractors, donations and sponsorship (including donations to political parties), mergers and acquisitions, significant investments and the bank’s participation in public procurement procedures. The program also includes training and information courses for employees devoted to counteracting corruption and ensuring safe and easily accessible communication channels through which bank employees or other persons may confidentially report corruption attempts or activities bearing the characteristics of corrupt practices.

In the area of counteracting corruption, Pekao Group companies follow the Code of Conduct and the same principles as those adhered to by Bank Pekao. The vast majority of companies have appropriate anti-corruption regulations in place, in line with the size and specific nature of their business. Some companies have established specialized coordinating positions or teams in charge of anti-corruption duties.

BEST PRACTICE



Corruption Prevention Officer



To elevate the rank of this area in the Compliance Department in Bank Pekao, a Corruption Prevention Officer has been appointed. Information regarding attempts

involving corruption and actions bearing the marks of corruption should be reported to this person.

The “Corruption Prevention Policy” defines the specific tasks of the Corruption Prevention Officer, including the drafting, implementing and supervising of an effective Corruption Prevention Program and conducting the legislative process on the Bank’s internal regulations on preventing corruption.

The Corruption Prevention Officer is authorized to investigate suspicious or factual acts bearing the marks of corruption, including the power to demand that a person suspected of engaging in actions involving corruption must produce documents and to browse through these documents and report such cases in accordance with the contemplated procedure.

In turn, Alior Bank, with a view to counteracting corruption, has implemented control mechanisms to identify the areas most exposed to risk. Strictly regulated rules and conditions have been adopted for the ethical giving and acceptance of gifts or benefits, which are laid down in the bank’s internal regulations. The bank’s gift policy permits accepting and giving gifts solely for purposes of building good business relations or as a token of courtesy in relations with counterparties. Employees may only accept gifts that are permitted, in compliance with the guidelines described in the bank’s Manual on Managing Conflicts of Interest. Any breach of the rules in this area constitutes grounds for the enforcement of formal consequences and, in special cases, for notifying pertinent law enforcement authorities

[GRI 205-3]

Confirmed incidents

In 2021, 734 cases of corruption and fraud were identified in the entire PZU Group. Four situations were reported in PZU and PZU Życie that may have involved corruption. As a result of an investigation, in three cases no irregularities were found that would suggest corruptive conduct. In one case, however, it was confirmed that the counterparty offered a bribe to the client. In these circumstances, the client submitted an oral notification of a crime having been committed, and the Companies discontinued any cooperation with this counterparty.



3.1.3. Management of a conflict of interest



Conflict of interest: “Every day we build our relations with clients, and work continuously on our good image. Therefore, any conflict of interest, or even a likelihood of such conflict, may harm the good name of our Company. A conflict of interest may take various forms. These are usually situations in which there is or may be a discrepancy between:

- the interests of the PZU Group or a person affiliated with it and the interests of a client;
- the interests of two or more PZU Group clients;
- the interests of a person affiliated with the PZU Group and the interests of the PZU Group.

A conflict of interest arises, for example, when an employee:

- uses their contacts or professional position to obtain private benefits at the expense of the PZU Group's interests;
- undertakes external activities outside of the PZU Group, which are in conflict with efficient fulfillment of their professional duties for the PZU Group;
- makes private investments based on the insider information obtained in the PZU Group.

A conflict of interest also includes a situation in which a person who is our friend or loved one, or a family member, derives unjustified benefits from our employment at the PZU Group. Each potential conflict of interest which could hinder effective and objective performance of work for the PZU Group should be reported by the employee to their manager and the PZU Group entity's compliance unit, for it to be discussed and clarified.”

[GRI 102-25]



The “Rules for managing conflicts of interest” are in force in PZU and PZU Życie. This regulation aims to ensure professional, reliable and fair treatment of all clients and persons related to the company in a conflict of interest situation.

According to this regulation an employee should report a potential conflict of interest to his or her boss and the compliance unit in a given company for that unit to be able to analyze that situation thoroughly from the standpoint of risk.

A conflict of interest may assume various forms. These are usually situations in which there is or may be a discrepancy between:

- the interests of the PZU Group or a person affiliated with it and the interests of a client;
- the interests of two or more PZU Group clients;
- the interests of a person affiliated with the PZU Group and the interests of the PZU Group.

Rules for managing conflicts of interest are in force in all of the PZU Group companies.

Rules for acceptance and giving of gifts

The rules in PZU and PZU Życie regulate in transparent and very detailed terms the categories and types of gifts, including permissible and impermissible gifts and they prescribe the procedure for accepting or offering gifts and the rules for registering gifts. These rules are in force regardless of the position held or function discharged in the company. Rules of acceptance and giving gifts are in force in all the PZU Group companies..

Topics concerning conflicts of interest, potentially risky situations and the rules of conduct if they are detected, are part of the e-learning training course on compliance. A newly developed e-learning course was introduced in 2020. In 2021, the training was addressed to newly-hired employees. At the same time, the training is available for employees of PZU and PZU Życie. These topics are also discussed during on-boarding training courses for newly-hired employees. Furthermore, employees submit declarations on adhering to the “Rules for Managing Conflicts of Interest”.

We do not accept gifts from clients, business partners or associates if those gifts could: :

- compromise objectivity in the decision-making of a PZU Group entity or evince the impression of exerting such an impact;
- lead to the emergence of an informal obligation to a given client, business partner or person cooperating with the PZU Group;
- trigger or be able to trigger a conflict of interest;
- be interpreted as compensation for a business favor;
- adversely affect in some other manner the method in which an employee performs his or her official duties or the PZU Group's interests or image and reputation.



Compliance-related issues are regularly described in the Compliance Bulletin. Employees receive it quarterly by e-mail or in printed form. The Compliance Bulletin plays an educational role - it enriches the knowledge gained during training sessions thanks to the readily understandable manner of presenting information (in the form of tables and figures).

An important information tool is Compliance Alerts, i.e. e-mail messages describing planned changes to the law, new guidelines, communications and decisions made by regulatory authorities, as well as court decisions of significance from the viewpoint of the business conducted by PZU and PZU Życie. Compliance Alerts are sent to employees in selected areas and several hundred more people who have reported their interest in receiving this type of information. These alerts are critical to procure the company's compliance with the legal regulations. They make it possible for them to obtain information quickly about the projected changes to the law and the regulator's expectations and adapt to them on a timely basis.

Regulations in subsidiaries



For the purposes of conflict of interest management, the Alior Bank Group has adopted the “Instructions for managing conflicts of interest”. In this document employees will find responses to questions on how a conflict of interest is defined and how its potential and actual outcome are determined and how they should conduct themselves to avoid a conflict of interest. These instructions govern material elements such as the rules for employees to deal with relatives, accept gifts and invitations and conduct gainful activity outside the Group. This document also clearly specifies the rules pertaining to the official ties between relatives while emphasizing the elimination of the risk of nepotism.

The Pekao Group applies the Conflict of Interest Management Policy in the Pekao Group, which specifies the rules for managing conflicts of interest and defines the circumstances that trigger or may trigger a conflict of interest in the Bank's operations.



3.1.4. Fraud prevention and counteracting of money laundering and terrorism financing



Counteracting money laundering and terrorism financing - “The phenomenon of money laundering and terrorism financing is perceived as a genuine and material risk. This is a worldwide problem that gives rise to grave consequences on the financial market. For that reasons the PZU Group has been taking any and all legally permissible actions to prevent situations in which the transactions it executes would be used for money laundering or terrorism financing.”

Area-specific risk: the risk of improper design and implementation of solutions in the area of fraud prevention and counteracting of money laundering and terrorism financing in the organization and a failure to execute these solutions correctly.

Approach to management: the PZU Group has in place special security procedures in the fraud prevention area, which includes counteracting of money laundering and terrorism financing. The PZU Group designates a single owner of the insurance fraud prevention and counteracting money laundering and terrorism financing area, who is responsible for the entire process, monitoring its quality and effectiveness, as well as for adhering to the prevailing procedures. This area contains the Team for Insurance Fraud Prevention (ZPPU) and the Team for Security Incident Management (ZZIB). The Team for Insurance Fraud Prevention fulfills tasks in the area of analyses of fraud prevention and operational activities undertaken to investigate the actual course of a given fraud event. The Team for Security Incident Management fulfills tasks in the area of counteracting in-house crime. In discharging these tasks both Teams are supported by the Fraud Management System - the most advanced system on the Polish market that profiles internal and external fraud, supports their analysis and provides for smooth and effective case workflow.

The money laundering and terrorism financing counteracting processes are executed in the Security Threat Analysis Team (ZAZB), while the standards of activities and the target process, including implementation of the IT system, is created within the AML Project. The Compliance Area is responsible for the observance of international sanctions.

Key regulations: The Security Procedure for the fraud prevention area and the Security Procedure for counteracting money laundering and terrorism financing, the Sanction Policy.

PZU Group policies [Accounting Act] [GRI 102-15, 103-2]

Financial crime, money laundering and financing of terrorism are challenges that evince serious consequences for the financial markets across the globe. For many years the PZU Group has been taking legally required actions to prevent situations in which its transactions are used for unlawful purposes.

Security Procedure



The PZU Group has special security procedures in the fraud prevention area. PZU SA and PZU Życie SA have in place the Fraud prevention Security Procedure. The procedure includes:

- disclosing security incidents and insurance fraud committed to the detriment of the company;
- prevention and prophylactic activities;
- security risk management.

PZU Życie has implemented the „Security procedure for counteracting money laundering and terrorism financing”. The regulation applies to Management Board Members, company employees and sellers as well as external entities that collaborate with companies on the basis of concluded agreements. According to this document, the security standards in the area of counteracting money laundering and terrorism financing in PZU Życie are as follows: • ensuring a company's compliance with the regulations in force for the purpose of counteracting money laundering and terrorism financing;

- securing the company against establishing and maintaining business relations with entities suspected of money laundering and financing terrorism;
- protecting the company's reputation against its business being identified with moneylaundering and financing terrorism.

PZU and PZU Życie SA operate a “Joint Sanctions Policy”, which defines management standards forsanction risk, in order to adhere to the relevant requirements under international sanctions in the business operations conducted by PZU and PZU Życie SA”.

Counteracting money laundering and terrorism financing in PZU Życie



The “Security procedure for counteracting money laundering and terrorism financing in PZU Życie SA” contains guidelines concerning actions to be taken in the case of suspicious transactions and if a client is listed on sanction

lists.

Actions performed as part of the “Procedure” and the AML act:

- application of financial security measures (assessment of the current situation and potential risks) regarding a client prior to establishing a business relationship;
- application of enhanced financial security measures (enhanced assessment of the current situation and potential risks) for specific clients, e.g. ones linked to high-risk countries;
- analysis of clients and their transactions in the context of identifying suspect transactions;
- employee training on counteracting money laundering and terrorism financing;
- monitoring existing business relationships.

The “Security procedure for counteracting money laundering and terrorism financing in PZU Życie SA” describes not just the roles and tasks of persons involved in the AML process but also their responsibility. The Management Board Member overseeing the Security Department is responsible for implementing the obligations for counteracting money laundering and terrorism financing prescribed by the AML Act. In accordance with the “Security Policy” of 2015 the PZU Management Board designated the Management Board



PZU Życie analyzes the insurance contracts they conclude and the transactions they execute to do a risk assessment of money laundering and financing terrorism. The company applies financial security measures to its clients. It conduct a risk assessment of money laundering and financing terrorism related to the establishment of business relations or a transaction related to an insurance agreement.



The Act of 1 March 2018 on Combating Money Laundering and Financing of Terrorism (Journal of Laws of 2018, item 723) referred to as the AML (Anti-Money Laundering) Act imposed new duties on PZU. One of the

basic obligations following from the new Act is the multi-dimensional assessment of the money laundering and financing of terrorism risk in PZU Życie, taking into account internal and external factors, including clients, countries or geographical areas, products, services, transactions, supply channels. Legally required internal procedures were implemented, including a group procedure addressed to all obligated institutions in the PZU Group (institutions belonging to the Group and subject to the AML Act) and the relevant internal procedures were updated. PZU is not subject to the regulations of the AML Act, but as the parent company in the PZU Group, it adopts a group procedure for the Group entities which are obligated institutions. The group procedure defines the standards prevailing in the PZU Group and the rules for exchange and protection of information for the needs of performance of AML activities.

To ensure compliance with these regulations, PZU launched the AML project. Its purpose is to devise solutions to facilitate the implementation of the Act in business and operational processes while taking into account the requirements ensuing from the bill to amend the act on counteracting money laundering and terrorism financing.



PZU Życie's declaration:

- the company does not maintain cooperation, meaning it does not render services to, or utilize the services of, entities if there is a justified suspicion of these entities being engaged in money laundering or financing terrorism;
- the company does not establish or maintain relations with fictitious banks and entities maintaining a relationship with a fictitious bank;
- the company does not make deposits or withdrawals of cash (meaning cash deposits and withdrawals related to insurance activity) exceeding a value of EUR 15 thousand as referred to in Article 72 section 1 item 1 of the AML Act.



- counteracting money laundering and terrorism financing;
- business continuity.

Fraud prevention, counteracting money laundering and terrorism financing (if applicable) in subsidiaries



In TUW PZUW, the “Procedure for fighting crime in TUW Polski Zakład Ubezpieczeń Wzajemnych” formalizes the process of identification, management and protection of the company against crime, in particular insurance crime and

fraud.



TFI PZU has implemented “Rules and Regulations for Counteracting and Disclosing Manipulations in Financial Instruments in the Activity of Towarzystwo Funduszy Inwestycyjnych PZU”. The “Procedure for

Counteracting Money Laundering and Terrorism Financing” is also in force there. It is used in the company's internal relations and in external relations to which the company is a party. The “Code of Best Practices of Institutional Investors” prepared and approved by the Chamber of Fund and Asset Management is also in force in the company. This code provides the company with a great deal of support in defining the rules, moral and ethical standards and due diligence levels in TFI PZU's relationships with other institutional investors, its clients and issuers of financial instruments. TFI PZU's adoption of this code also attests to the application of best investment practices in the company.

As an obliged entity under the AML Act, PZU Finanse operates the “Procedure of counteracting money laundering and terrorism financing in PZU Finanse Sp. z o.o.” and the “Procedure of anonymous reporting breaches of the regulations in respect of counteracting money laundering and terrorism financing committed by employees or other individuals in PZU Finanse Sp. z o.o.”.

In 2021, there were 250 incidents in the PZU Group related to insurance fraud (184 in PZU, 20 in PZU Życie, 26 in LINK4, 5 in TUW PZUW and 15 in its international companies). These cases were handed over to the law enforcement authorities.

In 2021, there were 794 pending fraud cases in the Alior Bank Group. Irregularities involving internal fraud were identified in 481 instances. The level of losses was PLN 113 thousand, of which PLN 50.1 thousand was recovered.

Alior Bank operates the “Program of counteracting money laundering and of terrorism financing in Alior Bank S.A.”.

Bank Pekao has in place a Fraud Management Process regulation which introduces the Official Instructions entitled Fraud Management Process in Bank Polska Kasa Opieki. The Official Instructions define the following:

- what a fraud is and what fraud categories may affect the bank in the course of its activity;
- who (which organizational unit in the bank and which employee of the unit) is obligated to take action in the event of fraud;
- how specifically fraud should be prevented (catalog of activities to be performed).

In addition, there are defined obligations and powers of the Financial Security Office in the Bank Pekao's Security Department, which performs the tasks associated with central coordination of prevention of financial crime in the bank.

The Fraud Management Process and the Official Instruction imposed on each bank employee the obligations and powers associated with prevention of financial crime threatening the organization and the bank's clients.

In 2021, the amount of fraud operations in Bank Pekao was PLN 63.7 million (4,699 fraud operations).

Member overseeing the security area in PZU Życie to exercise this oversight. Employees and associates, including PZU Życie agents undergo regular training on preventing money laundering and financing terrorism.

Prevention activities and training

Risk awareness is a crucial part of the company's security system functioning correctly; that is why all employees and intermediaries should be trained and have up-to-date knowledge of the applicable internal regulations and other necessary internal rules on fraud prevention, counteracting money laundering and terrorism financing. The head of the organizational cell or unit in which the employee is employed is responsible for overseeing training. The head of the organizational cell or unit of the Head Office supervising a given structure is responsible for supervising the employees of local structures of divisions and tied intermediaries.



Detailed information on prevention and prophylactic security measures is set forth in the “Instructions regarding prevention and prophylactic security measures in PZU and PZU Życie”. It spans actions to raise the awareness of

security risks in the following areas:

- information security;
- cybersecurity;
- physical safety;
- counteracting crime;



3.1.5. Whistleblowing system



We can file reports - "in the chosen manner that is appropriate for a PZU Group entity:

- by phone or fax
- by mail – to the address of the PZU Group entity’s compliance unit
- by e-mail – to the address of the PZU Group entity’s compliance unit
- in person – to the PZU Group entity’s compliance unit."

[GRI 102-17]

In all Group companies, Polish and foreign alike, separate whistleblowing procedures are in place. Employees are advised of the prevailing standards of conduct, inter alia at onboarding training for new hires, during e-learning and during on-site and online training courses.

Irregularity– action or omission by persons related to the company that may be deemed to be in contravention with the law, internal regulations or standards of conduct, including the ethical standards adopted by the company leading or that may lead to jeopardizing the company with compliance risk.



The **Whistleblowing System** functions in PZU and PZU Życie. It allows employees and entities cooperating with PZU to report irregularities of an ethical nature. Information may be transmitted in name or anonymously. In every instance confidentiality, discretion and protection of personal data are guaranteed. An employee who reports a potential irregularity in good faith is not at risk of any sanctions; nor does he or she incur any consequences pertaining to his or her employment relationship due to that report. The Whistleblowing System supports the application of PZU’s ethical standards as cited above and the management of the accompanying risks.

Reports transmitted by clients are subject to examination in accordance with separate internal regulations defining the organization of the complaints handling process.

In 2021, roughly 140 suspected irregularities were reported in PZU and PZU Życie, which confirms that the Whistleblowing System actually functions. All reported cases were examined in accordance with the applicable regulations, including the "Whistleblowing Procedure in PZU and PZU Życie".

Whistleblowing Procedure

Employees learn about the "Whistleblowing Procedure in PZU SA and PZU Życie" at mandatory training sessions on compliance available, inter alia, on the in-house educational platform. It is also discussed at training sessions for newly hired employees. Information concerning the standards of dignity, including precisely how to report irregularities is also regularly disclosed to external entities cooperating with PZU, among others, to agents and business partners.

Pursuant to the "Whistleblowing Procedure in PZU SA and PZU ŻYCIE SA", all the aforementioned information on irregularities may be reported via the following communication channels operated by the Compliance Department:

- dedicated hotline and fax;
- traditional mail to the address of the compliance unit;
- dedicated e-mail addresses;
- dedicated form;
- in person: directly to an employee of the compliance unit.

Thanks to the various forms of contact with the compliance unit an employee may file a report in the most convenient form and time 24 hours a day, 7 days a week.

In accordance with the "Procedure" in force, Compliance Department employees run the proceedings on reported irregularities in PZU and PZU Życie. The person conducting a given case coordinates the actions taken during the explanatory proceedings; he or she also analyzes the factual circumstances and the legal status specified in the notification.

The person overseeing the Compliance Department is notified in every instance of the outcome of the proceeding concerning cases of significant importance to the company’s interests, while if the notification pertains to that person – then the President of the Management Board of the company is notified. The execution of the recommendations given after completing proceedings is subject to monitoring by the Compliance Department and is reported to the company’s Management Board and Supervisory Board as part of regular reporting on compliance risk.

Following amendment of the Act of 1 March 2018 on Combating Money Laundering and Financing of Terrorism, the scope of the "Whistleblowing Procedure in PZU SA and PZU ŻYCIE SA" has been extended to incorporate the requirements of the act as regards new categories of persons under protection, and the extent of this protection. Furthermore, in view of the on-going legislative process designed to implement Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law, the "Procedure" will be adapted to the requirements of the domestic act, by the date set out therein.

Regulations in subsidiaries

The companies belonging to the Group have independent mechanisms for reporting information concerning the suspicion, possibility or occurrence of irregularities or abuse. However, the basis for their creation was linked to the rules in force in PZU and PZU Życie. Therefore, similarly, the employees of these entities learn about the whistleblowing procedure during training courses, while cases are examined by the compliance unit.

PZU LAB, PZU Pomoc TFI PZU and PZU Finanse operate the "Rules for Classifying, Documenting and Reporting Irregularities Detected by the Internal Control System". This regulation is supposed to provide for homogenous standards of conduct if irregularities are identified that affect the achievement of targets. Furthermore, the companies: LINK4,

PZU CO, PZU Finanse, TFI PZU, Tower Inwestycje and TUW PZUW operate their respective whistleblowing procedures.




An expression of Bank Pekao’s engagement in promoting corporate culture that supports ethical behavior, in keeping with the law and the Bank’s ethical standards and procedures, is the "Whistleblowing Policy in Bank Pekao S.A."


The purpose of the "Whistleblowing Policy in Bank Pekao S.A." is to create safe channels for communicating about practices observed in the bank that are inconsistent with the prevailing law, internal regulations, unfair and unethical or unjustified suspicions about their occurrence and ensure that the reported problems are accepted, analyzed and duly managed, while the person reporting them in good faith will be protected against vengeance. In 2021, 8 breach reports were filed in the Bank Pekao via the whistleblowing mechanism. No such reports were filed in the Pekao Group.

Alior Bank attaches enormous importance to properly organizing the whistleblowing system so that employees may easily and without any concerns transmit information or share their doubts. To this end, the Bank has introduced a Policy of irregularity reporting and whistleblower protection. The Policy defines the procedures reporting and examination of irregularities in the workplace, and the rules of protection of the whistleblowers against vengeful responses. The Policy of irregularity reporting and whistleblower protection is supplemented by the Policy of workplace environment free from undesirable conduct, which is a Procedure defining steps to be taken to report undesirable conduct in Alior Bank S.A., and providing detailed rules of actions to be taken by the employer if an irregularity in the workplace has been reported. Alior Bank provides its employees with many communication channels available for this purpose. A report can be made orally, in writing or by e-mail to dedicated e-mail addresses, or directly to the Members of the Management Board or of



the Supervisory Board. The adopted whistleblowing system facilitates the maintenance of anonymity. The bank absolutely rules out the application of any repressive or discriminatory means or any other unfair treatment against an employee who has submitted a whistleblowing report and it also ensures confidentiality if the whistleblower reveals his or her identity or if it is possible to ascertain his or her identity.

 In all of the PZU companies in the health segment a compliance regulation package has been implemented, comprising, among others, a whistleblowing procedure.

 PZU's foreign insurance companies also have whistleblowing systems in place. Breaches can be reported by e-mail, in writing or in person to a compliance unit employee.

Employees of PZU Ukraine and PZU Ukraine Life learn about the "Whistleblowing Procedure" at an e-learning course entitled "Learn about Compliance". Importantly, this document has been drafted in two languages: Ukrainian and Polish. In turn, Lietuvos Draudimas operating in Lithuania has a 24/7 hotline to report irregularities.

3.2. Strategy 2021-2024 [IIRC]

[GRI 102-15, 102-20]

On 25 March 2021, the PZU Group announced its new Strategy "Potential and Growth", which identifies the opportunities and points to the main strategic ambitions of the PZU Group for the years 2021-2024. The strategic assumptions refer directly to customer needs, personalization and flexibility of the offer, and embedding of these requirements in specially created ecosystems. In order to achieve these goals, modern business models will be implemented while maintaining the principles of sustainable development, taking care of the natural environment, better quality of life for employees and clients, and involvement for the development of local communities. This area will be supported by the implementation of new technologies, innovation and further digitalization, which will allow us to better understand and satisfy the client's needs in the shortest possible time using their preferred contact channels.

PZU Group Strategy in 2021-2024 sets out 4 main areas of ambition, in which the directions were set for strategic measures

Area I - Stable dividend and growing gross written premium and revenue

- **Maintaining growth in key business areas**

Insurance – kept the leading position and increased gross written premiums to PLN 26 billion, i.e. by 10%.

Health – the fastest-growing company on the health care market; PZU Zdrowie increased its revenues to PLN 1.7 billion, i.e. by 80%.

Investments – increased assets under management to PLN 60 billion, i.e. by 82%.

Banks – Alior Bank and Bank Pekao increased their contribution to the Group's financial results to PLN 0.8 billion, i.e. by nearly 650%.

- **Maintaining cost discipline**

The PZU Group plans to maintain its cost effectiveness in the post-pandemic period by applying cost discipline, investing in digitization and digitalization, and by changing its work model to remote or hybrid working. The goal is to reduce the administrative expense ratio by 0.1 p.p. in 2024.



- **Bolstering the potential to generate a high level of net profit**

By harnessing consistent measures carried out on all the markets where the PZU Group is present, at the end of 2024 it will be possible to generate the highest net result since the time when PZU went public of roughly PLN 3.4 billion. This signifies an increase of approximately 79% versus 2020.

- **Delivering high business profitability**

Maintaining and improving high profitability of business is an important part of the Group Strategy. Despite the negative effect of the COVID-19 pandemic, the PZU Group plans to increase its return on equity (ROE) to 17.4% by 2024. This goal will be achieved as a result of a safe and sound business model predicated on business diversification, further streamlining of business, product and distribution processes.

- **Maintaining an attractive dividend policy**

The PZU Group intends to generate above-average profits, which it plans to pay out annually in the form of a dividend. It will amount from 50% to 100% of the consolidated annual profits.

Area 2 – Leveraging the PZU Group's potential

- **Effective utilization of databases and knowledge of clients**

The PZU Group plans to use knowledge about its clients even more effectively. It will enable the Group to develop a top-quality offering responding to real client needs. By harnessing the potential of databases, it will be possible to personalize the offering, as well as provide coordinated care of relationship managers at each stage of the process and acquire new clients. The Group's strategic activities assume: harmonizing access to information sources and channels, rolling out analytical tools for machine learning and artificial intelligence, and incorporating them in our business processes.

- **Development of business collaboration with banks and strategic partners**

Together with Bank Pekao and Alior Bank, the PZU Group wants to achieve cumulative gross written premium of about PLN 3 billion, by reaching the banks' clients with a comprehensive and unique offer of combined insurance and banking products. It plans to broaden the PZU Cash offer,

strengthen the insurance position on the energy market and develop cooperation with Strategic partners operating on the e-commerce market.

Utilization of all distribution channels

Through an omnichannel approach, the PZU Group will be able to reach clients through various distribution channels suited to their needs and preferences. Clients will receive access to a broad range of modern products, including life and non-life insurance as well as health, investment and banking products customized to their evolving needs at every stage of their life.

New approach to health care in Poland

The PZU Group plans to emphasize building health awareness and preventing diseases. The offering will include top quality personalized medical care services. By achieving these goals while keeping the business profitable, the Group will grow faster than the market and earn the leading position on the private health care market.

Introduction of a modern claims and benefits handling process using new technologies to automate and accelerate processes and reduce costs

“We do not wish merely to tend to the ill. Rather, we want to keep our clients healthy for as long as possible while augmenting their living standard. The foundation for this approach is rooted in prophylactics. It calls for tearing down the wall between the insurance business and health care”



Aleksandra Agatowska, President of the PZU Życie Management Board.

Area 3 – Innovative financial group

The PZU Group plans to leverage the latest technologies in all areas of its activities:

- **digitalization and streamlining of processes** – we continue to implement solutions for clients that are simple, intuitive and universal;
- **use of AI, Big Data and advanced analytics** – implementation of new technologies should lead to improved operating efficiency and profitability of business, among others through automation and streamlining of decision-making processes;
- **mobility and omnichannel approach** – utilization of new digital distributions channels to supplement the traditional ones;
- **cloud computing** – support for technological transformation, including greater efficiency of the infrastructure;

Recognition of damage on the basis of photos

Utilizing artificial intelligence makes it possible to control and audit in full losses in which the payment will be accepted automatically.

Automatic data reading from documents

This system processes unstructured documents into a digital format, then it finds the data on the basis of a learned AI model.

AI in the agent application

This solution enhances the quality of insurance documentation at the stage of its collection thereby reducing the cost of verification

Using robots to search for a service provider

On the basis of a client’s location data the robot will find the road assistance unit that is the closest and may fill the order the fastest. It checks its availability and transmits information regarding the client’s location.

Anonymizing photos

The model supports the process of preparing photos to put post-accident vehicles up for auction, thereby reducing the work done on manually handling photos.

Automatic segregation and classification of e-mails

Utilizing artificial intelligence in the process of segregating PZU’s incoming e-mail correspondence will increase the speed and efficiency of service and reduce costs.

- **cybersecurity** – protection of our IT networks; introduction of tools for estimating cybersecurity risk in the financial sector.

Area 4 – Sustainable growth

The PZU Group will build its success based on contemporary business models, which include elements of sustainability. It will become an active participant in safe and responsible transition processes. The sales offering will be extended to include green products. Support for social initiatives is also planned, to be aimed at, among others, environmental protection as well as promotion of safety and a sustainable lifestyle. It will be PZU Group’s priority to always act transparently, relying on clearly defined ESG criteria.

ESG management in the PZU Group

In order to highlight the importance of the ESG aspects and capture them in business terms, the key performance indicators of the ESG Strategy have become an integral part of the PZU Group’s strategy. The Group’s companies have implemented selected elements of the ESG strategy, adapting them to the specific context of their respective operations.

To achieve efficient ESG management, the Sustainable Development Department was set up by the end of 2020, with the function of coordinating all actions in the area of the ESG Strategy implementation. The Director of the Department reports directly to a Management Board Member of PZU Życie.

In 2021, the ESG Committee was appointed. Its composition comprises representatives of the management boards of PZU, PZU Życie, PZU TFI, TUW PZUW, PZU PTE, as well as directors of the organizations’ key departments. The detailed principles of the ESG strategy implementation and cooperation among the Companies in this respect have been defined in the internal Sustainable Development Policy. The Sustainable Development Policy in the PZU Group lays down the basic principles of conducting the PZU Group’s business responsibly, while taking into consideration environmental, social and governance factors. It also defines the principles of cooperation and information exchange in this area in the PZU Group.

DOBRA PRAKTYKA

PZU Group ESG Committee
Purpose
to define consistent ESG actions in line with the PZU Group strategy

- Tasks**
- supervision over the consistency of ESG activities with the PZU Group’s business objectives;
 - setting out general sustainability guidelines in the PZU Group;
 - building recognizability of the ESG Strategy inside and outside the PZU Group;
 - making recommendations on the implementation of the idea of sustainable development into the business practices of the Companies, and integrating business processes with ESG objectives, as defined in the ESG Strategy;
 - monitoring, providing opinions on and reviewing the implementation progress of the ESG strategy;
 - participation in the development and updating of the ESG Strategy;
 - giving opinions on actions, plans and projects connected with the ESG Strategy implemented in the PZU Group and presenting these opinions to the relevant governance bodies of the Companies;
 - giving opinions on the methods and directions of adapting the principles of the Companies’ business activity to ESG regulatory and reporting requirements.

Composition
President and Members of the Management Board of PZU, President and Members of the Management Board of PZU Życie, President of the Management Board of TUW PZUW, President of the Management Board of TFI PZU, President of the Management Board of PTE PZU, and in PZU and PZU Życie: Managing Directors, Director of the Corporate Communications Department, Director for Investor Relations, Director of the Sustainable Development Department

[GRI 102-12, 102-15]

ESG Strategy of the PZU Group [IIRC]

The “Balanced Growth” ESG Strategy for 2021-2024 defines the primary objectives that should ensure sustainable development of the PZU Group. By the way of developing innovative products, services and partnerships, PZU wishes to become an active leader in the implementation of Agenda 2030. To this aim, PZU has defined Sustainable Development Goals that it can have the best impact on, and included them in the fundamental assumptions of its ESG Strategy.

In 2015, 193 UN members states adopted a plan for a transformation of the world and improving the life of every human being on the planet - the Sustainable Development Agenda. The Agenda 2030 sets out 17 Sustainable Development Goals and 169 targets to be achieved, which clearly specify the actions to be taken to ensure that every person can use the fruits of this development. The Global Goals are pursued by all the stakeholders: governments, the world of science and research, society, as well as business.

The Sustainable Development Goals are the largest global corporate undertaking. Enterprises integrate into their strategies and actions the universal values and principles in respect of human rights, work, environment and ethics. By subscribing to the sustainable development goals, business can join into sharing the responsibility and contribute to building of a better world.



#Trusted Partner in green transformation

We support the development of a low-emission economy, contributing to sustainable transformation

- PZU Group developing an insurance offer supporting climate and energy transformation
- Responsible investor supporting safe and sustainable transformation
- Green organization operating on the basis of sustainable decision-making and governance processes



#Better quality of life

We encourage communities to adopt a sustainable and safe lifestyle

- Responsible partner supporting safety in local communities
- Trustworthy guide to a sustainable lifestyle



#Responsible organization

We build a modern organization, which is managed responsibly

- Employer promoting responsible leadership and responsible attitudes among Employees
- Trusted Partner in business promoting the sustainable development idea



3.2.1 Investment strategy



Governance policies and systems in the PZU Group [Accounting Act] [GRI 103-2, 103-3]



Investment process

For every product managed by TFI:

1. investment funds and asset portfolios for external clients;
2. investment funds dedicated to the PZU Group;
3. asset portfolios of the PZU Group;

within the scope of the legal remit and investment strategy of each fund or product, TFI takes investment decisions based on a comprehensive analysis of financial instrument issuers and their environment. These analyses cover the full spectrum of factors with an impact on the value, including risks to sustainable development. In the investment process, these risks are considered, inter alia, in financial, regulatory and legal analysis, as well as the level of entire instrument portfolio management. In 2021, TFI has developed and implemented methodologies for the individual classes of assets:

1. securities issued, guaranteed or secured by governments;

2. securities issued by corporate issuers, admitted to public trading;
3. securities issued by corporate issuers, not admitted to public trading;
4. real properties;
5. investment funds.

TFI PZU conducts analyses of the funds invested into individual asset classes based on methodologies selected for each class.

Strategy of exercising voting rights from financial instruments

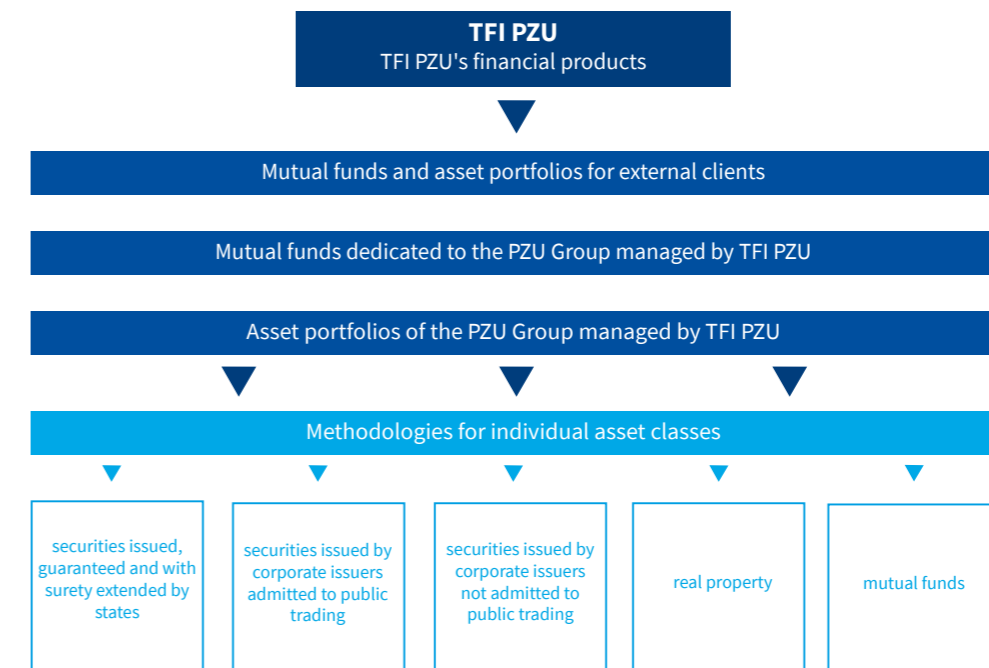
Guided by the interests of participants in the investment funds



it manages and clients to whom it provides portfolio management services, TFI PZU follows its “Strategy of exercising voting rights from financial instruments in the investment portfolios managed by TFI PZU”. The company’s

fundamental duties ensuing from its strategy are as follows:

- monitoring material events in the companies identified in the strategy;
- ensuring that voting rights are exercised in accordance with the investment objectives and investment policy of the respective fund;
- preventing conflicts of interest following from exercising voting rights and managing companies.



TFI PZU actively participates in the corporate governance development process in its portfolio companies, by participating in their shareholder meetings and pursuing the goal of protection and creation of investment value for fund participants and its clients. Bearing in mind the remaining provisions of the strategy, TFI PZU espouses the principle that it strives to participate and actively vote in all shareholder meetings of companies in which it has, on behalf of its funds or clients, the right to exercise more than 5% of the total number of votes.

TFI PZU has adopted [principles that guide its choices when voting at shareholder meetings of companies included in its mutual fund portfolios or investment portfolios](#). The rules contemplate among others active voting on matters related to social and environmental issues as well as corporate governance issues. Additionally, they include provisions encouraging stringent corporate governance standards, in particular those that advance transparency, equal treatment of shareholders, independent oversight and the responsibility of shareholders and members of corporate authorities.

[The Code of Best Practices of Institutional Investors](#) prepared and approved by the Chamber of Fund and Asset Management has been in force in TFI PZU since 2006. For TFI PZU, the Code provides a great deal of support in defining the rules, moral and ethical standards and due diligence levels in the company's relationships with other institutional investors, clients and issuers of financial instruments. The adoption of this code also confirms the application of best investment practices in TFI PZU.

In 2014, the Management Board of TFI PZU adopted a resolution to adopt the "Corporate governance rules for regulated institutions" issued by the Polish Financial Supervision Authority (KNF) in which the Management Board declared its readiness and will to abide by these rules to the objectively broadest possible extent, taking into account the principle of proportionality resulting from the scale, nature of business and specific characteristics of TFI PZU. The rules are a collection of standards that define the internal and external relations of regulated institutions, including their relations with shareholders and customers, their organization, the functioning of internal oversight and key internal systems and functions as well as the governing bodies and the rules for

their cooperation. According to the contents of this document, TFI PZU provides on its website information on the application or non-application of specific principles addressed to the Management Board and Supervisory Board.

TFI PZU employs managers holding the CFA designation who are bound by a [code of ethics and standards of professional conduct](#). In their professional contacts with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets, members of the CFA Institute act with integrity, competence, diligence, respect and in an ethical manner. They also promote the fairness and vibrance of capital markets to obtain the greatest social benefits.

TFI PZU also employs investment advisers who are guided in their work by the standards laid down in [the Professional Ethics Principles for Brokers and Advisers](#).

BEST PRACTICE

Incorporating ESG issues in voting strategy



Guided by the interests of participants in the investment funds it manages and clients to whom it provides portfolio management services, TFI PZU follows its "Strategy of exercising voting rights from financial instruments in the investment portfolios managed by TFI PZU". The voting strategy lays down the rules by which TFI PZU is guided when choosing how to vote at shareholder meetings of companies in its mutual fund portfolios or investment portfolios.

As of March 2020, these rules include environmental, social and governance issues. In accordance with them, TFI PZU:

- will actively vote on matters related to social and environmental issues as well as governance issues;
- will endorse the application of high corporate governance standards, in particular those that advance transparency, equal treatment of shareholders, independent oversight and the responsibility of shareholders and members of corporate authorities;
- will endorse actions for issuers to adopt, implement and publish governance and ethical principles, standards and procedures spanning the issuer's management board, supervisory board and employees.

These practices serve the interests of members of funds and portfolio clients, grow the value of investments while simultaneously respecting environmental and CSR issues and building high standards of corporate governance.

Incorporating ESG risks when monitoring publicly-traded companies in which investments have been made



TFI PZU, bearing in mind the interests of participants in the funds it manages is guided by the "Exposure policy of mutual funds managed by TFI PZU SA to companies listed on the regulated market". This policy was adopted in April 2020.

The policy describes how shareholders' exposure to companies listed on the regulated market is taken into account in the fund's investment strategy.

Actions related to funds' exposure to issuers' equities in which an investment has been made include, among others, monitoring issuers in terms of the investment risk with an eye to social and environmental impact and the corporate governance principles followed constituting selected aspects of the socially responsible investing process.

The research process is conducted in such a way so as to facilitate deliberate and responsible investment decision-making.

These practices serve the interests of members of funds, grow the value of investments while simultaneously respecting environmental and CSR issues and building corporate governance. The purpose of this action is ensuring that investment decisions are made in accordance with the investment objectives and investment policy of the respective funds.



3.2.2 Innovation strategy

[GRI 102-15, 103-2, 103-3]

Digitalization is a process that has come to stay and is constantly developing in all sectors of both the global economy and our domestic economy. Investing in digital solutions generates a number of benefits not only for companies, their staff and their business partners but also for their clients. Clients expect more and more personalized products, are aware of the risks arising from cybercrime and personal data management issues. The emergence of new entrants and trends associated with development of new technologies, including operators of big databases, insurtechs and fintechs², increasingly drives changes in the insurance and banking sectors. In similar fashion, the MedTech and HealthTech³ solutions market is developing faster than ever before.

Innovation is one of the key values for the PZU Group.

Innovation thinking outside the box, breaking molds and

² Fintech – sector of economy encompassing companies operating in the financial and technological industries. Fintech companies most often provide financial services using the Internet. It is also a term for all types of technological or financial innovations. Insurtech is one of the areas of the fintech industry encompassing new technological solutions in insurance.

³ MedTech, HealthTech – segments of the medical technology market which aim at improving prophylactics, diagnostics, treatment, and protecting and improving human health and life.

looking for opportunities to streamline functioning of the company.

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

Innovation strategy



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

- Advanced analytics and using big data sets;
- New client interactions Ecosystems;

- Digitalization (in particular emerging technologies);
- Employer 2.0.

The innovation strategy is reflected in the projects and initiatives executed by PZU. The Group is fully aware that innovations call for making creative space conducive to generation of ideas, as well as prototyping, testing and implementing unique original solutions. This is the role of PZU's Innovation Lab. Its overarching task is to search for modern solutions, check them, perform tests and support rollouts. Moreover, special processes have been forged in the entire organization to facilitate rapid testing and implementation of innovative solutions. In 2021, nearly 1,000 start-ups and ideas were analyzed; and 12 pilots were carried out. During the year, 7 projects were advanced to the implementation phase. Over the past four years, PZU has been awarded over a dozen industry prizes, including in 2021: two commendations in the Rzeczpospolita Daily's Eagle of Innovation Contest (Orzeł Innowacji Rzeczpospolitej) - for the projects: Cyber SME and Semantic OCR; a commendation in the Wprost Weekly's Innovators contest (Innowatory Wprost) - for the project: Cyber SME), and the Banking Gazette Leader award - for the project: Semantic OCR.

The COVID-19 pandemic has significantly accelerated many processes making use of new technologies. The lockdown of the economy and the restrictions imposed in 2020 and continued in 2021 forced the transition to distance work and significantly affected how the financial institutions provide their services to clients. These factors increased the rate of digitalization and the use of advanced technologies, especially in the insurance sector. Remote forms of sale, inspection and claims handling became popular relatively rapidly. Digitalization has also made strides in health care, with the growing role of telemedicine which has become an indispensable element of medical service provision during the pandemic.

In 2020, PZU Group earmarked over PLN 210 million for projects activities⁴. In 2021, financial expenditures amounted to PLN 137 million, with the largest share – over PLN 84 million spent by PZU and PZU Życie.

Acceleration program

In 2021, PZU became a partner in the Poland Prize acceleration program funded by the Polish Agency for Enterprise Development. The accelerator supported by PZU operates under the patronage of the Massachusetts Institute of Technology (MIT) – a renowned research center which for many years has been actively supporting young companies in their development and expansion to new markets, and it has been setting the direction for discourse and development of the entire modern technologies industry.

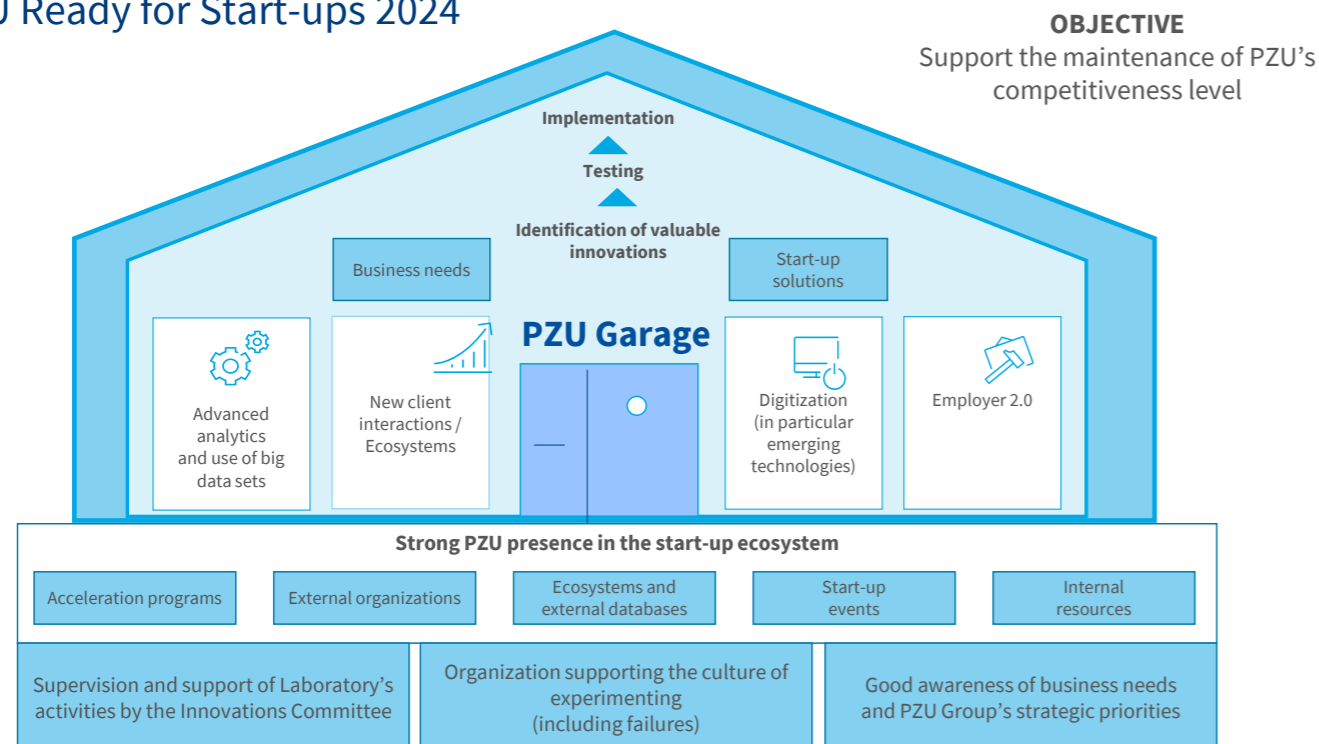
Poland Prize is a project that supports foreign startups in entering the Polish market thanks to grants, an acceleration program and the possibility to start pilot cooperation with partners such as PZU.

As part of the cooperation and the first edition of the program taking place in 2021, PZU gained access to about 250 technological startups from all over the world, from which, following a selection process, a series of dozens of interviews and workshops, two were ultimately chosen for cooperation under the program. Two more editions of the program are planned for 2022.

For startups, participation in the accelerator offers a number of benefits - including business model development, expert support (e.g. legal), expanding the network of industry contacts in Poland and abroad, but most importantly the

⁴ CAPEX and OPEX.

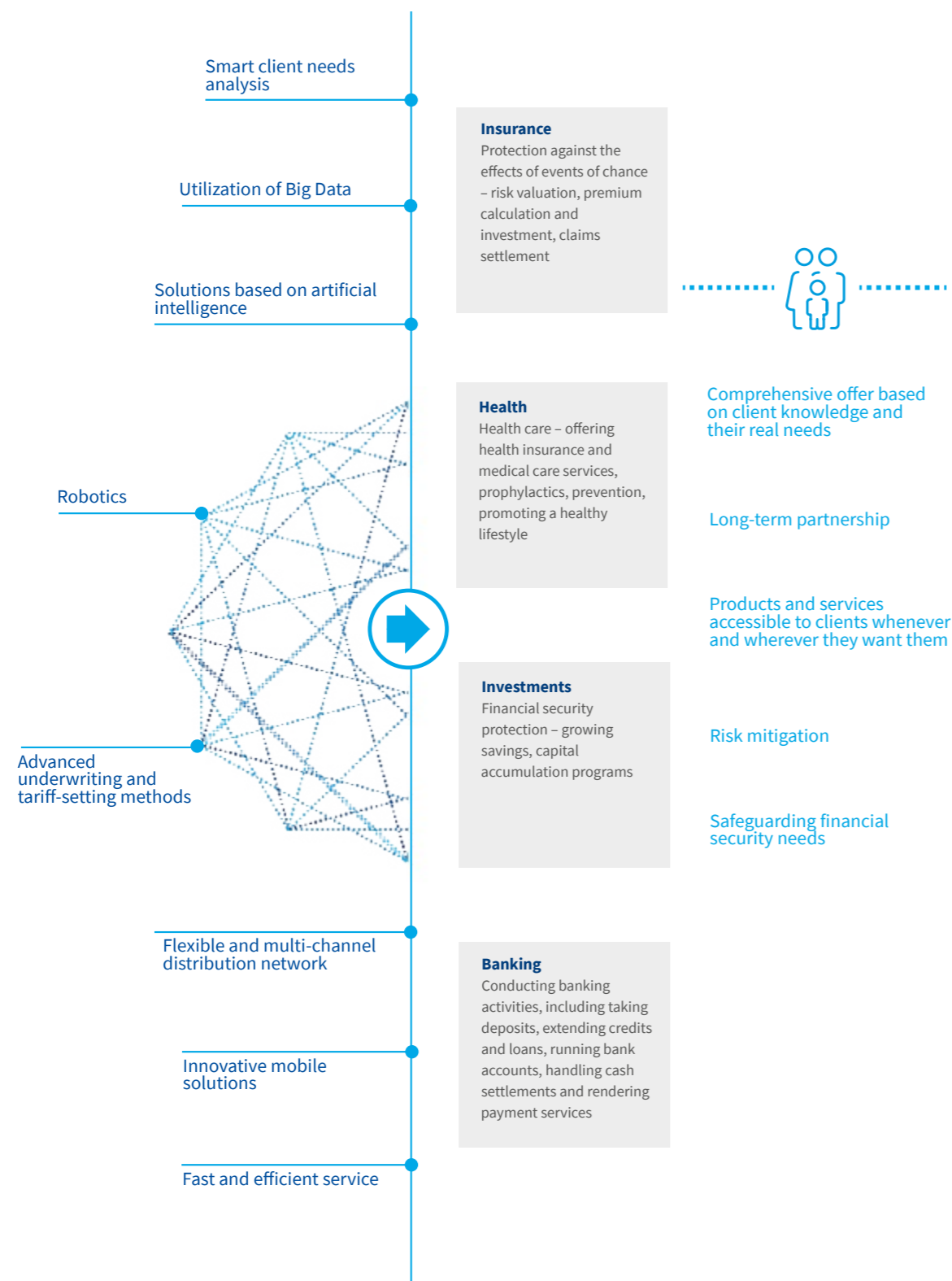
PZU Ready for Start-ups 2024



In PZU, the Idea Generator has been operating under the auspices of the Innovation Lab. It is an internet portal where the PZU employees may submit their ideas for innovative solutions. New editions of the competition for the best ideas on a specific topic are regularly announced. In 2021, the Idea Generator provided ideas for business initiatives that would support the implementation of selected Sustainable Development Goals - the "SDG (Sustainable Development Goals) Challenge 2021, or how can PZU support sustainable development?" contest.

Every portal user is able to not only submit the ideas but also vote for his/her favorite ideas and post comments. Three best ideas from each edition will receive financial prizes, and their authors will have the opportunity to get involved in the implementation of the proposed solution. From the beginning of the Generator, in 9 editions, nearly 600 ideas for internal improvements and brand-new innovative solutions were submitted.

Innovation if the PZU Group's product and service offering



opportunity to work with leading corporations and jointly test the startup's solutions in real market conditions as part of pilot projects.

PZU began working with the startups in partnership with the accelerators in 2018.

Analytical activities of the Innovation Lab

In March 2021, the PZU Innovation Lab prepared the #PZUReadyForStartups report, which analyzed the situation of the Insurtech scene in Poland and worldwide, and presented PZU's offer for startups under the #PZUReadyForStartups program. Thanks to the published report, in Polish and English language versions, Polish and foreign startups could broaden their knowledge on innovative initiatives taking place in PZU and learn about the needs of the largest insurer, which they can try to address with their solutions. By publishing the report, PZU is able to more effectively reach the startup ecosystem and invite the most promising, innovative companies from Poland and abroad to cooperate. The report was premiered during the "Insurtech Day powered by PZU" event, to which 8 foreign insurtech and medtech startups and representatives of the Polish startup ecosystem were invited.

In November 2021, PZU became a partner of the "Insurtechs in Poland" report published by the industry portal Cashless. As part of the report, PZU and its partners have carried out a cross-sectional review of the Insurtech market, selecting and describing all relevant Insurtech startups in Poland. By co-publishing the report, PZU presented itself as a leader in cooperation with the insurtech industry, recalled its #PZUReadyForStartups program for startups, and had the opportunity to establish further relationships with valuable players supporting insurers' digital transformation.

Innovations in subsidiaries



In Bank Pekao, the unit responsible for creating an innovation culture, accelerating the implementation of innovative solutions and cooperating with fintechs, startups and technology companies is the Innovation Lab. In its activities, the Lab focuses especially on innovations that support building modern banking and tailoring products and services to client expectations. The Innovation Lab draws on both market and non-market practices, as well as trend research, crowdsourced ideas, and technologies provided by young companies. In 2021, Bank Pekao, together with Huge Tech,

launched a selection process for startups and technology companies to join the Idea Global gas accelerator.

Alior Bank has an internal structure – RBL_ Innovation by Alior Bank, whose task is to develop the bank's innovation potential. It is composed of:

- Innovation Lab, responsible for prototyping, UX tests and service design;
- Open Banking team responsible for compliance of the services provided by OpenAPI with the requirements of the PSD2 regulation, provision of Open Banking services based on APIs of other banks (Alior as a TPP) and development of commercial APIs beyond PSD2 requirements;
- Fintech Partnership Team, which supports the development of the bank's external innovation ecosystem;
- Strategic Partnerships Department, which manages partnerships and projects with large entities and public institutions, among others, responsible for operational functioning of the Cash portal together with a PZU Group company – PZU Cash. The unit also coordinates pilot projects in the bank, both formally and operationally.

Furthermore, Alior Bank has a separate Corporate Venture Capital Fund - RBL_VC, operating in the form of an Alternative Investment Company (ASI), whose task is to invest in innovative projects, in particular those supporting the implementation of the strategy of the Bank or PZU Group entities.

Selected innovations in the PZU Group::

1. Insurance area



• Robotics

Robotics is a tool that allows full automation of tedious and repetitive tasks that do not require any sophisticated specialist knowledge or experience. Robots enable replacement of cross-system integration and process large volumes of data in a very short time. The use of Robotic Process Automation (RPA) technology improves data quality, streamlines process efficiency control and provides an additional reporting conduit. The application of robotics makes it possible to carry out processes that until recently could not be executed by employees due to their high labor intensity or the need to perform complex operations in a short time.

The deployment of a robotic process takes less time than implementing a systemic change, and the solution itself generates lower costs than would be required if additional employees were to be hired.

In 2021, 24 business processes were implemented in the robotics team, 18 of which were in the claims handling area. In addition to development of new processes, more attention than in previous years was given to expansion of the existing scenarios. For optimization purposes, some new business processes were integrated into already implemented robotic activities.

As of early 2021, 2 processes have been implemented in claims handling using a smart OCR solution - handling of death and birth cases. As part of these processes, the iOCR reads information about the persons involved from registry records and ID cards, then passes the information to a robot which, having verified the remaining conditions in the case, pays out the benefit. In the second half of 2021, automatic indemnification payout functionality was implemented in the hospital treatment benefits handling process.

The RPA technology has been used to support a pilot of the Routing project, where a robot transfers data between the claims system, the artificial intelligence module and the user application.

In addition, thanks to robotics, we have automated the retrieval of information necessary for claims handling from external sources such as: Insurance Indemnity Fund, Audahistory database or Police Notes.

The average annual number of operations processed by the robot increased from 7 to 11 million. The processes implemented in 2021 generate annual savings of approx. PLN 6.8 million. Process efficiencies are as follows:

- Robots are responsible for comprehensive handling of approximately 42% of child birth benefits.
- On average, 8% of hospital treatment benefits are paid by robots.
- In 2021, robots verified the occurrence of double insurance in claims more than 0.9 million times using integration with the Insurance Indemnity Fund. Thanks to the high efficiency of the solution, events from earlier years are verified with the help of robots.

- Audahistory's prior damage report is attached to an average of 4,000 motor claims per year.
- Cooperation with the Artificial Intelligence Factory helped identify 378 claims with control strips in the crops, allowing further analysis for claims fraud.

In 2022, further development of the robotics platform is planned through:

- automation of claims handling, including: combining events, payouts in new types of cases, sending decisions in cases without coverage;
- using RPA to verify the potential and viability of integration with new tools, such as voicebot;
- adaptation of processes to system changes caused by personal data retention regulations.

• **A robot that supports the work of Relationship Managers in selecting claims with subrogation potential.**

In October 2021, the Claims Handling and Remote Channels Division introduced a robotization process supporting the work of Relationship Managers in selecting claims with subrogation potential. The goal of the process is to identify claims as potential subrogation claims at the earliest possible stage of the claim handling process. The robot runs on a specially designed control file, in which, on the basis of experience and analysis of the past few years, the so-called keywords (words that qualify and exclude a claim from the process) have been identified, which prove or may prove that there is a potential for subrogation in the claim. The robot searches for the selected keywords in 3 places, having their source in SLS: description of circumstances, operator's commentary and name of the cause of damage. If the robot finds one of the keywords it performs a series of actions in SLS:

1. It flags the information status as 'potential subrogation' and 'robot subrogation' - securing control of the claim with a subrogation potential;
2. It attaches to the claim in the supporting materials the so-called subrogation scenario, i.e. a form to be filled in, which is an instruction for the Relationship Manager as to what actions should be performed in the claim in order to secure subrogation claims;

3. It adds instructions for the Relationship Manager to assess whether the damage selected by the robot has subrogation potential and to execute a subrogation scenario - for these actions the Relationship Manager has 21 business days, but no longer than until the day of issuing a decision in the claim.

If, on the other hand, the robot finds keywords contained in the control file that are flagged as excluding subrogation potential, then it abandons the above actions, because the assumption is that these words indicate that there is no subrogation potential in the claim. The implemented process supporting the work of Relationship Manager is to increase the number of selected subrogation claims and, what is equally important, improve the issue of proper protection of subrogation claims by obtaining documents and information necessary to effectively pursue subrogation claims at the stage of handling the claim.

• **Artificial intelligence (AI) in claims handling**

PZU as a leader of digital transformation constantly works on innovations increasing customer service quality. AI in claims handling is a solution utilizing artificial intelligence, analyzing damage photographs and cost estimates from the car repair shops. PZU handles over 500 thousand motor claims per year. Bulk of them are handled by repair shops. Most claims comprise mass photographic and technical documentation. A lot of it requires additional in-depth analysis. These activities require trained and highly qualified experts. The implemented artificial intelligence solution has improved their daily work. The artificial intelligence algorithms implemented by PZU are able to analyze the photographs documenting a motor loss. They are also able to name a specific part of a vehicle, assess the extent of the damage and classify a part for repair or replacement. Before using artificial intelligence algorithms most cases handled by repair shops had to be analyzed manually. Thanks to implementation of this solution experts receive for analysis only selected cases while the remaining ones, which do not raise any doubts, are approved automatically or semi-automatically. The implementation translates into significant financial savings and improvement of client satisfaction.

In 2021, PZU continued and developed innovative claims handling activities using the latest technologies based on artificial intelligence to streamline the process.

PZU's mobile experts who carry out inspections of vehicles damaged in accidents have been given an AI-based tool to assist them in estimating the damage. The solution prepares a preliminary repair estimate based on the photographs of the damage taken by claims adjusters. Advanced algorithms recognize different parts of the vehicle and prepare a preliminary estimate within a few minutes.

Thanks to the new technology, platform users can handle claims reported by clients in a faster and more uniform way (one approach to cost estimation). The system verifies the extent of the damage using databases of cost estimates for repair or replacement of damaged parts and recommends the appropriate action - repair of the vehicle part in question or its replacement - and prepares a cost estimate.

In 2022, we plan further implementation of the AI-based solution at other stages of claims handling, improving our clients' experience

• **#innowacJA project**

This is a program for development of PZU's culture of innovation addressed to non-life insurance sales employees in the proprietary, multiagency, broker and dealer sales channels. It serves to leverage their potential to create solutions embedded in business objectives that will tangibly reduce operating costs or increase sales. The program launched in the fall of 2019 and has already resulted in more than 500 ideas by 2021. Its leaders are Local Innovators.

The project was awarded in the competition "The best programs for developing employee initiatives" organized by the Polish Agency for Enterprise Development. The jury awarded it for systematic involvement of employees in development and innovation activities within the company.

• **PZU GO**

PZU GO is a state-of-the-art solution guarding the driver's safety while behind the wheel. This small device pasted to the car's windshield communicates with the app in the driver's phone and detects dangers. In the event of an accident, PZU GO immediately notifies the PZU Emergency Center of its occurrence and location. PZU immediately contacts the driver to check if he or she needs any assistance. Unless the driver

answers the phone, PZU notifies the emergency services and provides them with the last location obtained from the device's GPS. The PZU GO option also includes additional benefits, such as: transporting the insured to a hospital, arranging a doctor's appointment, or delivering medicines to a specified place.

As of May 2020, PZU GO has been available throughout Poland in all sales channels. Clients with the PZU GO cover have travelled tens of millions of kilometers. In more than a dozen cases, immediate assistance was provided to the injured after the accident was automatically detected. In addition, in several hundred cases, clients received assistance having called for help via the SOS function

- **Non Stop Assistance**

Non Stop Assistance is a brand owned by the PZU Group, which has been developing mobility services and products since 2020. At present, Non Stop Assistance is part of the Driver's Ecosystem and supports the development of the platform for services addressing drivers' needs for holistic vehicle care. The Driver's Ecosystem is an initiative aimed at developing new, non-insurance services supporting the development of Client relations. At present, the Driver's Ecosystem uses digital tools to provide 8 services to Customers who need support in daily use of a car.

- **Remote authentication**

The mojePZU portal is the most extensive platform on the insurance, financial and health market allowing to confirm identity with myID (myID) and mObywatel (mCitizen). Thanks to this functionality, clients may register on the platform remotely without the need to come to a PZU branch and confirm their identity. Its allows for secure access to medical records, among other things. It is also possible to initiate the opening of an account by a PZU representative, by providing the client with an activation link, after clicking which they will be able to complete the registration on their own. A mojePZU account can be opened by clients reporting claims and, from 2020, also by persons reporting claims under a TPL policy of a perpetrator who is not a PZU Group client.

- **Cyber SME**

The COVID-19 pandemic significantly accelerated the digital transformation process and forced many SME sector companies to transfer their operations online. This, in turn, exposed the companies to cybersecurity risks to greater extent

than before. Therefore, PZU developed a free tool – Cyber SME which is a platform that analyzes the websites of small and medium-sized enterprises and verifies the strength of their cyber-attack safeguards. A company, which decides to take advantage of that service, will receive a free report drafted by PZU, which covers the website security, assessment of the reputation risk as well as potential attractiveness to hackers. The report will also include recommendations which, when implemented, will improve the company's cybersecurity. The report's formula is simple, straightforward and transparent. It was designed to be understandable not only to IT specialists.

- **Self-service of claims and personal matters**

Self-service was created as an element of the digital service models adopted by PZU. It is a response to the growing needs of clients who expect not only convenient online tools to report a claim intuitively but also to be provided quickly with the amount of compensation. The new solution has enabled a reduction in the time of acceptance and handling of claims. This approach worked well for clients and was especially popular during the COVID-19 pandemic.

Self-service is an element of the online reporting of a claim. Information about vehicle damages sustained during the insurable event permits automatic calculation of the proposed amount of compensation.

In the case of ADD claims and benefits, the client personally marks the nature of their injuries on an intuitive human figure, which makes it possible to calculate the benefit amount. The client may accept or reject the proposed amount.

- **Cash Back**

Cash Back is an innovative program where the holders of LINK4 motor insurance may generate bonuses for safe driving. The analysis of driving style includes driven distance, smoothness of driving and the area where the driver was driving. From April 2017 to December 2021, the program was utilized by more than 71 thousand LINK4 clients who drove a total of more than 192 million kilometers.

To become an active participant in the program, the client should drive his/her car with a switched-on NaviExpert navigation and the LINK4 Cash Back module for at least 200 kilometers a month, and he/she should start the app during

at least 5 different days and drive at least 10 kilometers on the given day. After each monthly period, the driver is assigned with a summary grade which allows to classify him/her in a relevant profile, which in turn serves as a basis for determining the amount of the financial bonus. After one year, the LINK4 insureds may exchange the sum of those bonuses into reimbursement of up to 30 percent of the insurance premium.

Each participant decides on his/her own whether to earmark the bonus generated at the end of the agreement term for reduction of insurance price after policy renewal or whether he/she would prefer to have the funds transferred into his/her bank account.

In December 2021, the value of safe driving bonuses generated under the program exceeded PLN 4.2 million. The largest bonus amounted to PLN 1.2 thousand. However, the program's greatest value is prevention and promotion of safe driving on Polish roads.

2. Banking



- **Certification of identity**

Alior Bank is developing the digitalization of services currently offering several different digital methods of identity confirmation. In 2021, the bank worked to expand remote

identification methods to include more identification methods and capabilities. In 2021 Alior Bank continued analytical work with Polska Wytwórnia Papierów Wartościowych, which resulted in the signing of an agreement in August 2021. Thanks to this cooperation, the Bank will be able to provide another method of verifying clients' identity (based on the use of eDO App) without the need to visit a branch. Clients will be able to confirm their personal data with an e-card, use an advanced signature, and thus freely apply for banking products.

Bank Pekao has systematically developed the Pekao24 service and expanded the PekaoID digital identity service and the Trusted Profile, enabling remote confirmation of the identity of retail clients. Following integration with the eIDAS National Node, the numbers of PekaoID activations have surged. In addition, in 2021, Bank Pekao, implemented the possibility to open a selfie account using an e-ID.

- **Remote submission of instructions, signing of agreements and opening of accounts**

In 2021, the PeoPay app, Bank Pekao's main mobile banking tool, expanded to include self-service processes, enabling clients to submit applications for a housing loan, student loan, cash loan, account or card on their own without leaving home, including an application for a complete early repayment of a mortgage loan or cash loan, for the issuance a certificate of outstanding debt, a bank opinion or documents for the establishment of a mortgage. In addition, in 2021, Bank Pekao made it possible to take advantage of the offering of Pekao TFI investment funds without the need to visit a branch. The agreement to provide services of accepting and forwarding orders can be concluded online through the Pekao24 service.

Thanks to the cooperation with Autenti and the solutions provided by this partner, Alior Bank's clients can open a personal account or take out a cash loan without leaving home.

In addition, Alior Bank implemented remote service for all corporate banking products through:

- broad utilization of qualified signatures, Autenti e-signature and Photo ID,
- launching the option to apply for new transaction products in the BusinessPro online banking service,
- centralization of as much as 45 after-sales processes.

Exchange of bank agreements, annexes, post-sale instructions with a qualified signature, between Alior Bank and entrepreneurs from the SME and large companies segment, can take place via e-mail or BusinessPro electronic banking. Micro-businesses use the e-signature provided by Autenti or the Autenti e-signature in combination with the Foto ID tool for this purpose.

- **Development of mobile payments**

Alior Bank worked on increasing available functionalities in mobile channels, i.e. foreign payments or payments using BLIK

Bank Pekao was the first bank in Poland to allow clients from the SME and corporate sectors using PekaoBiznes24 e-banking to telephone transfers. From March 2021, they could make a transfer to the phone number of an individual payee,

registered in the Polish Payment Standard (PSP) database - in the BLIK system.

- **PeoPay KIDS app**

PeoPay KIDS is an application aimed at children aged 6-13. In the app the youngest clients of Bank Pekao receive access to Konto Przekorzystne dla młodych (Mega Beneficial Account for the Young), the Mój Skarb (My Sweetie) savings account and the PeoPay KIDS debit card. Thanks to the app, children can learn how to save and manage their money in an easy and accessible manner, and thanks to the payment card they can make cashless payments in stores and withdraw cash from ATMs. The app also includes a coach feature which introduces your child to the world of finance. The PeoPay KIDS app is connected to PeoPay mobile banking and Pekao24 online banking, allowing guardians to view and authorize their child's finances.

3. Health



- **Artificial intelligence (AI) in diagnostics**

The PZU Zdrowie diagnostic imaging network continued its pilot program to diagnose stroke with computed tomography scans. The solution is based on artificial intelligence algorithms and is one of the first in Poland to have found application in commercial operations.

The solution implemented in diagnostic labs supports the radiologist through automatic detection of life-threatening change lesions. The algorithm generates a tentative diagnosis and marks the tests with a special marker. Thanks to that it is possible to nearly instantly undertake the treatment process which reduces the probability of heavy brain damages and increases the patient's chances of surviving. Thanks to this solution, the time needed to prepare a description whenever a stroke is detected has been reduced from several hours to just a few minutes, which allows patients to be assisted quickly. The AI module has been developed by a Polish startup BrainScan using data from 40 thousand computed tomography tests of the head carried out in the PZU Zdrowie diagnostic network. Then it was tested by radiologists in day-to-day tests to confirm its effectiveness. It has been confirmed that the consistency of the radiologist's description with the diagnosis of the AI module is approx. 98 percent. The software has a medical certificate and continues to be developed. PZU Zdrowie intends to use it in nearly 40 imaging diagnostic labs.

- **Wireless stethoscopes**

Innovative AI-based devices make it possible to remotely test the lungs and heart. Following the physician's instructions, the patient puts the stethoscope to specified spots on the body and the physician remotely receives immediate readout using an online platform. The test does not require direct contact with the patient and increases the safety of physicians and medical personnel, eliminating the risk of infection. At the same time, it provides constant monitoring of the patient's condition. In 2021, TUW PZUW continued to donate state-of-the-art wireless stethoscopes to hospitals to support them in the fight against COVID-19.

- **PZU Zdrowie as a member of the AI in Health Coalition**

In May 2021, PZU Zdrowie joined the AI in Health Coalition as a chief member. Within the framework of its activities, the Coalition aims to promote the use of artificial intelligence in the Polish health care system. Bringing together a group of experts and entities pursuing the ultimate objective of the well-being of patients, its ambition is to set directions for the development of the use of AI-based technologies in the sector.

The Coalition aims to develop conditions that will enable the broadest possible use of solutions of this kind. At the same time, it highlights the significance of professional medical personnel, pointing to the supporting role of technology, which is to augment the treatment process rather than eliminate or diminish the role of a physician. In its activities, the Coalition gets involved in projects seeking to advance the digitization of the health care system, in cooperation with the Ministry of Health and the Office of the Prime Minister.

Under the auspices of the Coalition, PZU Zdrowie was a keynote speaker:

- at the AI in Health Conference, presenting the potential of employing artificial intelligence in imaging diagnostics;
- in October, in a hybrid meeting with the Ministry of Health on the e-Health Strategy and access to medical data.

In November 2021, PZU Zdrowie also became a partner of the series of podcasts "Health in Conversation" devoted to the technological revolution in medicine, held by the Coalition in collaboration with the Polish Federation of Hospitals.

3.2.3. Tax strategy

[GRI 103-1, 103-2, 103-3, 207-1]

Tax reporting enhances the PZU Group's transparency, promotes the credibility of entities among investors and other stakeholders and instills trust in Group companies.

Companies belonging to the PZU Group operate in compliance with the prevailing tax law, on the basis of the Tax Group's Tax Strategy for 2021-2023 and by following the "PZU Group's Tax Policy" and other internal tax procedures.

Since 2021, the Tax Group has consisted of the following entities:

1. PZU;
2. PZU Życie;
3. PZU Centrum Operacji;
4. PZU Pomoc;
5. Ogrodowa – Inwestycje;
6. PZU Zdrowie;
7. Omicron BIS;
8. PZU Lab;
9. Ipsilon;
10. Tulare Investments;
11. PZU Cash;
12. LINK4;
13. PZU Finanse;
14. PZU Projekt 01 SA.

PZU is the parent company representing the Tax Group.

[GRI 207-2]

The PZU Tax Group accepts only a low level of tax risk in its operations and manages tax risk in accordance with this principle. The activities of the PZU Tax Group aim at eliminating tax risks, in particular through timely payment of tax liabilities and submission of tax returns, as well as fulfillment of other liabilities resulting from the tax regulations, taking into account not only the literal wording of the regulations, but also their purpose.

The PZU Tax Group and its member Companies take necessary measures to avoid situations that could lead to violation of the tax law. The business decisions of the PZU Tax Group and the Companies are made on the basis of assessing the impact of tax risks.

The PZU Tax Group does not intentionally plan or execute transactions of artificial nature, the main or one of the main purposes of which is to achieve a tax benefit. In particular, the PZU Tax Group does not apply solutions that could be regarded as tax avoidance or evasion.

The Companies from the PZU Tax Group are not domiciled in tax havens. Also, the PZU Tax Group does not settle accounts with other entities based in tax havens in order to reduce its tax liabilities in Poland.

The PZU Tax Group carefully analyzes all transactions and the registered offices of its business partners in order to avoid entering into cooperation with business partners who may use solutions aimed at reducing their taxes in Poland.

PZU Group companies do not have tax liabilities - they pay their liabilities by the deadlines designated by the tax laws. The annual tax review and the audit of the financial statements performed by the statutory auditor confirm that these calculations are correct. The competent tax office issues a certificate on not having any overdue taxes in response to requests submitted by PZU Group companies.

PZU Group companies calculate and pay tax liabilities for the following taxes, among others:

- corporate income tax (CIT);
- personal income tax (PIT);
- value-added tax (VAT);
- withholding tax (WHT);
- tax on civil law transactions (PCC);
- tax on certain financial institutions (asset levy) (FIN);
- real estate tax (DN-1).

[GRI 207-3]

PZU Group companies participate through the Polish Insurance Association in the process of government legislation and pronounce their opinions during social consultations on bills to change the tax laws.

The PZU Group is one of the top 10 payers of the corporate income tax in Poland.

[GRI 207-4]

Corporate income tax by country

(PZU Group, Bank Pekao Group, Alior Bank Group).

(in PLN m)	2019			2020		
	Profit (loss) before tax	Remitted income tax	Effective tax rate	Profit (loss) before tax	Remitted income tax	Effective tax rate
Poland	9,372.9	2,060.2	22.0%	7,453.6	1,817.7	24.4%
Lithuania	89.1	13.9	15.6%	105.8	15	14.2%
Ukraine	35.8	15.4	43.1%	50.7	14.5	28.6%
Latvia*	58.2	0.0	0.0%	70.6	0.0	0.0%
Estonia*	17.2	0.0	0.0%	29.8	0.0	0.0%

*according to tax system in Latvia tax is paid on dividend payout, the operations in Estonia are conducted by a Lietuvos Draudimas branch in Lithuania

3.3. Outlook – 2022+ perspective [IIRC]

[GRI 102-15]

The PZU Group's strategic ambitions until 2024 were based on predictions of both global and local social and economic changes. The most important of them are the new trends after the COVID-19 pandemic, climate change, and changing demographics.

As a result of the COVID-19 pandemic, digitization and the use of advanced technologies have greatly accelerated and new trends have emerged that will shape client preferences and needs in the future. The PZU Group sees these changes as an opportunity to grow faster and strengthen its competitive edge. As data analysis tools, machine learning, artificial intelligence, chatbots, virtual assistants, data mining are developed and the possibilities of integrating sales channels (omnichannel approach) emerge, the PZU Group will be able to strengthen its relationships with clients by offering personalized products in the most accessible way possible.

Climate and environmental issues are also becoming increasingly important in business operations. Climate change, on the one hand, will intensify chance events, namely the occurrence or absence of catastrophic events, such as floods, droughts, heat waves, torrential rains, hail, cyclones

or whirlwinds. This will have a direct impact on the amount of claims paid out by PZU, the cost of reinsurance protection, or the level of capital requirements. On the other hand, growing climate awareness opens up opportunities for the PZU Group to develop its product offering in new areas of the insurance and investment business.

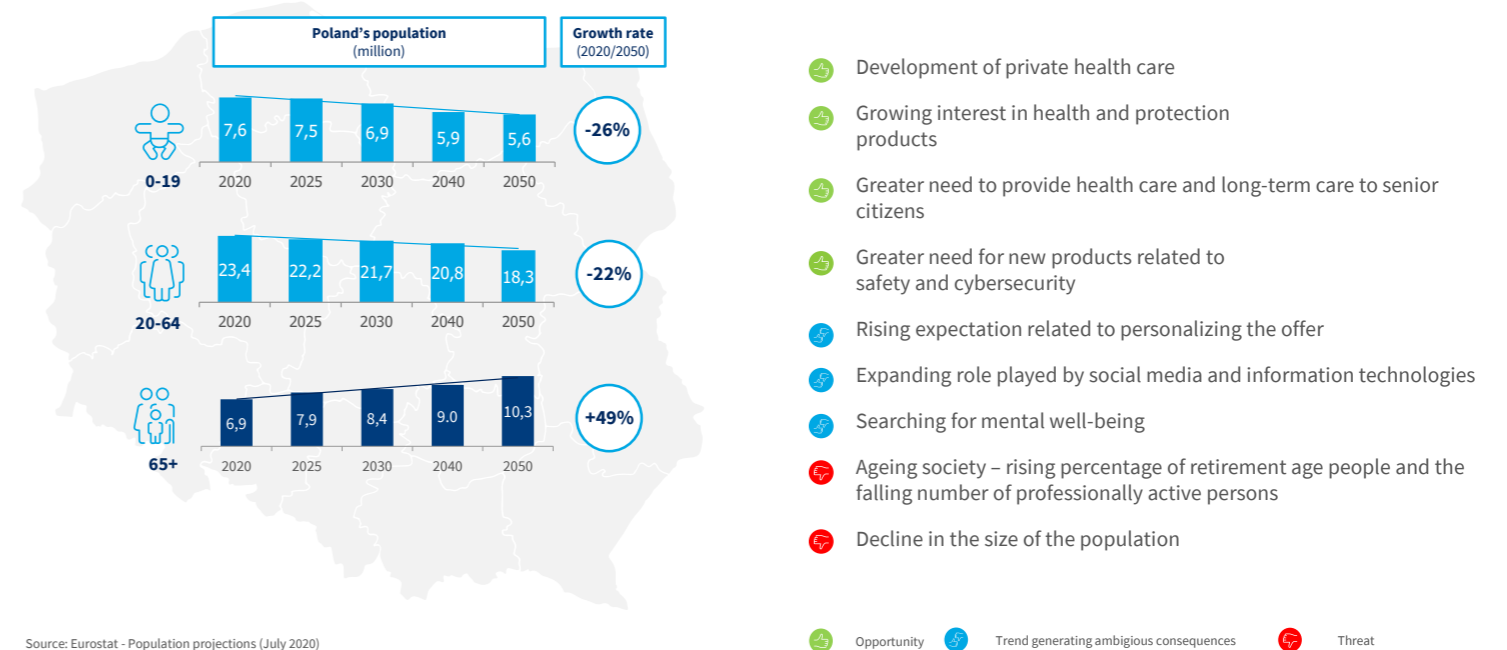
The trends related to demographic changes are also important. As the population continues to decline, coupled with the simultaneous aging of the population, the demand for health care and long-term care to senior citizens increases. The PZU Group wants to respond to these challenges by introducing products and services that will genuinely enhance the well-being of people aged 60+.

The key trends of the future are listed below, along with their potential impact on the PZU Group.

Market phenomena, including the impact of the COVID-19 pandemic

- Covid-19 impact:** Greater significance of remote work; Deterioration of conditions on the financial markets, GDP slowdown; Lowest interest rates in history (risk of negative interest rates); Deterioration in the financial standing of businesses and the forecasted increase in the unemployment rate; Slump in household income.
- Changes to the business environment:** Growth in the significance of remote sales channels and hybrid models; Dwindling profitability on the compulsory insurance market; Declining interest rates and yields of various asset classes; Declining interest income in bank products; Strong focus on the brokerage market, consolidation and greater significance of multi-agency networks.
- Digitalization and digitization:** Growing importance of fintechs, insurtechs and e-commerce; More extensive utilization of chatbots in advisory services and client service; Digital processes as the new standard of service; Growth in the importance of analytics / IoT (Internet of Things); New approach to sales channels (mobility and omnichannel approach); Rising popularity of virtual assistants; Exponential increase in the quantity of data, development of the needs and tools for data mining; Machine Learning / AI; New tools to reach clients (mobile / desktop).
- Legal regulations, legislative amendments:** Necessity to adapt to new legal regulations (Polish and European) and the regulators' guidelines and recommendations.
- Growth of awareness and importance of ecology:** Development of the green energy sector coupled with demand for insurance; Heightened awareness and significance of the issues of sustainable development and environmental protection; Growing expectations in terms of solutions to protect the environment.

Demographic and social changes



Source: Eurostat - Population projections (July 2020)

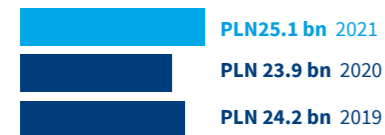
3.4. Results 2021 [IIRC]

[GRI 102-7] [GRI 201-1]

Direct economic value generated and shared.

Gross written premium

PLN 25.1 bn



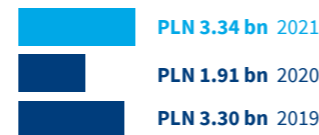
Net insurance claims and benefits

PLN 15.7 bn

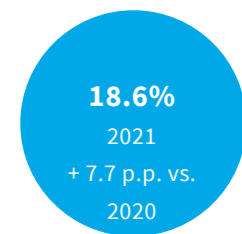


Net profit (attributable to holders of the parent company)

PLN 3.34 bn



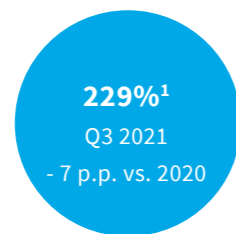
ROE



17.4%

2024 target

Solvency II



≥200%

2024 target

Dividend



Dividend Payout Ratio 50% - 100%

2024 target

Climate neutrality



Achieving net zero target in own operations (Scope 1 and 2)²

2024 target

¹ Data not audited or reviewed by a statutory auditor

² Achieving net zero target in own operations (Scope 1 and 2) thanks to reduction of emissions, purchase of green energysigned direct electricity supply agreements) and offset of CO2 emissions

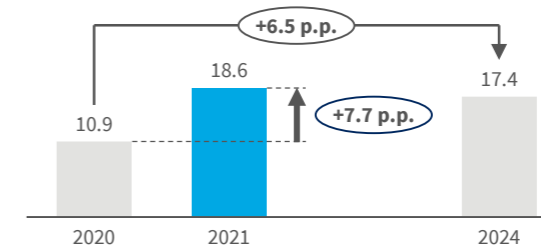
Direct economic value generated and shared (data in PLN million)	2020	2021
Revenue	37,102	39,127
Operating expenses, excluding payroll, levy on financial institutions and community investments	(26,069)	(25,166)
Total payroll and employee benefit expenses	(5,366)	(5,642)
Income tax	(1,841)	(1,492)
Levy on financial institutions	(1,203)	(1,290)
Voluntary investments in the broader community	(93)	(103)
Dividends paid to all shareholders	0	(3,696)
Retained economic value	2,530	1 738

The retained value presented herein is the amount remaining after the distribution of the generated economic value among the company's stakeholders. This amount is not the same as the net profit disclosed in the profit and loss account, because it also takes into account the dividends (as distributed economic value).

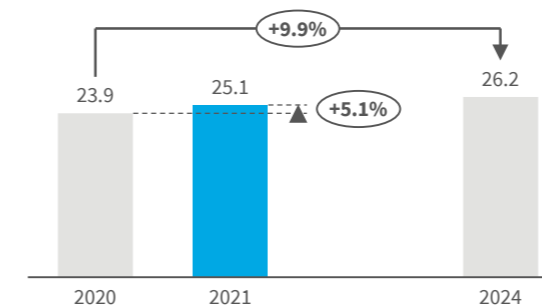
3.4.1. Strategy execution

Financial measures and strategy execution

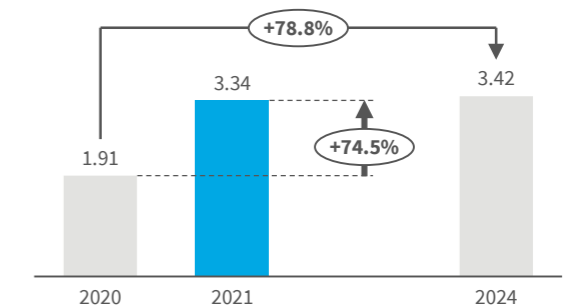
ROE (%)¹



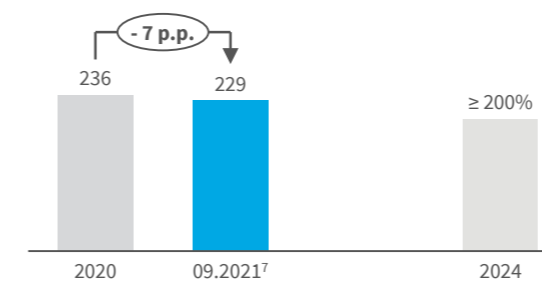
GROSS WRITTEN PREMIUM² (PLN bn)



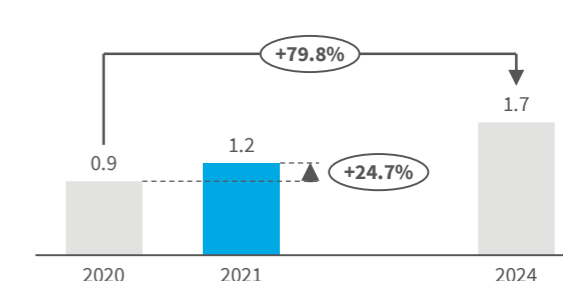
NET PROFIT³ (PLN bn)



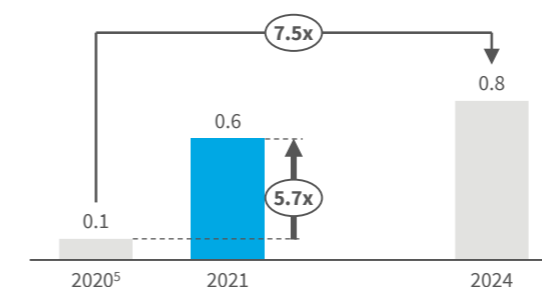
SOLVENCY II RATIO (%)



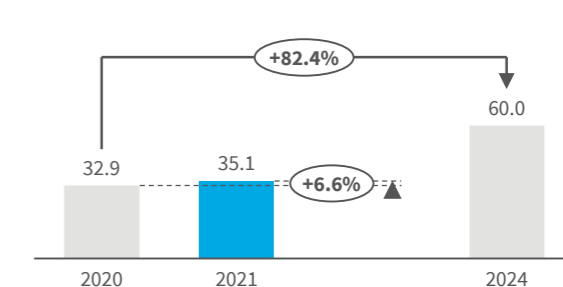
PZU ZDROWIE'S REVENUES (PLN bn)



BANKS' CONTRIBUTION TO PZU GROUP'S NET RESULT⁴ (PLN bn)



ASSETS UNDER MANAGEMENT⁶ (PLN bn)



¹ Attributable to the holders of the parent company; ² Gross written premium of the PZU Group; ³ Net profit attributable to the holders of the parent company; ⁴ Does not incorporate the impairment losses for intangible assets following from the acquisition of Alior Bank and Bank Pekao; ⁵ Third party assets under management TFI PZU, Pekao TFI and Alior TFI;

⁶ Data not subjected to audit or review by a statutory auditor

"Balanced Growth" – PZA SA & PZU Życie ESG Strategy for 2021-2024

We support the development of a low-carbon economy, contributing to sustainable transformation

#Trusted Partner in green transformation

Group developing an insurance offer supporting climate and energy transformation.	Responsible investor supporting safe and sustainable transformation.	Green organization operating on the basis of sustainable decision-making and governance processes
<p>Development of insurance offering for technologies supporting energy and climate transition in Poland</p> <p>An ESG-focused assessment of 55% of the biggest corporate insurance clients from sectors with ESG risks exposure</p>	<p>Increase in the current exposure to investments in support of climate and energy transformation by PLN 500 million in 2021-2024.</p> <p>ESG-focused assessment of 55% of investments in sectors with ESG risk exposure</p>	<p>Achieving, by 2024, CO2 neutrality in own operations (scope 1 and 2) thanks to reducing emissions, purchasing green energy certificates of origin and offsetting emissions</p> <p>Reduction of CO2 emissions from PZU SA and PZU Życie SA's own sources from 3% to 10% by 2024 compared to 2019</p> <p>Reduction of electricity consumption in PZU SA and PZU Życie SA from 3% to 10% by 2024 compared to 2019</p> <p>Development and implementation of analyses of climate change impacts, to ensure compliance with regulatory requirements</p>

Achievements in 2021

- 3 new insurance products to support energy transformation: PZU Wind Power and PZU Solar Power, PZU Eko Energia
- developing methodology for corporate clients assesment for ESG factors
- PLN 450 million - commitment of 3 investments in renewable energy projects and purchase of ESG bonds
- developing methodology for investments assesment in terms of ESG factors
- 26.2% reduction in CO2 emissions relative to 2019 (location-base method)
- 80% of electricity coming from RES
- offsetting 17,000 tons of CO2 for 2020 through the purchase of Carbon Dioxide Units from State Forests
- 14.7% reduction in electricity consumption relative to 2019
- climate change analyses described in 2021 report

We encourage communities to adopt a sustainable and safe lifestyle

#Better quality of life

Responsible partner supporting safety in local communities	Trustworthy guide to a sustainable lifestyle
<p>10% of key employees of corporate clients covered by preventive measures having an influence on their safety and health</p> <p>Assigning 50,000 hours of employee volunteerism to help 200,000 beneficiaries</p> <p>100,000 recipients of activities within industry partnership for insurance education</p> <p>Development of a product offer, taking into consideration elements of social involvement</p>	<p>10-15 million recipients of social activities in the area of safety and sustainable lifestyle per year</p> <p>70% of employees covered by the well-being program</p>

Achievements in 2021

- 18% of employees of key corporate customers were covered by prevention activities affecting their health and safety
- 12,179 employee volunteer hours for activities for 34,981 beneficiaries
- Educational program for primary school pupils: "From penny to zloty - insurance education with PZU Foundation
- conducting an analysis of a socially engaged product
- 10 million recipients of the Road to Health campaign
- announcement of new well-being strategy #GoodState

We build a modern organization, which is managed responsibly

#Responsible organization

Employer promoting sustainable leadership and shaping responsible attitudes among employees.	Trusted Partner in business promoting the sustainable development idea
<p>60% of employees covered by the intergeneration cooperation program</p> <p>Giving consideration to ESG targets in the Company's strategic objectives and delegating them for execution by the management</p> <p>60% of employees participating in a comprehensive educational program in the area of sustainable development</p>	<p>Assessment of 100% of suppliers with the "key" status in terms of ESG risk</p> <p>Giving consideration to ESG requirements in 70% of key procurement processe</p> <p>Joining at least 3 new initiatives promoting sustainable development</p>

Achievements in 2021

- new e-learning course "Collaborating in Diversity"
- assigning ESG objectives within annual targets to directors who are responsible for the implementation of ESG strategy activities
- conducting supplier segmentation
- membership of two initiatives: "Sectoral agreement for the development of offshore wind energy in Poland" and "Sectoral agreement for the development of hydrogen economy in Poland"

3.4.2. Results from capital and impact

[GRI 102-15]

PZU Group exerts significant influence, among others, on the Polish economy, society and environment. First of all, it is one of the largest employers in Poland, with several dozen thousand employees, makes significant contributions to the state budget from the taxes it pays, invests its assets in stocks, providing the funding needed for their development, and bonds, helping finance infrastructural projects that are important for the country, improvement of education or medical care. Through its assets, the Group is a prominent player on the financial market in Poland, exerting significant influence on its status and development directions. The claims and benefits paid by the Group help businesses maintain continuity of business in unexpected situations and avoid serious financial problems arising, e.g., from downtimes.

By insuring millions of Poles, PZU has real influence on their lives. First of all, the claims and benefits paid out help families to maintain financial stability in difficult situations, such as illness or death of a family member, loss of home due to fire, flooding, etc. This offers additional protection, which provides the sense of stability and safety. In addition, recent years have seen a significant increase in interest in private medical care. Thanks to favorable offers, clients have gained access to high quality medical services, which translates into the quality of examinations, diagnosis and speed of treatment, which in many cases is a decisive factor for the success of therapy. Thus, private medical care relieves the burden on public health care, not only improving the quality of life for those with private cover, but also making the public health care service more efficient and accessible for those who cannot afford private care. Additionally, thanks to its products and investment funds, PZU wants to support Poles in accumulating savings and increase their awareness in this area, thus improving the welfare of society.

Through its activities, PZU also affects the natural environment. Because of its market position, the Group is able to set new trends. For example, by selecting environmentally-friendly investments and sustainable suppliers, it emphasizes the importance

of environmental protection and the fight with the climate change. The ESG Strategy defines the path to neutrality. By 2024 PZU will fully use green electricity and curtail other emissions and wherever that will not be plausible it will offset them. By 2030 PZU plans to reduce emissions from its own sources and those originating from the consumption of electricity and heat to an even greater degree and will launch work on reducing emissions in the value chain. This means that it will influence others who cooperate with PZU on a permanent basis to become climate neutral: this will apply to suppliers and partners by 2040 and to insurance clients and investments by 2050. In addition, the Group plans to increase its capital commitment to investments that support the climate and energy transition. One example of these efforts is the allocation of PLN 100 million to co-finance the construction of the largest wind power plant in Poland.

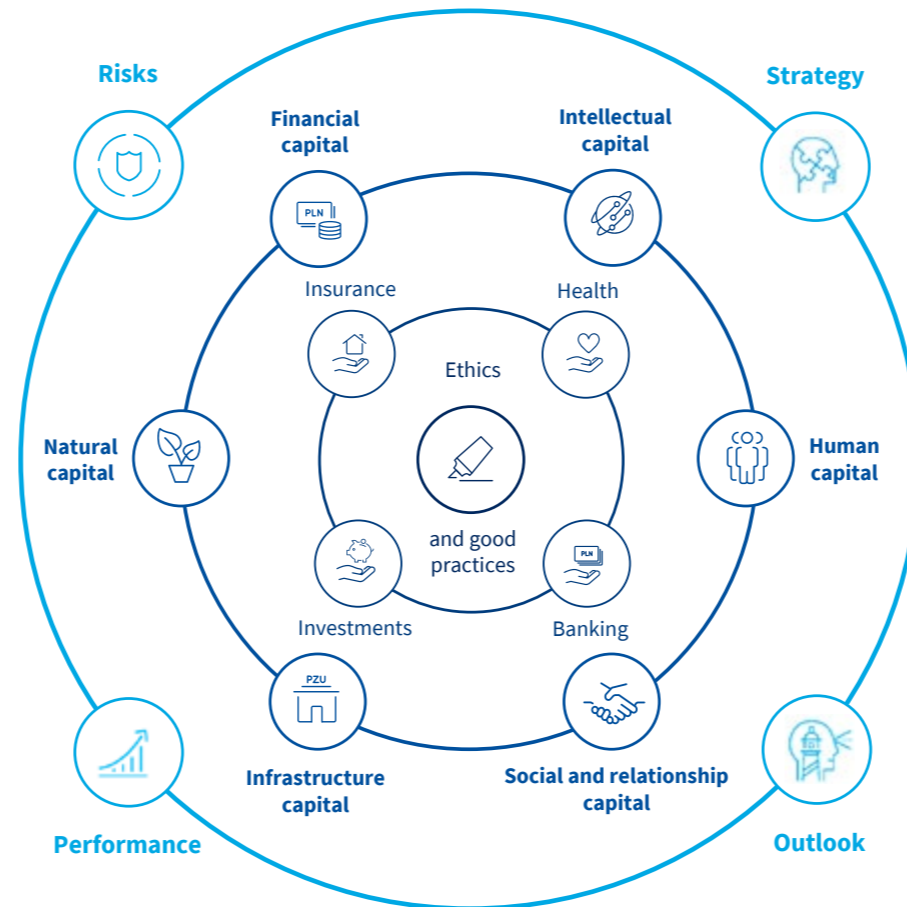


Capital (2021)

- Financial**
 - PLN 402.1 billion – assets
 - 40,0 mld zł – equity
 - 6,3 mld zł – subordinated bonds
 - 35,1 mld zł – assets under management for third party clients (KPI - strategy)
- Intellectual**
 - PLN 137 million – expenditures for project activity
 - 6 – number of innovation centers
 - 80 thou. – number of satisfaction interviews with customers
 - > 1,000 – number of start-ups analyzed by PZU LAB
- Human**
 - 38,666 – number of full time equivalents (PZU and PZU Życie)
 - 25.2 – average number of training hours per employee (PZU and PZU Życie)
 - 57% – percent of employees working remotely (PZU and PZU Życie)
 - 1,000 – number of employees affected by OHS training (PZU and PZU Życie)
- Social and relationship**
 - 900 - number of volunteers (PZU and PZU Życie)
 - PLN 47.2 million – funds allocated to prevention activities (PZU and PZU Życie)
 - PLN 24.6 million - funds allocated to sponsoring activities (PZU and PZU Życie)
 - PLN 20.7 million - funds transferred to the PZU Foundation
- Infrastructure**
 - 1,659 – number of branches of PZU (409), Pekao (650), Alior Bank (600)
 - 9.7 thous. – number of tied agents (PZU and PZU Życie)
 - 130 – number of PZU Zdrowie's own centers
 - 2 200 – number of cooperating medical centers
- Natural**
 - 377,999 [GJ] – consumption of energy from non-renewable fuels
 - 918,429 [GJ] – consumption of purchased energy
 - 116,988 [GJ] – consumption of energy from non-renewable fuels (PZU and PZU Życie)
 - 133,196 [GJ] – consumption of purchased energy (PZU and PZU Życie), of which 49,093 [GJ]

Operational model

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



Capital performance (2021)

- Financial**
 - PLN 25.1 billion – gross written premium (KPI - strategy)
 - PLN 10.2 billion – investment income
 - PLN 7.5 billion – operating profit
 - PLN 3.34 billion – net profit for shareholders of the parent company (PZU) (KPI - strategy)
- Intellectual**
 - PLN >3.3 billion – value of the PZU brand
 - >2.5 million – number of users of the MojePZU sales and service platform
 - 74.9 thous. – number of active users of inPZU
 - 97.9% – ratio of timely complaint handling up to 30 days (PZU and PZU Życie)
- Human**
 - 48% – employee engagement index (PZU and PZU Życie)
 - 690 – number of new employees (in FTEs for PZU and PZU Życie)
 - 10.2% – employee attrition ratio (PZU and PZU Życie)
 - 96% – women to men average base salary ratio (PZU and PZU Życie)
- Social and relationship**
 - 99% – recognition of the PZU brand (supported)
 - 39,423 – number of beneficiaries of the PZU Foundation
 - 97 – number of proprietary volunteerism projects of PZU Foundation employees
 - 58 – number of local projects in the area of health protection and safety improvement under the "Helping is Power" campaign
- Infrastructure**
 - #1 – position on the property insurance market (PZU SA)
 - #1 – position on the life insurance market (PZU Życie)
 - #3 – position in terms of revenue in the health area
 - #3 – position in terms of assets under management (TFI PZU)
- Natural**
 - 20.1% – reduction of Scope 1 eCO2 emissions vs. base year (2018)
 - 39.6% – reduction of Scope 2 (market-based) eCO2 emissions vs. base year (2018)
 - 56.9% – reduction of Scope 1 and 2 (market-based) eCO2 emissions vs. base year (2018) for PZU and PZU Życie
 - 17 thous. tons – (2020) CO2 emissions offset by purchasing "Carbon Dioxide Units" offered by State Forests.

Impact (2021)

Clients

The PZU Group has approx. 22 million clients, of which 16 million insurance clients. PZU Group companies have relations with approx. 80% of households in Poland. Through claims paid out and loans granted, PZU helps families and businesses maintain financial stability.



- 14,2 mld zł – wypłacone odszkodowania i świadczenia
- >2 bn zł – wartość ubezpieczonego majątku od szkód spowodowanych żywiołami
- 215 mld zł – należności z tytułu kredytów

Employees

The PZU Group has 40.7 thousand employees. Out of that number, PZU SA and PZU Życie employ 10.2 thousand, Pekao Group 14.9 thousand, Alior Group 7.5 thousand. As one of the largest employers in Poland, it places special emphasis on the friendly work environment, health and well-being of employees, strengthening their skills and offering a broad range of training and development opportunities



- PLN 5.6 billion – remuneration
- PLN 82 million – PPE/PPK contributions
- PLN 7 million – ZFŚS (the net profit amount allocated to the Company Social Benefit Fund)



Shareholders

PZU has shareholders in more than 50 countries. It is one of the largest Polish companies listed on the Warsaw Stock Exchange. Ever since its debut on the WSE in 2010, more than PLN 25.5 billion was allocated to dividend payments



- PLN 3.5 – dividend per 1 share
- 10.8% – dividend yield
- 20.1% – total (annual) shareholder return (TSR) for PZU shares

Central administration

- PLN 1.5 billion – income tax paid
- PLN 1.3 billion – levy on financial institutions
- PLN 96.7 billion – State Treasury bonds

Local communities



Chapter III, page 161

Climate and environment



Chapter IV, page 179



#SolidarnizUkrainą
#СолідарнізУкраїною



The PZU Group stands in solidarity with the Ukrainian nation and as the situation develops it is undertaking more aid efforts

On 24 February 2022 the armed forces of the Russian Federation launched an attack against Ukraine¹. In the face of war and the declaration of martial law by Ukraine, the Ukrainian companies of the PZU Group implemented the appropriate crisis procedures prepared for such a circumstance. A crisis management team with the participation of management board members, senior managers and representatives of the Ukrainian subsidiaries was established in the Polish head office of PZU SA to monitor the situation on an ongoing basis and make decisions on preventive measures and aid for Ukraine's citizens.

Support for employees of companies in Ukraine

PZU is helping the families of employees of its companies in Ukraine. PZU is providing them with lodging, medical care, psychological support and means of sustenance after they arrive in Poland from Ukraine.

PZU's products for refugees

PZU has initiated an unprecedented campaign in the insurance industry addressed to citizens of Ukraine who cross the Polish border without having compulsory motor insurance. The insurer is covering the cost of the premium for 30-day TPL policies for refugees. They are available from PZU agents who are on duty at border crossing points and by phone at [22 505 15 63](tel:225051563) (this hotline is manned in Polish and Ukrainian).

Persons affected by the war in Ukraine can receive free-of-charge medical care in more than 50 PZU Zdrowie medical centers. PZU Zdrowie provides basic health care and specialist consultations, laboratory tests and diagnostic tests. All citizens of Ukraine who hold a certificate issued by the Border Guard of the Republic of Poland or a stamp from the Border Guard of the Republic of Poland in their travel documents confirming their legal stay in the Republic of Poland upon crossing the border after 24 February 2022 in connection with the armed conflict in Ukraine can take advantage of this support.

The PZU Group is the operator of the First Contact Center Platform set up by the Ministry of Health, which also operates in the Ukrainian language (gov.pl/tpk). It gives Ukrainian citizens arriving in Poland access to the professional assistance offered by the insurer's consultants and physicians - during the night, on weekends and on holidays, i.e. after the working hours of basic health care centers.

Material assistance and support provided through employee initiatives

The PZU Group also supports the initiatives undertaken by employees. They can present their ideas to the PZU Foundation on how to help refugees from Ukraine and obtain financial or organizational support.

¹As of the date of publication of this report war is still being waged in Ukraine.



III.

Social responsibility

In this section:

1. Respect for human rights
2. Employer of first choice
3. Client at the center of attention
4. Rules of cooperation with business partners
5. Social commitment



1. Respect for human rights and diversity

During the past dozen or so years, a number of countries and international organizations, including the United Nations, the Organization for Economic Cooperation and Development, the European Union and the Council of Europe, have taken steps to effectively protect human rights. Of special significance in this process is the document adopted by the UN Human Rights Council in 2011, entitled the “United Nations Guiding Principles on Business and Human Rights”. This document has become a point of reference for the systematization and intensification of activities aimed at protecting human rights in the business context. EU Member States, including Poland, adopted national action plans (NAPs) and responded to the European Commission’s communication on corporate social responsibility and the adoption of NAPs geared towards the espousal of the Guiding Principles. In keeping with the recommendations issued by the United Nations, the European Union and the Council of Europe, Poland’s Council of Ministers adopted another document in this regard on 8 October 2021: “Polish National Action Plan for the Implementation of the United Nations Guiding Principles on Business and Human Rights 2021–2024”¹.

The PZU Group considers respect for human rights and human dignity to be among the essential values of modern society. This view found its formal confirmation in the “Human Rights Policy” adopted by PZU. The PZU Group runs its business also in keeping with the principles of respect for diversity, striving to eradicate any discrimination in access to its services and products, building business relations in a fair and transparent manner. Accordingly, within the PZU Group, respect for human rights forms the foundation for developing relationships with key stakeholder groups, in particular with: (1) PZU Group employees, (2) clients, (3) suppliers and business partners, and (4) all other PZU Group stakeholders.

(1) Respect for human rights and diversity in relations with employees

In relations with employees, activities designed for creating an organization that supports diversity play a pivotal role. Respecting human rights is assigned special significance in the pursued organizational culture policy. This involves counteracting mobbing and discrimination, offering equal

¹ Krajowy Plan Działania na rzecz wdrażania Wytycznych ONZ dotyczących biznesu i praw człowieka 2021-2024, <https://www.gov.pl/web/dyplomacja/ch-onz-dotyczacych-biznesu-i-praw-czlowieka-2021-2024>

„Respect for human rights and dignity coupled with understanding of societal diversity rest at the core of organizational culture and may translate into how investors perceive the company, thereby translating into its bottom line. Values associated with the observance of human rights and diversity are more frequently taken into consideration also by international rating agencies that evaluate companies in terms of environmental, social and governance (ESG) factors.”



Joanna Gorczyca, Director of the Sustainable Development Department

opportunities to all employees regardless of their professional position, gender, age, disability, race, religion, nationality, political convictions, union membership, ethnic origin, denomination, sexual orientation, form of employment – for a specified or unspecified term, on a full-time or part-time basis while simultaneously respecting the right of assembly and the right to strike.

[\(SECTION 2. EMPLOYER OF FIRST CHOICE\)](#)

(2) Respect for human rights in relations with clients

In its relations with clients, the Group applies the highest standards of respect for human rights. Particular emphasis is placed on ensuring privacy, fair terms of non-life insurance and a high quality of healthcare services. Moreover, the PZU Group builds its relations with clients based on the principle of their equal treatment, and none of the products or services offered by the PZU Group are discriminatory in nature. Some of the products offered by PZU are targeted at social groups that are especially vulnerable to breaches of human rights, such as the elderly, children or people with disabilities. Also when making investment decisions regarding exposure to various commercial undertakings, the Group takes into consideration potential risks related to human rights violations. Relationships with clients and product design issues are also

covered by the operational and compliance risk management system. [\(SECTION 3. CLIENT AT THE CENTER OF ATTENTION\)](#)

(3) Respect for human rights in the supply chain

The PZU Group aims to make suppliers more aware of the importance of ensuring respect for human rights in their business – with this objective in mind, the Code of CSR Best Practices for the PZU Group’s Suppliers has been adopted. The document makes it clear that the PZU Group expects its suppliers to respect human rights and counteract any discrimination in the course of their business. The PZU Group makes efforts to ensure diversity in its supply chain by initiating cooperation with large, medium-sized and small enterprises as well as social economy players. The area of observance of human rights and employee rights by suppliers will be among the topics to be covered by the Group’s extended supplier audit program starting in 2022. [\(SECTION 4. RULES OF COOPERATION WITH CONTRACTORS\)](#)

(4) Respect for human rights in relations with other stakeholders

Respect for human rights serves as the groundwork for all relations established and maintained by the PZU Group. It also transpires in the Group’s endeavors pursued with the benefit of local communities in mind. Social involvement campaigns are predicated on two key factors: the most pressing social challenges and the knowledge and competences within the organization. This approach translates into measurable benefits brought to local communities owing to the PZU Group’s contribution to their development and results in improved living conditions. [\(SECTION 5. PZU GROUP’S SOCIAL COMMITMENT\)](#)

1.1. Diversity management

Another key aspect of the observance of human rights is respect for diversity. PZU operates under the patronage of the EU Platform of Diversity Charters. As a signatory of the Diversity Charter in Poland, already in 2013 PZU undertook a commitment to review its own procedures and policies regarding human rights and diversity. These principles have been effectively developed ever since. The Charter emphasizes, among other issues, that diversity belongs to the fundamental values of modern society and that policies of equal treatment and diversity management generate measurable benefits through growth and innovation within the organization. This initiative is coordinated by the Responsible Business Forum.



Bank Pekao has adopted the “Gender Equality and Diversity Policy for Supervisory Board Members, Management Board Members and Key Officers at Bank Polska Kasa Opieki Spółka Akcyjna.” The document defines the Bank’s strategy for managing the diversity of its employees, including with regard to the appointment of Supervisory Board members, Management Board members and individuals discharging key functions within the Bank’s structures. The Gender Equality and Diversity Policy lays down the Bank’s guidelines aimed at empowering employees to manage their careers, reaching for success and evaluating their work on the basis of individual achievements, regardless of gender. In 2021, Bank Pekao became a member of the **United Nations Global Compact** – an initiative conceived by United Nations with a view to uniting business operators in pursuit of sustainable development, including in the area of human rights. PZU intends to join this organization in 2022.

Alior Bank has in place the “Policy for the Selection and Assessment of Management Board and Supervisory Board Members at Alior Bank Spółka Akcyjna”, the purpose of which is to ensure diversity of education, professional experience, age and gender of the Management Board and Supervisory Board members, in particular by ensuring women’s participation in the process of selecting Management Board members and equal treatment of candidates regardless of gender.

Principles supporting diversity and equal treatment span all career stages in the company, starting from the recruitment process to the duration of the employment relationship (employment terms, access to training and development-, opportunities to be promoted) to the termination of cooperation. Under focused recruitment in recruitment processes PZU observes principles of equal access to work for all. The rules of not discriminating on account of gender, age, disability, country of origin or other reasons are observed. Recruitment in PZU relies on the best possible match of candidates’ profiles to the requirements defined in the job description. Similarly, the very same principles are upheld in the Apprenticeship and Internship Program, with all parties enjoying equal access and treated in the very same manner.

PZU is set to develop competences in the effective use of the potential brought to the organization by its diverse teams. It is just one of a number of initiatives aimed at supporting diversified growth and building an inspiring and accountable



workplace (#potential_within_teams). Diversity applies not only to gender, age or origin, but also to individual styles of action, communication and work. In 2021, a diversity management module was included in the scope of basic training for newly appointed managers. A new e-learning course "Collaboration in Diversity" has been prepared for all employees, the purpose of which is to improve the participants' understanding of interpersonal differences, especially between generations, in order to be able to engage in effective collaboration within diverse teams.

PZU participates in professional activation of disabled persons by creating safe working conditions that are adopted to

accommodate their degree of disability. At the end of 2021, PZU and PZU Życie employed a total of 110 people with a confirmed disability.

It is worth emphasizing that the principles of openness and understanding of diversity apply not only to employee-related issues. The diverse needs of clients, on the one hand, present an opportunity to shape the product offering accordingly, and on the other hand, sensitivity to the needs of people at risk of social exclusion provides a stimulus, through the provision of bespoke business solutions, to efforts aimed at finding solutions to specific social problems. Among the special

[GRI 405-1]

Composition of supervisory bodies and employees broken down into employee groups by gender, age and other diversity factors converted into FTEs

Employees by age category and diversity	Percentage of employees in each category in relation to the total number of employees in a given category in PZU and PZU Życie			
	2020		2021	
	Women	Men	Women	Men
<30 years old	59.8%	40.2%	62.0%	38.0%
30–50 years old	62.7%	37.3%	62.7%	37.3%
>50 years old	56.0%	44.0%	56.5%	43.5%
Total by gender	61.2%	38.8%	61.5%	38.5%
Foreigners*	0.1%	0.1%	0.1%	0.1%

*respectively, the percentage of women (foreigners) to the total number of women in PZU and PZU Życie and the percentage of men (foreigners) to the total number of men in PZU and PZU Życie

Employees by employment structure	Percentage of employees in each category in relation to the total number of employees in PZU and PZU Życie			
	2020		2021	
	Women	Men	Women	Men
Management positions	55.3%	44.7%	55.4%	44.6%
Other employees	62.3%	37.7%	62.6%	37.4%
Total by gender	61.2%	38.8%	61.5%	38.5%

Percentage of employees in each category in relation to the total number of employees in PZU and PZU Życie

Employees by employment structure	2020			2021		
	<30 years old	30–50 years old	>50 years old	<30 years old	30–50 years old	>50 years old
Management positions	1.5%	83.2%	15.3%	1.4%	81.4%	17.2%
Other employees	13.5%	68.7%	17.9%	12.1%	69.2%	18.7%

Composition of the Supervisory Board by age category and diversity as at 31 December 2021

Composition of the Supervisory Board by age category and diversity	% share in PZU		% share in PZU Życie	
	Women	Men	Women	Men
<30 years old	0.0%	0.0%	0.0%	0.0%
30–50 years old	9.1%	54.5%	0.0%	28.6%
>50 years old	9.1%	27.3%	42.9%	28.6%
Total percentage by gender	18.2%	81.8%	42.9%	57.1%
Foreigners	0.0%	0.0%	0.0%	0.0%

Composition of the Management Board by age category and diversity as at 31 December 2021

Composition of the Management Board by age category and diversity	% share in PZU		% share in PZU Życie	
	Women	Men	Women	Men
<30 years old	0.0%	0.0%	0.0%	0.0%
30–50 years old	25.0%	50.0%	33.3%	44.4%
>50 years old	12.5%	12.5%	11.1%	11.1%
Total percentage by gender	37.5%	62.5%	44.4%	55.6%
Foreigners	0.0%	0.0%	0.0%	0.0%

groups of clients whose needs are of major concern to the PZU Group are people with disabilities and senior citizens.

[G4-FS14]



The customer service standards in place in PZU branches comprise a “five steps theory” which places particular emphasis on the senior citizens’ needs (e.g. problems with vision, hearing, mobility or comprehension of complex information). The employee guide contains recommendations on how to provide services to senior citizens. In particular, it contains the instruction that the information should be provided in an understandable manner, sometimes more slowly. In 2021, PZU established cooperation with the National Institute of Silver Economy. The Institute’s mission is to acquire knowledge and prepare solutions targeted at adapting the economy and society to longevity. Within the framework of this cooperation, a series of training courses have been created that will provide senior clients with an even better level of service in PZU branches.

Analogous principles apply when serving the disabled, including people with mobility impairment, blind persons or persons with impaired vision, deaf persons or persons with impaired hearing, or people with speech impediments.

Approximately 78% of PZU’s branches offer access to people with disabilities. These branches are partly adapted to the needs of people with disabilities. They are equipped, among others, with appropriate driveways, ramps, platforms, elevators and stair-climbers.

- there are currently no barriers at entrances in approximately 37% of the PZU branches;
- in approximately 40% of the branches, access to the disabled is facilitated through suitable ramps, elevators and other technical equipment.

During the verification of the market and analysis of facilities for lease agreements to be used as newly-opened branches, the accessibility afforded to the disabled is one of the key criteria making buildings eligible to be leased by PZU.

Approximately 43% of PZU branches are equipped with accessible toilets for disabled persons. They have, among others, maneuvering space for wheelchairs and grab rails. With guaranteeing the reduction in the number of obstacles and equal accessibility as their goal, PZU, other business entities

and local governments are participating in a nationwide campaign to “eliminate obstacles” in Poland. The steadily growing number of parking spots for disabled persons across the country is a visible outcome. Efforts have been made in all of the properties owned by PZU and used as parking lots to designate separately marked spots for eligible vehicles. If parking lots are leased then PZU expends effort for the lessor to show its care about creating separate privileged spots.

The company also seeks to meet the needs of parents. Playroom corners have been prepared specially for the children, where the child may freely and safely occupy oneself while the parent is taking care of all the matters related to an insurance policy. As at the end of 2021, there were playroom corners in 13 branches, and in 120 branches children could play with environment-friendly puzzles.

In many cases, a person’s disability is the outcome of an accident. The sudden loss of full physical ability is an extremely difficult experience. In its relationships with clients who have found themselves in such difficult circumstances, PZU’s intention is to provide substantial assistance using the potential of the PZU Group. Among the various examples of such initiatives is the Free Rehabilitation Program for beneficiaries of TPL coverage, which provides assistance to individuals injured in motor accidents and accidents at work. The purposes of this initiative are to:

- Bring the victims back to society;
- Establish treatment and rehabilitation options based on the PZU Group’s potential, making the recovery process faster easier and more effective;
- Facilitate occupational mobilization of the injured.

This initiative supports the injured and their relatives in their day-to-day lives on family and social levels, immediately following the accident. We provide assistance during the treatment and rehabilitation process, using the synergies generated by the PZU Group (network of outlets, network of service providers, cooperation with suppliers).

Another example is the Organizer of Assistance for Accident Victims (under TPL insurance coverage). The Organizer of Assistance provides a comprehensive support program for individuals injured in accidents and their families. Acting as a link between the injured individual and the claim manager, the Organizer of Assistance helps the accident victim find himself or herself in the new reality. Within the framework of

this assistance, the injured individual receives from PZU not only financial support, but above all a helping hand. PZU has committed itself to extend the assistance program to a total of 350 people by 2024. Specifically, the following forms of assistance will be provided:

- Care for the accident victim after leaving the hospital – we assist in finding psychological support for the victim and his or her family to maintain/gain the injured individual’s commitment to change,
- We run programs to provide treatment (operations), rehabilitation and prostheses,
- Assistance in finding information about local medical facilities (including PZU Zdrowie) and obtaining funds from the State Fund for the Rehabilitation of the Disabled and other sources,
- Assistance in adapting the injured individual’s apartment and driveway to the new circumstances,
- Cooperation with local employment offices and employers. Owing to the knowledge of the local labor market and its needs, we organize training courses in order to help retrain accident victims to facilitate their finding a different job,
- Psychological support in the form of stationary therapeutic and recreational camps for children and their families suffering from trauma caused by an accident or death of a parent,
- Psychological support in the form of in-home or remote psychological support provided to individuals traumatized by an accident or disease,
- Legal information upon obtaining a court permit to enter into a settlement in a personal injury case in favor of a minor.

PZU also cares about the needs of the disabled in its prevention initiatives. An example of such initiatives is the comprehensive service provided to disabled drivers and passengers. In collaboration with the SPiNKa Association of Disabled Drivers, PZU takes care of the needs of disabled drivers and passengers. This long-term cooperation bears fruit in the form of financial support to individuals suffering from various disabilities (movement, speech or hearing), whose active day-to-day existence requires a specialist technical adaptation of their vehicle for driving or transportation. Beneficiaries who wish to be professionally and socially active may obtain funding for the costs of specialized adaptation of their motor vehicle and thus be able to move around and go about their lives independently. Financial support may also be

obtained by entities involved in the adaptation of vehicles to provide various services (e.g. driving lessons) and those that are actively involved in creating conditions for the disabled to benefit from the opportunities offered by the automotive industry. Importantly, vehicle adjustments are provided based on new types of devices that improve the comfort of vehicle use by drivers with disabilities, and most of these devices are manufactured in Poland. Every year, PZU supports the adaptation of vehicles for tens of drivers.



2. Employer of first choice



We respect one another - “Respect is visible in our attitude and approach to others who have placed their trust in us. We do not tolerate any forms of discrimination. Every person who witnesses these types of practices in the PZU Group should report them without fear. We respect persons employed in all positions and we value their contribution in the work of the entire team. We are of the opinion that the diversity of roles and variety of character and personality traits build the entire organization’s success.”

Area-specific risk: The risk associated with difficulties in recruiting qualified staff pertaining, in particular, to areas characterized by narrow specialization and those where candidates with unique competences are sought.

Approach to management: The risk is mitigated owing to the high PZU brand awareness among labor market participants. In communication targeted at candidates, various advantages of PZU are emphasized, including: stability of employment, diverse development opportunities, a cafeteria of fringe benefits highly valued by staff, serious approach to a healthy work-life balance, introduction of hybrid forms of work, care for the wellbeing of staff (pursuit of the #DobryStan (#WellBeing) strategy).

Candidates are searched for in alternative sources, such as social media and industry-specific online platforms, various tools are applied to facilitate the search for candidates, in particular in the technological area.

Key regulations: Human resource management policy in the PZU Group

[GRI 103-2]

PZU’s ambition, as defined in the strategy for 2021–2024, is to be the employer of first choice in the markets covered by the Group’s business. The intention is to achieve the Group’s objectives relying on a committed, motivated and professional workforce enjoying the benefits of a friendly and inspiring workplace. To make this possible, 6 main strategic initiatives have been launched with a view to developing the potential of PZU employees: :

- **#JednoPZU (“OnePZU”)**– development of effective cooperation between business areas, increasing the speed of actions and the quality of solutions implemented;
- **#KompetencjePrzyszłości (#CompetencesOfTheFuture)** – development of a culture of innovation and of the ability to quickly respond to challenges and create market trends;

„We have adopted a complex and long-term approach to employee development. Above all, we listen to what our employees have to say about their needs and then we evaluate these expressed needs carefully, because we believe it is the most effective way to build partnership-based relations. This kind of open dialog and employee satisfaction surveys enable us to better understand both the needs in the areas of career development and self-fulfillment and the needs related to personal lives and wellbeing. This mutual understanding significantly affects the degree of employee engagement, which translates not only into the business efficiency of our organization, but also into the market image of PZU as an attractive employer.”



Anna Wardecka, HR Managing Director, PZU and PZU Życie

- **#TopTalenty (#TopTalents)**– retaining employees with key competences and attracting the best talent on the market thanks to our image of being a desirable employer;
- **#PotencjałZespołów (#PotentialOfTeams)** – effective use of the potential brought to the organization by its diverse teams;
- **#ZaangażowaniePracowników (#EmployeeEngagement)** - continuation of an effective dialogue with employees with a view to building an engaging working environment together.
- **#Dobrostan (#Wellbeing)** – taking care of the broadly construed wellbeing of staff and preventing declines in their performance or efficiency.



The fundamental document regulating the issue of managing employee matters is the Human Capital Management Policy in the PZU Group adopted in 2018. This Policy’s objective is, in particular, to support to the execution of the

PZU Group strategy by doing the following:

- safeguarding business needs in human capital management;
- ensuring coherent and integrated rules for human capital management;
- conducting coherent actions in human capital management.

In addition, topics related to managing employee issues have been captured in the Best Practices of the PZU Group that define:

- common values and rules for ethical management;
- working conditions (among others remuneration policy, benefits unrelated to pay);
- competence development;
- occupational safety and health.

[GRI 102-8] Data pertaining to employees and other persons working for the organization

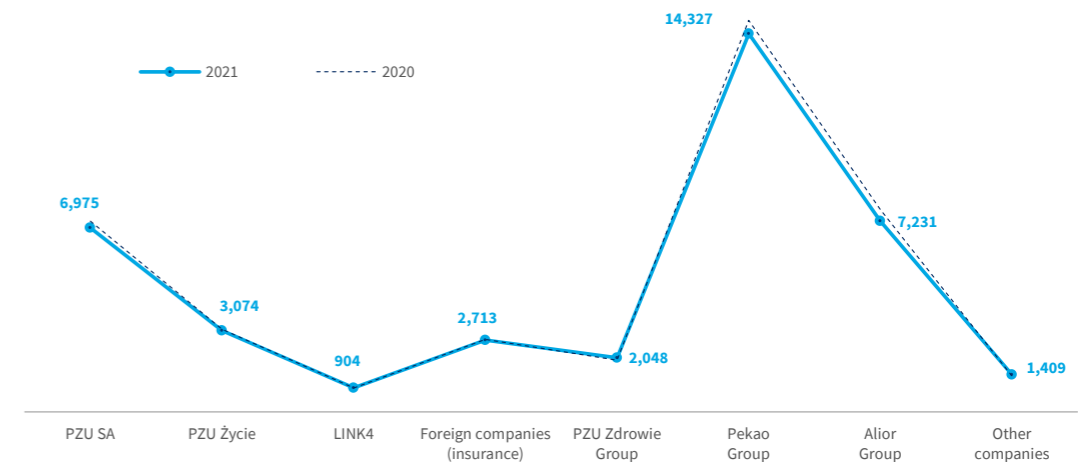
At the end of 2020, the PZU Group had 38 666 employees (converted into FTEs), 26% of them were employed in PZU and PZU Życie, 5% % in the health area, 19% in the Alior Bank Group, 37% in the Pekao Group and, and 7% % in foreign companies.



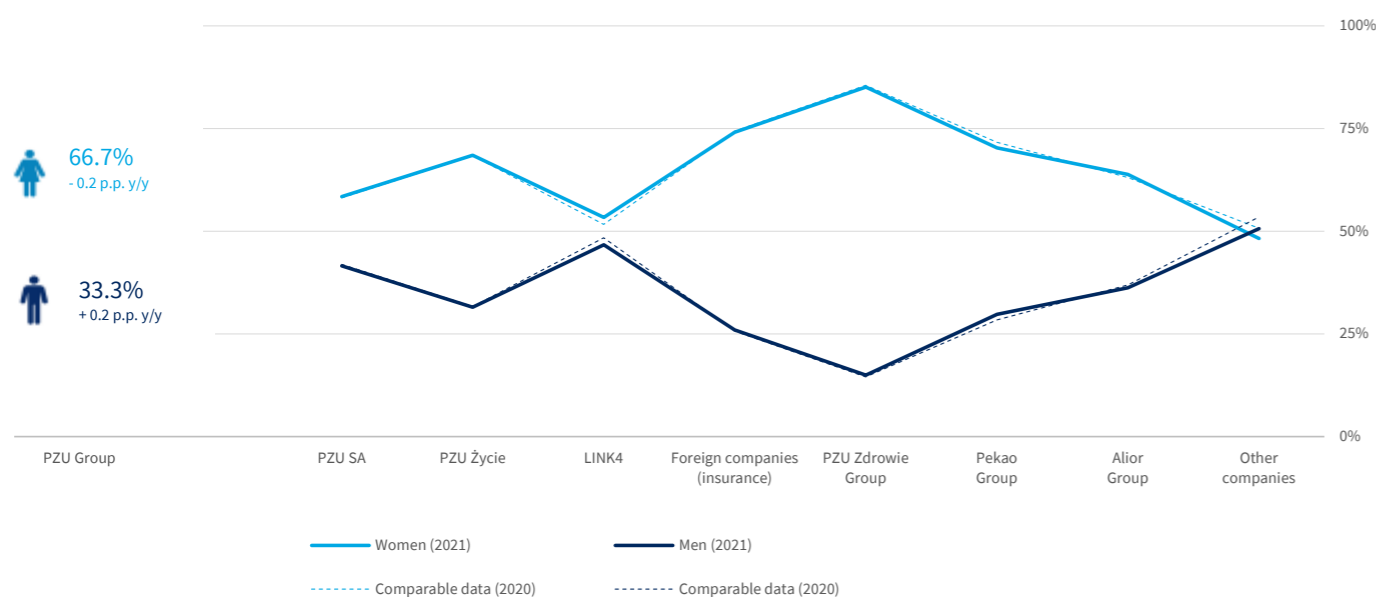
Total number of employees (converted into FTEs)

PZU Group

2021: 38.7 thous.
2020: 39.9 thous.



PZU Group employees by gender (converted into FTEs) in 2020 and 2021

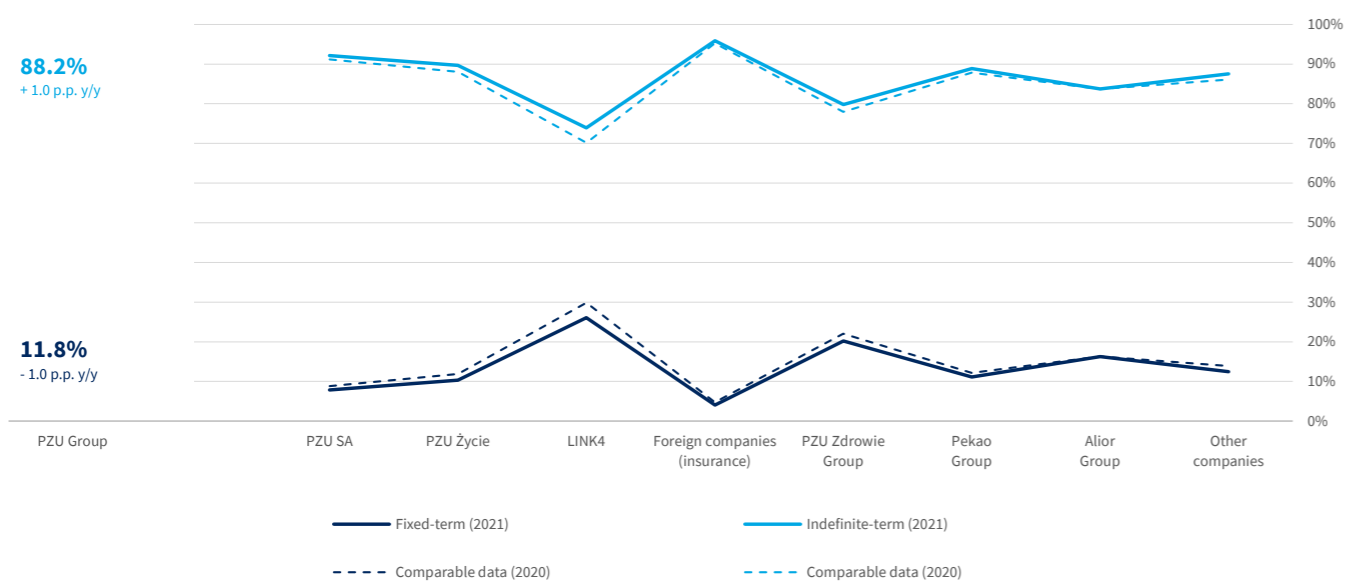


Women account for the majority of employees across the PZU Group (66.7%).

This percentage is 70.2% in the Pekao Group. Women account for a vast majority also in our foreign companies, i.e. 74.0%.

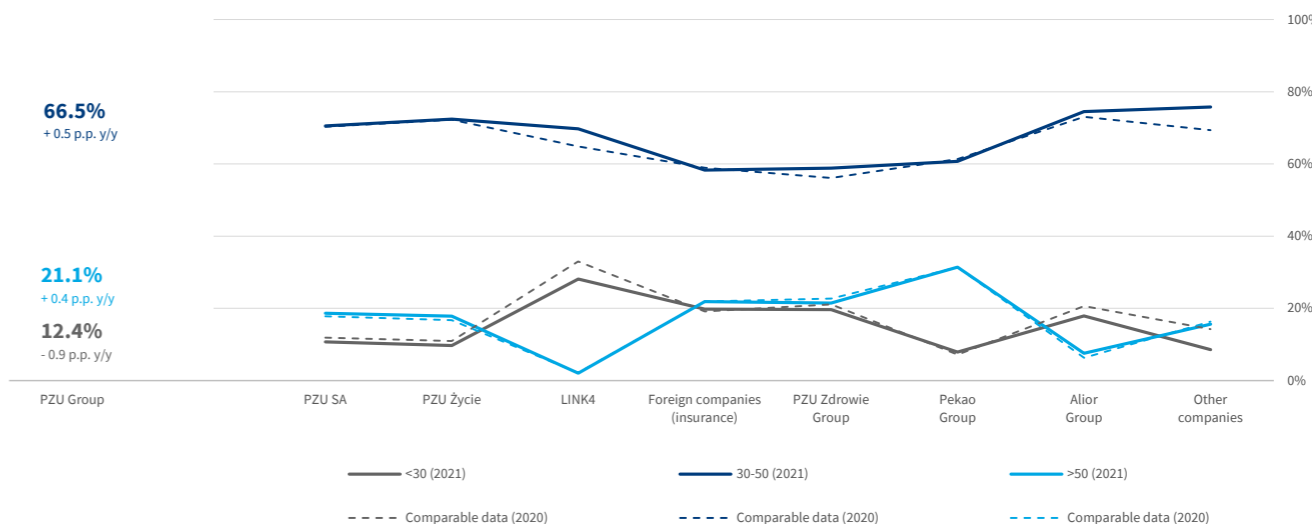
Women constitute the largest percentage of the staff of PZU Zdrowie and its subsidiaries – 85.1% of the persons employed.

PZU Group employees by type of contract (converted into FTEs) in 2020 and 2021



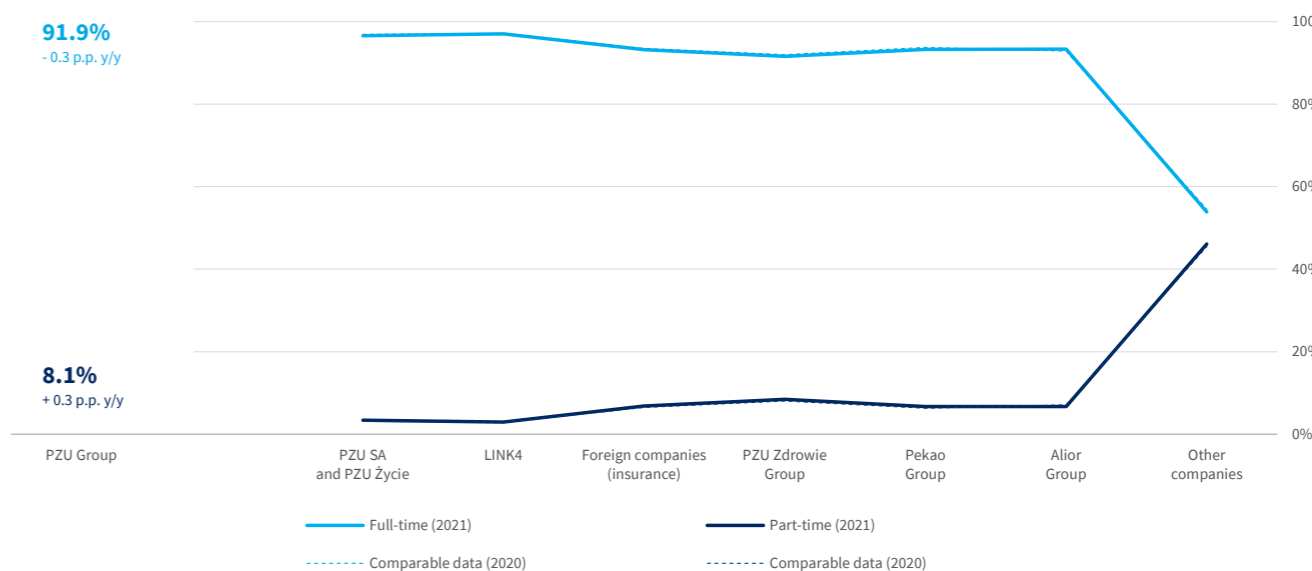
In the PZU Group, 88.2% of employees work under employment contracts executed for an indefinite term. The highest percentage of staff (converted into FTEs) who work under employment contracts for an indefinite term is in foreign companies (95.9%), and the lowest is in LINK4 – 73.9%.

Total number of employees by age group (converted into FTEs) in 2020 and 2021



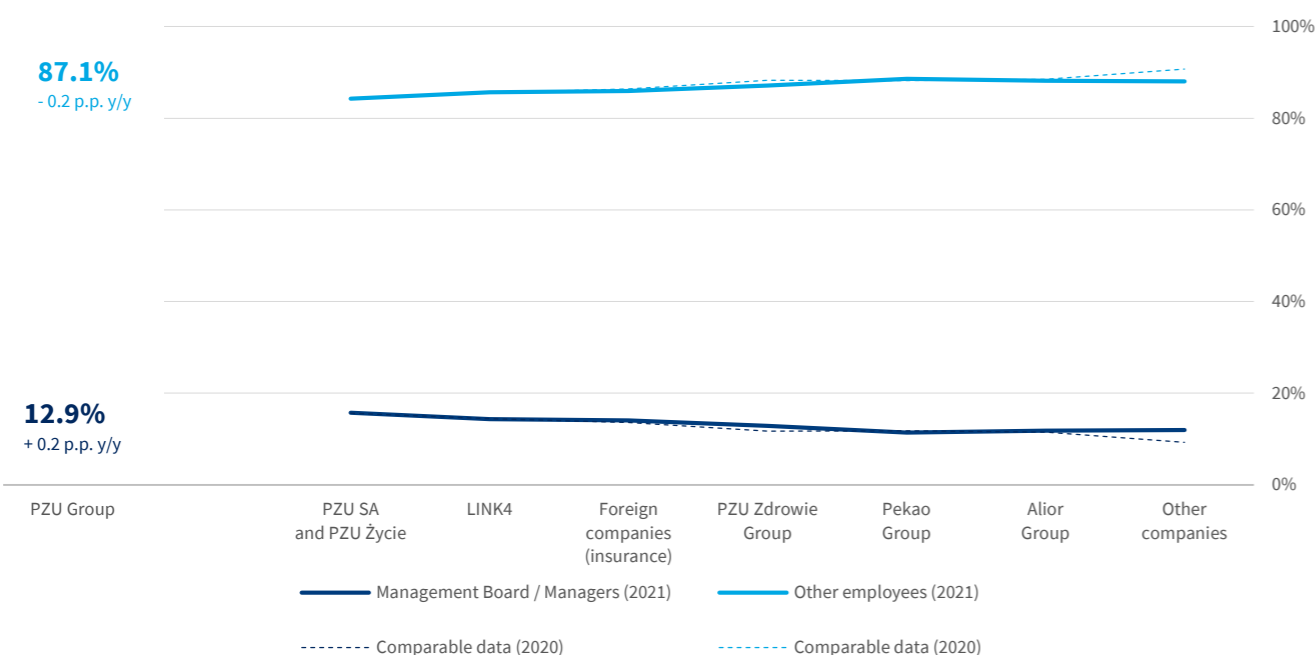
Among the three age groups identified above, the most numerous is the group of employees aged 30–50: it comprised 66.5% of employees in 2021 and 66.0% in 2020. LINK4 employs the largest number of individuals under 30 (28.2% in 2021). Conversely, the Pekao Group has the largest number of employees over 50 (31.4% w 2021 roku).

Employees by FTE portion (converted into persons) in 2020 and 2021



Most PZU Group staff are employed full-time: -91.9%. The highest percentage of the staff are employed on such terms in LINK4 (97.0%).

PZU Group Employees by employment structure (converted into persons) in 2020 and 2021



In PZU Group's employment structure did not change significantly in 2021. Persons employed in managerial positions accounted for 12.9% of the total, much like one year earlier 12.7%. In the PZU Group, it is PZU and PZU Życie the largest percentage of persons holding managerial positions

relative to the total number of staff (15.8%). In other companies of the Group, this ratio was as follows 14.3% in LINK4, in PZU Zdrowie 13%, 11.4% in the Pekao Group, 11.9% in the Alior Bank Group, 14.1% in foreign companies.

[GRI 401-1]

Total number of newly-hired employees by gender (converted into FTEs)

Total number of employees by:	PZU					
	2020			2021		
	Number of employees	Number of newly-hired employees	Percentage of newly-hired employees	Number of employees	Number of newly-hired employees	Percentage of newly-hired employees
Women	4,197	270	6.4%	4,075	265	6.5%
Men	3,027	175	5.8%	2,900	185	6.4%
Total	7,224	446	6.2%	6,975	450	6.5%

PZU Życie

Total number of employees by:	2020			2021		
	Number of employees	Number of newly-hired employees	Percentage of newly-hired employees	Number of employees	Number of newly-hired employees	Percentage of newly-hired employees
Women	2,140	150	7.0%	2,106	155	7.3%
Men	991	88	8.9%	968	85	8.8%
Total	3,130	239	7.6%	3,074	240	7.8%

Total number of newly-hired employees by age (converted into FTEs)

PZU

Total number of employees by age:	2020			2021		
	Number of employees	Number of newly-hired employees	Percentage of newly-hired employees	Number of employees	Number of newly-hired employees	Percentage of newly-hired employees
<30	858	207	24.2%	750	204	27.2%
30-50	5,081	230	4.5%	4 922	232	4.7%
>50	1,285	8	0.6%	1 303	14	1.1%
Total	7,224	446	6.2%	6 975	450	6.5%

PZU Życie

Total number of employees by age:	2020			2021		
	Number of employees	Number of newly-hired employees	Percentage of newly-hired employees	Number of employees	Number of newly-hired employees	Percentage of newly-hired employees
<30	344	93	27.0%	298	98	33.1%
30-50	2,263	143	6.3%	2,227	131	5.9%
>50	524	3	0.6%	549	10	1.9%
Total	3,130	239	7.6%	3,074	240	7.8%

Total number of cases of attrition among employees by gender (converted into FTEs)

Total number of employees by:	PZU					
	2020			2021		
	Number of employees	Number of cases of attrition among employees	Percentage of cases of attrition among employees	Number of employees	Number of cases of attrition among employees	Percentage of cases of attrition among employees
Women	4,197	258	6.2%	4,075	380	9.3%
Men	3,027	203	6.7%	2,900	307	10.6%
Total	7,224	461	6.4%	6,975	687	9.8%

PZU Życie

Total number of employees by:	PZU Życie					
	2020			2021		
	Number of employees	Number of cases of attrition among employees	Percentage of cases of attrition among employees	Number of employees	Number of cases of attrition among employees	Percentage of cases of attrition among employees
Women	2,140	162	7.6%	2 106	210	10,0%
Men	991	104	10.5%	968	128	13,2%
Total	3,130	266	8.5%	3 074	339	11,0%

[GRI 405-2]

Total number of cases of attrition among employees by age (converted into FTEs)

Total number of employees by age:	PZU					
	2020			2021		
	Number of employees	Number of cases of attrition among employees	Percentage of cases of attrition among employees	Number of employees	Number of cases of attrition among employees	Percentage of cases of attrition among employees
<30	858	129	15.0%	750	159	21.2%
30-50	5,081	237	4.7%	4,922	379	7.7%
>50	1,285	95	7.4%	1,303	149	11.4%
Total	7,224	461	6.4%	6,975	687	9.8%

PZU Życie

Total number of employees by age:	PZU Życie					
	2020			2021		
	Number of employees	Number of cases of attrition among employees	Percentage of cases of attrition among employees	Number of employees	Number of cases of attrition among employees	Percentage of cases of attrition among employees
<30	344	53	15.3%	298	71	23.8%
30-50	2,263	169	7.5%	2,227	204	9.2%
>50	524	45	8.6%	549	63	11,5%
Total	3,130	266	8.5%	3,074	339	11.0%

Total number of voluntary terminations and dismissals converted into FTEs in the PZU Group:

- in 2020: 5,930
- in 2021: 6,522

Turnover ratio among all PZU Group employees hired under employment contracts:

- in 2020: 14.9%
- in 2021: 16.9%

The indicator also includes internal rotation between PZU/PZU Życie and other companies of the PZU Group.

2.1 Working conditions and employee compensation



Everyone has equal opportunity - "Our relations are predicated on this principle. Employees have equal opportunity and chances in all the processes in the PZU Group, from recruitment to performance assessment, promotion, professional development to participation in training. Gender, age, degree of ability, nationality, faith, political convictions, trade union membership, ethnic background, sexual orientation and nature of employment are of no consequence.

Area-specific risk: Risk of overrunning the personnel budget, i.e. risk related to the need to hire an employee for an amount higher than budgeted in connection with lack of qualified employees in the labor market. Unbudgeted employee hiring.

Approach to management: In order to mitigate this risk, the PZU Group has implemented a financial planning procedure in the PZU Group. As part of this procedure, reserve financing to fund this type of hiring is used, or, as a last resort, the central budget reserve is used. Due to its limited size, there is a risk of overrunning the budget.

Key regulations: Financial Planning Procedure in the PZU Group

[GRI 103-2]

PZU Group companies offer their staff a friendly environment and work atmosphere coupled with equal development opportunities for all. Employees' work-life balance is held in high regard by PZU. The company provides safe forms of employment, discharges on a timely basis its financial liabilities to employees and applies clear principles in the operation of our organization. Employees of Group companies make a contribution to streamlining the operation of the company.

The PZU Group provides its employees with equal opportunities for development to enhance their skills, being promoted and compensation, while having regard for employees' individual potential, their accomplishments and work performance.



PZU Group companies have in force rules and regulations pertaining to bonuses and commissions. The high quality of the work done by people employed in the Group is therefore additionally rewarded.

The basis for determining an employee's base salary is the evaluation of the job in question, the competences held by the employee and, in respect of variable components of employee compensation, his or her performance appraisal.

In 2016, PZU and PZU Życie adopted "Compensation Policies" which are subjected to annual reviews and, if needed, updated accordingly. Above all, the purpose of this document is to ensure that our employee compensation systems are in line with the company's risk profile, that we achieve our intended business result and that we attain our business objectives within the framework of the risk limits prescribed by the Management Boards. It is also important to motivate employees to enhance their work efficiency constantly and ramp up their commitment while simultaneously linking their pay to the performance of the companies, organizational cells or units in which they are employed.

ESG strategy indicator: ESG goals in the annual objectives set for the management team

In 2021, in PZU and PZU Życie, the directors responsible for the pursuit of the ESG strategy saw, for the first time ever, the Group's ESG goals included in their annual objectives. The degree of attainment of these goals translates into the value of variable compensation to be received by these directors. Owing to the setting of the ESG goals, the whole organization is involved in the pursuit of the ESG strategy. Sustainable development has been embedded into the company's operating endeavors

In the PZU Group companies, employee compensation policies or rules and regulations have been implemented in order to lay down the guidelines and principles for calculating the value of employee compensation in a manner consistent with the strategy of the respective company, conducive to the attainment of goals and boosting the Group's competitiveness on the labor market.



Bank Pekao has adopted the Compensation Policy of Bank Polska Kasa Opieki Spółka Akcyjna which reflects the mission and values of Bank Pekao's approach to employee compensation systems. In particular, it

defines the rules governing the fundamental issues related to remuneration, structure management, corporate and organizational processes; confirms the requirements for compliance of the adopted employee compensation systems with generally applicable laws; defines the principles of monitoring market practices and the approach to the issue of employee compensation systems focused on ensuring the sustainability of the Bank's operations.

Alior Bank's employee compensation area is governed by the Compensation Policy the purposes of which include: maintenance of a transparent relationship between individual performance and individual reward by focusing on goals related to accountability and actual impact; promotion of sound and effective risk management and discouragement of

excessive risk-taking; support for the pursuit of the sustainable growth strategy and prudent risk management policy; avoidance of conflicts of interest; ensuring that employees act in the best interests of customers, including through the provision of comprehensible and transparent information about the available services and products.

The adopted policies and documents provide equal opportunities to employees for development, improvement of skills and promotions. The remuneration system depends on the type of the work performed, the value of the position for the company, the employees' competences, required skills, job appraisal and market remuneration levels. The company prevents discretion as regards remuneration, among others through setting transparent, non-discriminatory fixed compensation levels for the same type of work or work with the same value, reflecting primarily appropriate professional experience and organizational responsibility defined in the job description.

The value of the Gender Pay Gap ratio, showing the difference between salaries received by men and women, is a confirmation of equal treatment and the absence of discrimination based on gender.

[GRI 405-2]

Average base salary ratio of women to men: Gender Pay Gap (GPG)

Average base salary ratio of women to men in 2021*	PZU and PZU Życie	PZU	PZU Życie
senior management	99%	97%	99%
management positions	96%	96%	97%
expert positions	95%	96%	94%
specialist positions	96%	96%	95%
all employees	96%	96%	96%

*population-weighted remuneration ratio in individual groups by location and evaluation level



Social responsibility

2.1.1. Fringe benefits



Most PZU Group companies have adopted the rules and regulations of the Company Social Benefit Fund.

PZU Group employees are covered by collective agreements, including the Company Pension Agreements. Employee Capital Schemes have been implemented in companies where there was previously no ECS to provide additional retirement security.



PZU and PZU Życie offer their employees a broad range of fringe benefits tailored to their diverse needs. The main benefits include:

- Employee Pension Scheme – a pooled investment program the purpose of which is to collect additional funds for the employees’ future retirement benefits; the employer’s contribution is equal to 7% of the employee’s salary,
- benefits from the Company Social Benefit Fund, which employees may adjust in accordance with their specific needs, include, in particular: co-funding of employee vacation options, holiday grants, financial assistance (for instance, in the form of renovation and modernization loans, non-returnable allowances) and a cafeteria system in which the funds granted may be spent on the purchase of various cultural, tourist or sports events or services,
- health benefits – comprehensive private medical care services provided by PZU Zdrowie which may also be provided to relatives and parents, insurance for medicine and supplement of up to 100% of employee compensation in the case of special sickness absences (e.g. due to cancer),
- group life insurance on preferential terms,
- special discount for employees on selected products offered by PZU,
- access to the PZU Cash platform,
- promotional terms for employees signing up for an individual pension security account offered under the PZU Voluntary Pension Fund – exemption from fees that are normally charged on contributions for a period of 5 years from the date of enrollment,
- management package for senior management,
- support for activities pursued by employees outside their workplace, including by providing opportunities to

participate in the sports activities of the PZU Sport Team and in employee volunteering initiatives, for which staff members may receive additional 2 days off.

BEST PRACTICE

CASH

Cash is an innovative employee financial benefit platform created by PZU and Alior Bank. Employees of the companies collaborating with PZU Cash may quickly obtain attractive financial products – including a low-interest loan for any purpose, a mini loan that acts as an early payment of regular employee compensation, or a consolidation loan. The process of applying for a loan is fully remote. The term of the loan is between 3 and 36 months and the maximum loan amount is PLN 50 thousand. Employees do not have to remember about the repayment date, because the installments are deducted automatically from their remuneration, which is a convenient solution. The Cash portal combines the needs of both employees and employers while bringing mutual benefits. Employees can easily obtain extra cash from a safe source with no hidden costs or additional conditions. Employers, in turn, can offer additional financial benefits to employees.

At the end of 2021, more than 100,000 employees of large companies and over 200,000 employees of small and medium-sized enterprises (under simplified arrangements for the SME sector) were offered the opportunity to make use of the Cash platform..

BEST PRACTICE

Total Rewards Statement

Since 2021, PZU and PZU Życie employees receive the personalized Total Rewards Statement (TRS) presenting their total remuneration for the previous year. The report presents all financial rewards received from the employer, including non-salary benefits used. It additionally contains information on other available benefits and forms of support from the employer.

2.1.2. Well-being of employees

The PZU Group puts special emphasis on the health and well-being of its employees. Using modern technologies, we support our employees to make sure they keep fit and mentally healthy. We are absolutely convinced that the commitment and satisfaction of employees also stem from their well-being. Therefore, caring for this aspect of employees’ lives is a duty of the employer.

GRI 103-2

New version of the #DobryStan (#WellBeing) initiative – well-being strategy

The PZU Group conducts regular employee engagement surveys. In accordance with the adopted schedule, the last such survey was carried out in December 2021. The survey was held simultaneously in 12 Group companies: PZU, PZU Życie SA, PZU CO SA, PZU Zdrowie SA, TUW PZUW, TFI PZU, PTE PZU, PZU POMOC, PZU Finanse Sp. z o.o., PZU CASH, Tower Inwestycje Sp. z o.o. and Ogrodowa Inwestycje Sp. z o.o. Much like in previous years, the same methodology was applied when the survey was entrusted to the Spencer Stuart Company, thus enabling a consistent tracking of trends and an evaluation of the interventions made in the meantime.

In addition, PZU regularly asks employees about the feeling of control and assessment of work-life balance and about how the company supports employees in their maintenance of a stable mental condition. These actions were intensified during the pandemic and the rapid changes in the work methods. Based on an analysis of the outcome, actions may be taken in response to the challenges pointed out by employees.

However, the most important decision following from our surveys and recommendations was the adoption of a systemic approach to the issue of well-being in PZU and PZU Życie. The outcome that followed was the development of the #DobryStan (#WellBeing) strategy based on the immediate and current needs of the organization as well as the opinions and needs of employees.

As part of the #DobryStan initiative, the following 3 main areas forming the pillars of the strategy have been identified:

- Life energy – focuses on the development of awareness and learning what behaviors and attitudes translate into a high level of physical, emotional and mental energy, and provides professional knowledge about medical prevention.

- Mental resilience – teaches how to cope with the rapid pace of life and work and how to support employees, managers and whole teams in keeping a stable psychophysical condition. Also, it offers education about solutions and support tools for employees who have found themselves in difficult life situations.
- Work style – focuses on a modern, responsible and flexible work environment which is conducive to effective work and enables employees to find a proper work-life balance. Promotes knowledge and skills associated with effective working methods, consistent with human biology. Monitors working styles and creates solutions to support employees in maintaining work-life balance and to contribute to their engagement and satisfaction.

The #DobryStan strategy was devised based on a review of trends prevailing in the labor market and consultations with team leaders and employees, in consideration of the challenges posed by the pursuit of PZU’s business strategy for 2021–2024.

The #DobryStan strategy calls for activities that address all 4 levels of the company’s operation: employee and leader, team, business area, and the whole organization.

- **Level 1. Employee and leader:** activities include training, competitions, discussions, promotion of technological solutions;
- **Level 2. Team:** activities include group challenges, for instance teams will be invited to create contracts based on good labor principles;
- **Level 3. Organizational unit:** each unit will be invited to discuss and deploy practices that promote care for vital energy and mental health, taking into account the specificity of operation of the respective area;
- **Level 4. Whole organization:** activities include initiatives focused on all employees, specifically on solutions that enhance performance, efficiency and degree of engagement.

In 2021, a number of activities were carried out in the spirit of the #DobryStan strategy:

- launch of the Employee Assistance Program (EAP) #rozmawiajMY (#Let’sTalk) helping employees to obtain assistance in various challenging situations;
- meetings with experts aiming to present up-to-date verified knowledge about physical health (preventive medical



- testing, vaccinations, healthy diet, healthy exercises, oncological prevention) and mental health (mental resilience, emotion and energy management, relaxation techniques, counteracting burnouts);
- assistance to newly appointed managers – supportive and engaging leadership both in terms of building one’s own mental resilience and the resilience and engagement of teams; 245 managers participated in the workshops;
- assistance to employees in crisis situations, e.g. through education, building openness and awareness of the challenges related to health, mental condition and changing working conditions in the immediate business environment, facilitation of access to specialists;
- provision of various forms of development: a cycle of webinars, training courses and workshops, including on efficiency and cooperation in hybrid work arrangements, access to an online training platform, numerous information and educational campaigns promoting healthy habits and healthy lifestyles.

The culmination of educational and promotional activities for employees in 2021 was a #DobryStan conference on work-life balance. Employees had the opportunity to learn about the strategy and key issues related to vital energy, mental resilience and work style optimization.

Also other Group companies run their own programs to support the well-being of employees. The Harmony of Life is a well-being program run by LINK4, designed to address the needs of employees in the area of self-development and mental and physical well-being. The program provides an opportunity to benefit from a number of initiatives in the form of webinars, workshops and online sports classes. Its activities are based on the needs reported by the employees themselves.

The program curriculum includes:

- webinars and workshops on healthy eating, increasing consumer awareness, developing mental resilience, coping with stress and applying a positive psychology approach in practice;

- online sports classes where participants may benefit from a broad range of options – from leisurely yoga classes to intense fitness exercises;
- employees are free to choose which classes or webinars they want to join.

All events are recorded for sharing on the intranet for everyone interested in participation at a time of their choosing. All events are delivered by outsiders who are experts in their respective fields.

LINK4 also notes the needs of its employees who are parents and supports them in combining these two roles through a program of family-friendly actions. The support concerns:

- legal regulations concerned with care for a child under 14, care allowance, holiday leaves and other situations which might be difficult from a parent’s point of view;
- celebrating special occasions – gifts for children on Children’s Day or a welcome package for mothers returning to work after maternity leave.

Lietuvos Draudimas has prepared the “I feel good” program the purpose of which is to reduce absenteeism and improve employee engagement.

Among the tools provided under the program is a personal development site on the intranet with video lectures, suggested training sessions and podcasts. The company holds physical exercise classes – LD 100 year’s walk challenge – in 2021, employees walked a total of 100 million steps (equivalent to 1.78 times around the world). Also, the company supports employees in organizing their workplace while working remotely. Eligible members of staff received a grant of EUR 200 each to install or upgrade their remote workplace.

BEST PRACTICE

Recipe for good cooperation



The “Recipe for good operation” is a collection of attitudes and behaviors appreciated by PZU employees in cooperation.



The company educates its employees that the quality of client experience is influenced not only by those who directly serve them but also, for instance, by those responsible for products, administration, maintenance of IT systems or recruitment of new staff. This is why relations between employees are so important. In 2021, as part of the “Recipe for good cooperation”, four surveys on collaboration were organized followed by workshops devoted to the development of improvement actions. The participants of the surveys and workshops included: PZU’s Enterprise Resource Planning Center in Opole, PZU’s Employee Operations Center in Piła, the Operational Support Department and the Remote Customer Service Center. Activities scheduled for 2022 include continued promotion of the Recipe in the organization and at least 5 cooperation quality surveys followed by improvement workshops.

PZU KUDOS

In 2021, the proprietary PZU Kudos app was launched enabling employees to share positive feedback with their colleagues. The app is available through the PZU24 platform and is very intuitive and user-friendly. This initiative was very favorably received by employees, and, during the first week of its launch, over 900 kudos were sent. Scheduled for 2022 is the rollout of new kudos templates and continued promotion of the app.

BEST PRACTICE

Dispersed-Connected – support for effective work in the hybrid model



The hybrid model redefines the conditions of work for PZU staff. Their existing habits and methods of operation may turn out less effective when applied in the same manner both in the office and at home. Work in the new ‘dispersed’ reality poses completely new challenges. In order to maintain a high degree of work efficiency in the new model, a special Dispersed-Connected program has been launched in PZU. The program is aimed at all employees willing to participate in it. Its goal is to develop new competences, promote good practices and let employees and managers learn practical tools useful in their day-to-day work.

Training topics designed for all employees:

- Managing the information overload;
- Conducting effective meetings;

- Getting ready for changes in the hybrid world;
- Internal motivation to act.



Training topics designed for managers::

- Building trust in a dispersed team;
- Effective online meetings;
- Setting objectives, coordinating activities and monitoring performance in a dispersed team;
- Maintaining motivation and engagement in a dispersed team.

Within each module, various forms of learning are used – webinars, instructional videos, educational materials for independent work and a chat with a trainer.

These activities attracted a great degree of interest from employees – 2.3 thousand staff participated in live events. Educational materials in the form of recordings, e-learning tools and PDF files are available to employees. The program will be continued in 2022..



2.1.3. Inclusive organizational culture

Area-specific risk: The risk of failure to respect employee rights by unequal treatment of employees, discrimination of employees and cases of mobbing and discrimination

Approach to management: No actions or behaviors having the features of mobbing are tolerated by the employer in any way. This approach deals with the prevention of mobbing and discrimination. Appropriate procedural, process-based, preventive and training measures have been implemented (such as compulsory training for managers entitled “Counteracting mobbing and discrimination in the workplace” and training for all staff on effective cooperation in diverse teams).

Key regulations: Human Rights Policy, Anti-Mobbing Procedure

[GRI 103-2] [GRI 406-1]

A major contributing factor to the creation and development of an inclusive organizational culture is the taking of steps to counteract and eradicate all mobbing, intolerance or other forms of discrimination. Legal acts including the Work Rules and Regulations and the Internal Anti-Mobbing Procedure are in place to support the fight against mobbing. The Internal Anti-Mobbing Procedure currently in force was introduced by a directive issued by the President of the Management Board and is applicable to all employees regardless of the position held, while employees are familiarized with it at the outset of their employment. This procedure simply defines the actions to be taken in the event mobbing transpires in the organization. It has not required any change for more than a decade because of its suitability and simplicity, which is an additional guarantee of stability and the consistency of the actions taken by PZU to counteract mobbing.

An Anti-Mobbing Commission has been appointed to verify unacceptable behaviors. It reviews employee complaints and investigates each signal of behaviors that may have the features of mobbing. Persons with an education in law and psychology sit on the Anti-Mobbing Commission. Starting in 2022, the Anti-Mobbing Commission will also be involved in the examination, in addition to mobbing complaints, of reports

concerning discrimination, unequal treatment in employment and other related matters.

Starting in December 2020, all employees have to undergo a new e-learning training course entitled “Counteracting mobbing and discrimination in the workplace”. In addition to mobbing-related issues, the training provides information on prevention of discrimination and equal treatment in employment opportunities.

The “report the incident” procedure also operates in the organization; it enables employees to report information about breaches of rules using an Intranet platform.

Regulations in subsidiaries



The Group companies have anti-mobbing policies and internal procedures in place. In the case of companies with a low headcount, no separate regulations pertaining to prevention of mobbing have been implemented. The

companies comply with the general document, Best Practices of the PZU Group, which indirectly regulates the conduct in a mobbing situation, and the Human Rights Policy adopted by the PZU Group.



In the Pekao Group, the aim is to develop appropriate conditions and create a mobbing-free work atmosphere. Bank Pekao has adopted the Anti-Mobbing Policy of Bank Polska Kasa Opieki Spółka Akcyjna. This

document lays down the rules for counteracting any action or conduct indicative of mobbing; additionally, it aims to underpin the execution of labor law regulations with respect to the obligation of combatting mobbing. The Bank applies a zero-tolerance policy towards mobbing actions or behaviors in relation to employees (including manifestations of sexual harassment), with proper consequences immediately imposed on perpetrators. In accordance with the provisions of the Anti-Mobbing Policy, each reported case is examined by the Anti-Mobbing Committee – a collective body appointed by the employer to investigate mobbing-related complaints.

In the Alior Bank Group, the personal dignity issue is taken care of in the Code of Conduct applicable to employees of all its member companies. The Code contains guidelines on applying the principles of professionalism and respect in the workplace

as well as the principles of good manners, openness toward diversity and tolerance.

Alior Bank has a policy of creating a working environment free of undesirable behavior. According to its regulations, the principles in force in the Bank pertain, among others, to the following: counteracting mobbing and sexual harassment, offering equal opportunities to all employees regardless of their gender, age, disability, race, religion, nationality, political convictions, trade union membership, ethnic origin, sexual orientation, form of employment for a specified or unspecified term and full-time or part-time employment.



PTE PZU has in place a resolution on the rules for preventing mobbing. Among the purposes of this procedure is to set forth the provisions governing the appointment and responsibilities of the anti-mobbing committee.

The steps taken to counter mobbing through communication, training and the whistleblowing procedure accompanied by the employer’s lack of acceptance for any illegal phenomena contributes to the fact that the number of complaints, including mobbing complaints has remained steady at a constant low level.

[GRI 406-1]

In 2021, in the PZU Group, there were 21 identified breaches of the rules of conduct pertaining to ethics and human rights (1 case more than in 2020). Four of them transpired in the Pekao Group and 17 in the Alior Bank Group. No cases of failing to comply with the rules on how to act when it comes to ethics and human rights were confirmed in PZU and PZU Życie. In the Alior Bank Group, legitimate reports of breaches in 2021 concerned inappropriate behaviors in the work environment, ‘stealing’ clients between sales units, conflicts between employees, using inappropriate comments in correspondence between employees, preferential treatment of a client over other clients. Commensurate official consequences such as termination of an employment contract for cause or by mutual consent, disciplinary talks, training sessions on soft skills and warnings were administered to those employees who exhibited such conduct or committed such undesirable violations.

In Pekao Group in three cases the company did not find any behaviours which fulfil the requirements of mobbing specified in Article 94³ of the Labour Code. In one case the Anti-Mobbing

Commission found mobbing behaviour, as a result of which the employee complained about was dismissed.

2.1.4. Occupational safety and health during the COVID-19 pandemic

Area-specific risk: Risk of failure to ensure a safe and healthy work environment. Putting employees at risk of accidents at work.

Approach to management: To prevent accidents the PZU Group focuses on providing proper work conditions, ongoing control and eliminating hazards that might lead to an accident. For the purpose of shaping and raising the awareness of hazards and safe employee behaviors, a broad range of methods is used, including, among others, classroom and e-learning courses, courses and workshops in the field of rendering first aid.

Key regulations: Occupational Safety and Health Policy

[GRI 103-2]

Formally, occupational safety and health (OSH) management is regulated by a number of internal documents and instructions. PZU, PZU Życie and other PZU Group companies discharge their legal duties related to occupational safety and health (among others, conducting an assessment of occupational risk on work stations, accident analysis, employee training).



The occupational safety and health policy has been in force in PZU and PZU Życie since 2015. The policy guidelines were updated in 2021. This policy obligates the PZU Group’s OSH Team to do the following:



- prevent accidents and occupational diseases;
- strive to improve occupational safety and health constantly by conducting periodic inspections;

• deliver training on OSH, including on how to give first aid. To streamline activities related to occupational safety and health, the PZU Group companies have teams that operate with the following tasks:

- conduct a review of working conditions;
- conduct a periodical assessment of the state of occupational safety and health;



- give an opinion on the means undertaken by the employer to prevent accidents at work and occupational diseases;
- articulate conclusions on improving working conditions and cooperating with the employer to discharge its duties relating to occupational safety and health.

In the remaining PZU Group companies, services in the field of occupational safety and health are provided by safety and health specialists or teams in compliance with internal regulations adapted to the type of business run by the company.

Since the outbreak of the COVID-19 pandemic, for the sake of PZU and PZU Życie employees' health and safety, "Safety rules for PZU SA and PZU Życie SA employees during the COVID-19 epidemic" have been developed.

Rules for the time of the COVID-19 epidemic:

- recommendations on working conditions in the regular workplace;
- protective equipment provided by PZU and PZU Życie;
- recommendations on the presence and movement in PZU buildings, including the use of selected rooms;
- rules for organization of meetings in PZU buildings;
- conditions of domestic travel on business, business trips, business meetings outside the office, training, workshops, conferences and other development events;
- recommendations on commuting;
- rules for collection of correspondence;
- recommendations on the physical infrastructure of PZU buildings;
- recommendations on the use of catering service providers;
- rules for reimbursement of the cost of a SARS-CoV-2 virus test.

Moreover, remote work was introduced in PZU and PZU Życie in March 2020. The necessary technical and organizational measures were ensured to enable as many employees as possible to work remotely or work in a rotation system. Employees were informed monthly of the current working model, which was adjusted on an ongoing basis to the external situation and to the current business processes. In H1 2021, 64% of employees in PZU and PZU Życie performed their work

remotely. In H2 2021, it was on average 48% of all employees of both companies. For the entire year 2021, this ratio was 57% on average.

All subsidiaries received a recommendation to implement the "Procedure of temporary remote work applicable for the time of coronavirus infection risk in the Republic of Poland".

The vast majority of the OSH regulations in the branches (medical centers) of PZU Zdrowie and its direct and indirect subsidiaries are of a local nature and are related to the distinctive nature of their operations and the market on which they function (e.g. the expectations of the local branch of the National Health Fund). The Polmedic branch has adopted a certified occupational safety and health management system in compliance with the ISO 45001 standard.

In medical centers, standards of conduct applicable to cases of exposure to blood or other potentially infectious material have been adopted, and, due to the ongoing pandemic, regulations have been adopted regarding the organization of visits to PZU Zdrowie facilities during the COVID-19 epidemic.

The results of the activities carried out in the workforce area related to the COVID-19 pandemic are described in Section 5.1 COVID-19.

In total, 77 accidents at work were recorded in the PZU Group in 2021 (8 fewer than in 2020), most of which, 30, occurred in the Pekao Group (41 in 2020), 9 in the Alior Bank Group (16 in 2020), 21 in PZU (11 in 2020), 8 in the PZU Zdrowie Group (10 in 2020). In 2021, no fatal accidents at work occurred in PZU or PZU Życie.

Every newly-hired PZU employee goes through advanced training courses related to occupational safety. In 2021, 1,848 initial training courses and 171 periodic training courses were delivered attended by 1,000 PZU and PZU Życie employees. The purpose of the workshops was to update knowledge and skills on how to work safely. In 2021, first aid training was reintroduced, which had been suspended in 2020. Due to the pandemic, it was conducted in the form of distance learning. 299 staff participated in 24 training sessions.

[GRI 403-2] Number of work-related accidents, by gender

	PZU				PZU Życie			
	2020		2021		2020		2021	
	Women	Men	Women	Men	Women	Men	Women	Men
Total number of work accidents (incidents)	8	3	14	7	2	2	2	0
of which fatal accidents	0	0	0	0	0	0	0	0
Total number of persons injured in accidents	11		21		4		2	

[GRI 403-2] Accident severity rate by gender²

PZU				PZU Życie			
2020		2021		2020		2021	
Women	Men	Women	Men	Women	Men	Women	Men
1.4	0.8	1.5	0.8	0.5	0.8	0.3	0.0

[GRI 403-2] Accident severity rate by gender³

PZU				PZU Życie			
2020		2021		2020		2021	
Women	Men	Women	Men	Women	Men	Women	Men
30.5	44.3	24.0	14.3	0.0	4.8	7.0	0.0

[GRI 403-2] Absenteeism rate⁴

PZU				PZU Życie			
2020		2021		2020		2021	
Women	Men	Women	Men	Women	Men	Women	Men
6.9%	3.3%	6.0%	3.1%	7.2%	2.7%	6.1%	2.5%

²Ratio calculated per 1,000 employees using the equation: total number of persons injured in accidents / headcount * 1,000.

³Rate calculated using the equation: number of days of inability to work because of an accident / number of accidents.

⁴The absenteeism rate (AR) is calculated in accordance with the following formula: total number of days of absence from work resulting from sick leaves or accidents at work/number of days scheduled to be worked during the respective year

2.1.5. Dialog with trade unions

Area-specific risk: Risk related to the lack of effective dialog with the trade unions (collective dispute).

Approach to management: PZU has appointed a Social Dialog Team in the HR Management Department. The team is supervised by the Director for Labor Law and Social Dialog. The team is composed of employees with many years of experience in social dialogue, specialized in collective labor law. The social dialog policy is shaped directly by the company's Management Board and the Director of the HR Department Director together with the Director for Labor Law and Social Dialog. The Social Dialogue Team employees hold talks and participate in dedicated meetings with trade unions and respond on an ongoing basis to the needs of social partners. On average, meetings with social partners are held every week. During the pandemic, remote communication tools are used for this purpose.

Key regulations: Organizational Regulations of HR Department

[GRI 102-41]

The company is in continuous dialogue with the trade unions. PZU and PZU Życie respect the right to unconstrained association and strike. The employer holds regular meetings with all social partners. In spite of the restrictions imposed due to the pandemic, social dialog is conducted continuously with meetings held under the hybrid model, that is both on stationary and remote basis. On average, meetings with all trade unions are held every week. Moreover, at any time, whenever the need arises, trade unions may also initiate collective or individual meetings with the employer, and the introduction of new tools for remote communication within

[GRI 102-41]

Unionized employees in 2021

Trade unions	Division in each category in PZU and PZU Życie	
	PZU	PZU Życie
Number of unionized employees	1,786	950
% of unionized employees relative to the total number of the company's employees	19.26%	14.04%

the organization (Skype, Teams) has additionally facilitated and accelerated this process. Social dialog – run by a section specially appointed for this purpose in the HR Management Department – is inscribed into the company's organizational culture and forms one of the tools for strategic management.

The companies' trade union organizations represent employees in collective relationships (concluding agreements on working, pay and social conditions and approving rules and regulations) and individual matters (e.g. consulting employment contract termination, appealing against the imposed disciplinary penalty).

There are 12 trade unions operating in PZU and 7 in PZU Życie. Agreements with trade unions vary in terms of their subjective scope. The largest group of eligible persons can be found in Employee Pension Scheme agreements or social agreements (Company Social Benefit Fund), since they cover all employees.



Alior Bank respects the freedom of association and does not take any action to prevent its staff from becoming trade union members. Five trade unions operate within Alior Bank's structures, including one in-company and four inter-company trade unions.

Nine trade union organizations operated in Bank Pekao in 2021. Bank Pekao's cooperation with trade unions in the fields of consultations, negotiations and arrangements was conducted in the manner and shape consistent with the requirements of labor law, in consideration of the interests of the parties and the principles of social dialog. In 2021, 32 meetings of Bank Pekao management with trade union organizations were held.

2.2. Employee training and development

Our knowledge and ideas - "We work professionally. The basis of our success and strong brand are the knowledge and experience all of us have. Constant improvement allows us to not only go hand-in-hand with the realities of the modern world, but also to focus on the future. That is why we joyously accept innovative ideas. Our best practice examples can be used many times and be the basis for creating many new products. Our knowledge and creativity allows us to manage costs and build a profit. This helps us to form the image of the company."



Area-specific risk: The risk associated with quickly changing regulations and necessity to update the knowledge about prevailing regulations, obligatory operating methods and the rules of work organization.

Approach to management: Obligatory training courses are organized in the PZU Group, mainly in the online form. This form of training facilitates the efficient transfer of knowledge in an optimally short time to all employees to which the scope pertains. Courses are conducted in an attractive and engaging form. In addition, courses in the form of e-learning contain tests verifying the effectiveness of the acquired knowledge and allow for monitoring whether the information has reached the target group.

Key regulations: procedures and principles related to planning and organization of training and all development activities for employees, in particular: PZU and PZU Życie employee training procedure, Rules for the organization and financing of training and development activities, Procedure for co-financing postgraduate programs and specialist forms of professional development for PZU and PZU Życie employees.

[GRI 103-2], [GRI 103-3]

Most of the PZU Group companies have implemented special procedures and principles related to planning and organization of training and development activities for employees. They define the process of obtaining and supplementing knowledge and skills as well as improving professional qualifications by employees. The documentation provides also the rules for the organization and financing of training and development activities.

The PZU Group strives to be an employer that gives its employees tailored and flexible development opportunities at an individual and team level and at the level of the whole

organization. In planning its development activities, the Group frames them in the context of its strategic business objectives. The PZU Group attaches great importance to selecting optimum forms of development. They contribute to both work productivity and employee engagement in the long-run.

The approach to comprehensive development developed in the PZU Group is based on organizing general corporate activities designated for various employee groups and individually addressed activities. Training courses and workshops are frequently supplemented with activities which employees do on their own before a training course (form of preparation) and after its completion (mastering knowledge, exercising skills). Enriching traditional training schools with modern solutions such as e-learning, webinars and virtual reality means that the educational offer is ever more attractive. Since 2020, a vast majority of development activities have been held online, including in the form of workshops. This trend has prevailed, since a greater availability of the offered actions is ensured (a webinar, an online conference is attended by between 100 and 1,900 employees), remote work methods and tools are being intensively developed and the reception of online events by their participants is increasingly more positive.

PZU's priority is to take care of effective knowledge management in the organization – maintain, share and utilize it across areas. That is why more and more frequently managers and specialists are engaged in internal development activities as authors of training programs, educational materials and as internal trainers.



Forms of development support available in PZU:

general corporate	general corporate dedicated to selected groups	individual and team
<ul style="list-style-type: none"> > Inspirations on the trends and skills of the future: <ul style="list-style-type: none"> • #TyTworzyszPrzyszłość [#YouCreateTheFuture] conference • KlikNaRozwój [#ClickForDevelopment] conference > Development of lifelong learning skills, new methods of work and effective habits <ul style="list-style-type: none"> • #TyTworzyszPZU [#YouCreatePZU] workshops • webinars, podcasts, online courses as part of the KlikNaRozwój program [#ClickForDevelopment] (learning with the use of modern technologies and new Group Work Tools) • Dispersed-Connected – a program aimed at supporting effective work under the hybrid model > Well-being program #DobryStan [#WellBeing] 	<ul style="list-style-type: none"> > Onboarding > Managerial training <ul style="list-style-type: none"> • #NowyMenedżer [#NewManager] • #LaboratoriumMenedżerów [#ManagerLaboratory] • coaching programs > Innovation development program <ul style="list-style-type: none"> • Future On program <p>Webinars, videos with external and internal experts according to the identified needs</p>	<ul style="list-style-type: none"> > Professional training > Development activities required for performing tasks and supporting job efficiency <ul style="list-style-type: none"> • based on development plans for teams – based on the identified needs > Development programs, e.g.: <ul style="list-style-type: none"> • #TerazTy [#YourTurn] – a development program for sales employees • Procurement Academy for staff of the Procurement Department > Potential development <ul style="list-style-type: none"> • developmental diagnostics, e.g. 360-degree feedback, preference and functioning style testing, Development Center sessions • reimbursement of postgraduate programs > Other <ul style="list-style-type: none"> • knowledge exchange workshops (training organized by internal specialists) • workshops developing cooperation, creative search for solutions • workshops for teams based on the results of surveys on cooperation between business units.

Regulations in subsidiaries:



The Pekao Group and the Bank create educational opportunities and provide access to various forms of training for their staff. The Bank's educational programs include local training and general development webinars, international training courses and programs, mentoring sessions, internal and external coaching, and certification training (CFA/ACCA/CIA). The fundamental internal regulation defining this area is the "Policy on training

and improvement of professional qualifications of employees of Bank Polska Kasa Opieki Spółka Akcyjna", which also defines procedures governing processes related to employee participation in various forms of professional qualification improvement.

Alior Bank cares about genuine development of its staff and management. Alior Bank's training and development policy provides its employees with opportunities of specialization in selected fields, development of competences related to their duties and aspirations, and those related to team management. The management system and the development model adopted by the Bank enable the setting of effective paths of improvement for specialists and the development of their careers. Employees are provided with training programs conducted by both internal and external trainers. The offering includes product, sales and service quality courses and interpersonal and managerial skills training.



Training plans are run for a given financial year in PZU Zdrowie while giving consideration to internal and external training. Detailed procedures, depending on the company, are specified in various documents, including the

"Collective Bargaining Agreement" and the "HR Management Procedure." Moreover, most companies have adopted their own rules governing the organization and financing of training and development activities for their staff..

(vs. 3.76 in 2020) and in the Alior Bank Group 2.01 (vs. 2.81 in 2020). In PZU and PZU Życie, the average number of training days increased in 2021 when compared to the previous year, amounting to 3.49 (3.19 in 2020 roku).

[GRI 404-1]

Average number of training days per employee hired under an employment contract in the PZU Group was 3.22 in 2021 (0.36 days more than in 2020). In the Pekao Group it was 4.64

Average number of training hours per employee by gender⁵

	PZU and PZU Życie			
	2020		2021	
	Women	Men	Women	Men
Total number of training hours	169,154	94,932	180,684	100,107
Number of employees	6,337	4,017	6,181	3,868
Average number of training hours	26.7	23.6	29.2	25.9
Average number of training days	3.3	3.0	3.7	3.2

Average number of training hours per employee by structure of employment

Structure of employment	2020			2021		
	Total number of employees	Total number of training hours	Average number of training hours	Total number of employees	Total number of training hours	Average number of training hours
Management staff	1,605	66,664	41.5	1,571	67,198	42.8
Other employees	8,749	197,423	22.6	8,478	213,593	25.2

⁵ Estimated data on account of the lack of statistics in this area. Data presented as FTEs..

[GRI 404-3]



All employees of PZU and PZU Życie to whom bonus systems apply undergo regular job quality and performance assessments (annually or quarterly). This applies to both management and all staff.

Regular assessment of the level of attaining objectives and the quality of work makes it possible to verify developmental needs and the action plans focused on developing specialist knowledge to help employees achieve their business objectives.

[GRI 404-2]

A development program called New Manager has been prepared with people in mind who are taking up managerial positions in the PZU Group for the very first time. Its goal is to acquaint the people with the expectations placed on managers in PZU as regards their management style and competences (in this manner the Group shapes the desired leadership model). During workshops managers are trained on key managerial competences, inter alia, on providing constructive feedback,

holding talks with reports, task management and planning a team's work.

Since 2020, PZU has been operating the **Laboratory of Managers**, which initially aimed to support managers who contended with the new challenge of team management under the hybrid work model. Currently, the Laboratory of Managers serves as a platform for exchanging knowledge and best practices between managers. Topics related to current challenges involved in management are discussed on regular meetings. In 2021, the Laboratory of Managers was involved in a portion of the Dispersed-Connected program addressed to managers and in the Supportive Leader series of workshops, which was a response to new needs and observed market trends.

Click for development

"Click for development" is a program addressed to all PZU employees. Its purpose is to raise awareness of online development opportunities that are widely available and support the learning organization by encouraging staff members to take responsibility for their own development.

The program consists of a number of activities held regularly throughout the calendar year.

• **Online conference**

An online conference is held every year for everyone interested in using digital tools in professional and personal development. Experts are invited to conduct the event and talk about the impressive possibilities of new technologies, but also about the threats that go with them. In 2021, the conference motto was: Technology is for us! The event was attended by 1,400 PZU employees who had a chance to find out what the digital transformation will look like at PZU and how they may adapt to these changes and work efficiently under the hybrid model. Another topic discussed during the conference was the issue of how generational differences affect people's existence in the era of digital change and what the future of cooperation in virtual reality will look like.

• **Podcasts**

With a view to promoting various forms of development, PZU records its own podcasts. Unique experts are interviewed, bringing employees closer to the world of technologies that support online development. In total, 19 podcasts were held. All of them are published every two weeks on the YouTube channel and the internal e-learning platform.

• **Online courses**

Ready-made online courses are provided as well as internally prepared ones whenever a specific need arises, for instance to promote specific tools handy in everyday work. These courses take the shape of short videos and tasks to be performed. More than 30 online training modules on various topics are available, in particular covering in the area of managerial competences. To date, over 2,000 employees of the PZU Group have participated in these courses and their number is constantly growing.

• **Webinars and workshops**

Webinars and workshops are held to support effective learning, employee engagement in social media and effective development. Selected webinars are supplemented with workshops for employees willing to improve their knowledge of the respective topic.

• **English learning platform**

In order to improve the linguistic competences of employees and show how effectively they may learn using online tools, PZU enables and promotes the learning of English on a remote platform. In this program, employees are provided with support in using the platform's functionalities, their learning progress is monitored, and participants' opinions are also collected for development of the related solutions (another platform has already been put into operation).

By the end of 2021, 1,303 individuals participated in the program, including 1,122 employees of PZU SA and PZU Życie and 181 employees of other companies. As of now, more than 700 participants are reported to have been participating in the program since its launch, which means they have been learning English continuously since 1 June 2021.

TyTworzyszPrzyszłość [#YouCreateTheFuture] conference



In November 2021, an internal conference entitled #TyTworzyszPrzyszłość [#YouCreateTheFuture] was held for the third time. The event was held online for the second time, with all employees of the PZU Group invited to attend.

This year, the event was held under the motto: a new dimension of work. It refers to the challenges of transitioning to the hybrid work model and the need to redefine a variety of work-related issues that have been affected by new trends and technologies. During the conference, employees were acquainted with global trends in new technologies and their possible impact on PZU and everyday work. Speakers also talked about selected changes in PZU to increase employees' awareness that they operate in a very volatile environment and that PZU is already taking advantage of various technological changes. In general, employees are encouraged to remain up to date on new changes taking place, look for opportunities and be welcoming of experimentation and new forms of work.

The conference aims to build a greater sense of influence among employees on the future of their work and the future of PZU. According to comments, the event encouraged the participants to a greater extent to open up to changes, experiment and take action. This is of particular significance for the changes that are currently being implemented

BEST PRACTICE

Supportive Leader series of workshops



The purpose of the program is to build awareness of the role of psychophysical resilience and the #WellBeing of employees and managers, to build awareness of the importance of emotional stability, to cope with stress in private and professional lives, and to promote health and healthy habits in everyday life.

This subject was introduced by a webinar conducted by an external expert entitled "Greater resilience means more power and efficiency. Time for a leader's engine checkup!"

The workshops were conducted in two modules:

1. Supportive leader – out of concern for your **own well-being**
 - What is your own mental resilience and how to strengthen it? – latest trends and research;

- Role of the leader – awareness of how stress and a manager's condition affect the team;
 - Discussing and learning about the sources of stress and defining effective ways to deal with it – exchange of good practices;
 - Strengthening good habits and promoting health-boosting activities as a method to prevent professional burnout in managers
2. Supportive leader – out of concern for your **team's well-being**
 - Signals indicating declining moods, mental resilience, commitment and efficiency of the team's work;
 - Sources of overload, stress and burnout among employees;
 - How to counteract, how to talk, how to support employees in difficult situations?;
 - Collection and exchange of good practices, preparation of various action scenarios.



in terms of shaping the Group's organizational culture, with the following key elements: focus on innovation (for instance, through creative working methods, openness to experimentation), cooperation within teams and between areas, interdisciplinary actions, knowledge sharing, agility and efficiency (we work wisely, we look for optimal ways to ensure the achievement of objectives and well-being).



In 2021, Bank Pekao launched the TalentsUP development program for its employees.

TalentsUP is based on the key values promoted by the organization, such as #Prosto [#StraightAhead], #Razem [#Together], #Odważnie [#Boldly], #Odpowiedzialnie [#Responsibly]. Its core element is an annual project path that provides the opportunity to participate in a team executing one of the eight strategic business projects. In the program, the participants learned about trends, research tools, prototyping and testing techniques. The program specifically emphasized the fact that solutions developed by participants were fully or at least partially implemented by the Bank in its operations. The project path is complemented by an 18-month development schedule based on close cooperation with a trainer and on a jointly agreed individual objective and development plan.



LINK4 has a cafeteria in place, established in response to the development needs of employees and as a support tool for the pursuit of strategic goals. It is a series of workshops responding to the needs reported by employees and/or managers and addressing various current challenges faced by the organization.

- The workshop schedule is announced quarterly and is addressed to all managers and independent staff members;
- The purpose of the workshops is to develop behavioral competences intended to improve the efficiency of work performed by managers and specialists;
- During the workshops, topics such as feedback, face-to-face talks, implementation of changes, assertive attitudes, the art of presentation, Excel, effective meetings, management by objectives, employee engagement, simple language and labor law are covered;

- Participants sign up for any topic and preferred date of the training themselves;
- Training sessions are conducted in small groups, online via the MS Teams platform and with the use of interactive training methods, including online tools, such as Miro or Menti;
- For the most part, the workshops are conducted by internal experts;
- The usefulness of training courses is verified by an online questionnaire in which participants share their feedback.

BEST PRACTICE



In 2021, Bank Pekao continued its Ambassadors of Change development program addressed to all employees of the Operations Center who:

- want to develop their competences and become Ambassadors of Change in their respective areas;
- are highly motivated to implement changes/improvements;
- engage with great openness and enthusiasm in proposed development activities and willingly apply the acquired knowledge in practice.

The program aims to:

- identify the Ambassadors of Change within the Operations Center;
- develop participants' skills in the following fields: openness to change, generating and designing solutions, implementing improvements and managing change;
- initiate a change of approach to introducing improvements, encouraging to challenge well-established patterns of behavior, inspiring for a lasting cultural change within the Operations Center.

BEST PRACTICE

LINK with us – the practice of building candidate experience



The LINK with us practice is a response to the need to turn LINK4 into an employer of choice, outstanding in terms of its approach to candidates. LINK4 is prompted to continue to implement this practice by the desire to reduce voluntary employee turnover and by the market situation which puts candidates in the center of employers' attention, especially during the uncertain age of the pandemic.

The following actions are taken, among others:

- advertisements: job advertisements contain images of internal LINK4 ambassadors and their contents are prepared in accordance with the rules of simple language;
- recruitment meeting: the selection is made by the superior, then the selected persons are invited to meetings, which are currently held online;
- Satisfaction survey: we send out a satisfaction survey within three to five days after announcing the decision. The candidate assesses the whole recruitment process, the recruiter and the company's offer. The candidate also has the opportunity to share his/her own comments underneath open-ended questions. Based on candidates' comments, the recruitment process is modified on an ongoing basis to adapt it to the needs of the target group;
- Welcome on board: the onboarding process has been adapted to the remote mode of work; despite the new reality, the elements appreciated most by new employees have been preserved, e.g. the so-called Welcome Day, when new employees are welcomed by the President of the company and their superiors;
- employee satisfaction survey: conducted three months after the employment start date to verify the level of satisfaction with the employee onboarding process on an ongoing basis.

BEST PRACTICE

Inspiration Council



The Inspiration Council is a place where employees propose solutions that facilitate their daily work and the work of the whole Claims Handling and Remote Channels

Division. The ideas are analyzed and the best of them are implemented with the support of head office departments and teams entrusted with the deployment of new technologies. The Inspiration Council offers its participants an opportunity to become involved in the creation of solutions that will determine future processes and make daily work more efficient. It also allows the employees to develop and learn more about their organization.

In 2021, the participants in the Inspiration Council took up many challenges:

- WOMAI – inauguration – meeting with blind persons in order to draw the attention of Relationship Managers to customer service from a different perspective;
- PoradziMY [WeWillManage] – collaborative search for solutions on how to work remotely and how to deal with new challenges arising while working from home in dispersed teams;
- Feel like a BOSs – cooperation with BOS teams – execution of tasks such as report analysis, support for artificial intelligence learning, ability to face the tasks performed by such teams;
- Active 2021 – spring awakening and Active in the fall of 2021 – competitions held with the main goal of promoting a healthy lifestyle and physical activity among employees who work remotely;
- Ambassadors of automation – a series of workshops with IT teams during which the participants learned about processes applied when implementing new solutions and available technologies;
- Conquerors of insurance issues – a competition organized by PSK employees to popularize knowledge about the organization and insurance;
- Enter a higher level of innovation – a series of workshops with Bartek Stawski about coming up with innovative ideas and looking for solutions.



2.2.1. Knowledge sharing

[103-2] [103-3] [GRI G4-FS16]

The knowledge and experience of the PZU Group's employees represent the company's enormous capital. As we understand how important this is for the society and the economy, PZU rolled out new knowledge sharing standards. Participating in various types of events, conferences and symposiums and activities to benefit business development, science, new technology and financial education makes it possible to convey some of the expert knowledge to employees and the company while showing our care for the common good. One example of such an approach is the issue of proper risk assessment. This is a key skill in many positions, not only ones that are directly related to the insurance industry. Many pre-eminent experts related to this area work in PZU.



In 2020, PZU LAB in partnership with the Kozminski University launched "Risk and insurance" postgraduate studies. During classes, students were able to acquire tools necessary for correct risk identification and analysis and to apply an effect risk management method. Practical knowledge was shared with students and participants by professionals that are appreciated in the market, who deal with the topics of insurance and risk management. The classes were launched in November 2020 and lasted until September 2021. 22 individuals successfully defended their thesis.

In 2021, PZU LAB in collaboration with the Main School of Fire Service launched a training course entitled the Pyramid of Competences, devoted to issues related to the safety and risk management in enterprises. The series of training sessions is addressed predominantly to specialists responsible for fire and explosion safety in industrial plants, brokers and insurance agents, experts, designers and architects, and others interested in the application of good practices in risk management and safety in industrial facilities. In December 2021, the first training course on "Fire safety of production and warehouse buildings" was held, attended by 11 participants. The training program is scheduled to be continued.

Programs for students

Internships and apprenticeships are also a method of sharing knowledge. They allow students to gain professional experience and get to know the organizational culture of a large organization. PZU and PZU Życie have a "Procedure for apprenticeships and internships" in place, which defines the rules of organization of internships and apprenticeships and specifies the course of the processes related to application, recruitment and employment of apprentices and interns.

The main goal of the apprenticeship program at PZU is to ensure the inflow of young talents to the organization and build the image of the company as an attractive employer. The program allows the students to gain professional experience and learn the company's culture. In 2021, the program started in July: the term of the apprenticeships was three months and of the internships – six months. Apprenticeships are offered by various business areas of the company in different locations, e.g. in Warsaw, Kraków, Poznań and Wrocław. A package of development activities was prepared for the participants, supplemented with a FRIS study to boost the effectiveness of activities by identifying the style of participants' thinking and acting and translating it into cooperation within the team. The whole package was delivered completely online.

On average, 115 people replied to each of the offers. After over 340 remote meetings with the candidates, 62 participants were recruited: 31 apprentices and 31 interns. After the completion of the Apprenticeship and Internship Program, nearly 71% interns continued their cooperation with PZU. According to the results of the evaluation survey, 100% of the surveyed interns confirmed that the program met their expectations.

Cooperation with the academic circles is an important part of social commitment and building the image of PZU as an employer among students. Students organizations, universities whose profile matches the recruitment needs and fits the performed actions in the employer branding are periodically invited to cooperate.

Through participation in academic events, PZU tries to reach the group of ambitious students, who will soon enter the labor market. Therefore, PZU organizes various projects addressed both to students and graduates, i.e. Apprenticeship and Internship Program, Business Open Door Days, or Ambassador

Program. Thanks to such engagement in the academic life, many students choose precisely PZU as a place to begin their professional career.

Among the flagship activities are the Business Open Door Days – a workshop event for students from across Poland. It offers students an opportunity to face the real business issues and become familiar with the unique daily challenges in the area of their choice. They are also able to extend the knowledge gained during their studies. Through the workshops, they learn the organizational culture and work at PZU and are encouraged to participate in other events designated for students and graduates.

In 2021, PZU also participated in the 6th edition of the Go4Poland Program – Choose Poland, held by the GPW Foundation, as part of which PZU became involved in the Mentoring Program. In 2021, PZU also continued its partnership with the Warsaw School of Economics. Within the framework of this cooperation, PZU employees are jurors of the "Business Sails" competition, and materials promoting programs targeted at students appear regularly in the "Gazeta SGH" magazine. The Company is always first to be chosen for projects organized by the School.

All actions and cases of cooperation translate into a large number of high-quality CVs received by PZU in connection with projects addressed to students or for junior positions.

Package of development activities for PZU apprentices and interns

To encourage participants in the Apprenticeship and Internship Program to cooperate with one another and to improve their soft competencies, a development program was organized for the apprentices and interns. Online workshops, a VUCA CHALLENGE training game for interns and a Mission Mars 2050 for apprentices were organized. These activities were held online and served as an alternative to the meetings and sessions organized in the previous editions. The group of 62 students distributed across Poland had an opportunity to establish contacts with one another and to cooperate in team projects and learn new competences.

As part of the VUCA CHALLENGE, a group of PZU interns was transferred to a training game the main purpose of which was to familiarize and test a model of effective teamwork in the VUCA environment and the benefits of striving to achieve a shared objective. An additional goal was to build a culture of

agility and focus on the client in the team and to come up with effective ways to solve problems in dispersed teams. Before the meeting, each participant received individual tasks that exerted an impact on the game in its later stages and solved case studies.

The purpose of the Mission Mars 2050 was to build a team around values such as cooperation, respect, shared responsibility, engagement, creativity and making the right decisions based on these values. With the use of online cooperation tools, participants had the opportunity to experience the atmosphere of cosmic challenges and face tasks requiring efficient cooperation in a virtual setting. Participation in the workshop developed their skills in the areas of negotiation, analysis of clients needs and presentation.

PZU Ambassadors are a group of proactive students, who represent the PZU Group in their universities and act as liaisons between the company and the academic community. They help engage the best students in their universities in the projects, cooperate with local career offices, recommend student projects in which it is worth participating. Owing to their activity in, among others, local governments, organizations and science clubs they are popular at their universities, which contributes to a higher effectiveness of joint actions. This year, the Ambassadors were recruited fully remotely and the cooperation with them started with workshops devoted to social media (Facebook, LinkedIn, Instagram) and techniques that would allow them to create engaging contents.

In the academic year 2021/2022, a total of 17 PZU ambassadors have been active in the largest academic centers in Poland.

PZU Ambassadors provide a very strong support for PZU during recruitment for flagship programs dedicated to students. It was partly owing to the strong commitment of the Ambassadors in this year's Business Open Door Days that over 400 submissions were received.

PZU intends to provide students with the best development opportunities possible. Bearing in mind the digitization, the direction of the industry development and the interest of students with technology topics, PZU is going to focus on the Information Technology Division and offer a broad range of apprenticeships and internships to students – from maintenance teams to development teams.



BEST PRACTICE

“For Professionals. For You.” campaign



The autumn campaign promoting the PZU employer brand in 2021 was addressed to professionals with professional experience in various areas of business.

In its communication, PZU emphasized the diverse range of jobs offered. The video clip was recorded with an FPV sports drone piloted by a multiple champion of Poland in this field. A large part of the recording was done in the office building, to which the PZU Head Office will move in 2022. The video spots were available, among others, online (on the social media and the largest recruitment portals), in office buildings of six largest cities in Poland and on screens in urban transportation.

The campaign is a continuation of image activities that PZU has been conducting for three years on the labor market under the slogan “A job with a purpose” promoting career development opportunities in the PZU Group. It offers a place for insurance experts, but also specialists in other fields, such as IT, data analysis, finance, sales, customer service, communication or law. The campaign emphasizes PZU's flexibility as an employer that makes it easy to reconcile professional and private roles. The modern production of the campaign spot as well as the presentation of an office providing the highest standards and work tools enabling effective work not only in offices and branches, but also at home, in the field, or directly with clients, reinforced the message of PZU's attractiveness as an employer in the present times. More on the main campaign website: www.pzu.pl/takapracamasens

The activities promoting PZU as the best employer will continue in 2022, emphasizing the stability of employment, work-life balance, competitive remuneration and benefits, as well as development, challenges and innovations being the core of PZU's employer value proposition.



In 2021, as part of the Apprenticeship and Internship Program seven apprentices and interns were employed in the IT area, six of which have continued their work and further development at PZU after finishing the program.

In order to develop the IT area among students, one day during the Business Open Door Days was devoted in whole to workshops concerning this topic. 20 students learned the characteristics of work in the area of artificial intelligence and Big Data. The participants had the opportunity to learn about the specific nature of work in IT units and see for themselves how data may be collected, processed and analyzed, also with the use of AI models.

Also, as part of the promotion of the Apprenticeship and Internship Program, PZU participated in the Warsaw IT Days. It is the largest job fair for IT students and graduates.

3. Client at the center of attention

Responsibility is our foundation - “we honestly advise clients when it comes to the PZU Group's offers. We talk about genuine benefits, we accurately describe the risks related to our offer, we take responsibility for it and we deliver on our promises. We in the PZU Group strive to solve our clients' problems with diligence and integrity, and examine complaints on a timely basis. We also avail ourselves of mediation and other amicable forms of dispute resolution.”



“The PZU Group is trusted by 22 million clients in five European countries, including 16 million Polish residents who hold insurance policies marked with the PZU brand. We are proud to have won their trust, but we consider it to be a great responsibility. We endeavor to ensure that client experience is always positive at every stage of contact with the PZU Group. Leveraging in full the opportunities afforded by digitalization, roboticization and artificial intelligence, we do not forget about what is irreplaceable in our business: direct and long-term relations with other people.”



Artur Fromberg, Managing Director of Sales in PZU and PZU Życie

In recent years, the PZU Group has been undergoing a transition from a collection of companies operating separately towards an ecosystem striving to meet the needs of its clients in a comprehensive manner.

A mindset focused on the client has long been a component of PZU's DNA. The Group listens to the client's voice, collects information about the client's experience and emotions, examines complaints and recommends changes that will ensure the client maximum satisfaction. In its approach to client relations, the PZU Group has defined the following 3 fundamental risks:

- misselling risk,
- compliance risk in the marketing communication,
- the risk pertaining to disclosure of personal data and data subject to insurance secrecy to unauthorized persons.

The implemented policies, procedures and controls described in section III.3 “Client at the center of attention” and in section II.3.2.1 “Security of transactions and data” enable a

responsible management of these risks. All these activities help us design a positive client experience.

3.1. Value proposition for the client

3.1.1. Product strategy

[GRI 103-2, 103-3]

It is not the number of products that determines PZU's competitive edge and its unrivaled value proposition on the Polish market, but their quality and, above all, their alignment to client needs as they evolve over their lifetimes. PZU is always present where clients are in need of financial and insurance services, from birth to education and maturity until retirement.

PZU brings together all of the PZU Group's activities and integrates them in a client-focused manner: life insurance, non-life insurance, health insurance, investments, pensions, health care, banking and assistance services. This approach drives the transformation of insurers from focusing primarily on valuation and transfer of risk toward being an advisory and service company (utilizing the technological know-how).

PZU is poised to offer comprehensive solutions in a single location to currently very demanding clients, individual and corporate alike, to respond to the entirety of their needs: to help them lead a healthy life and operate in a sustainable fashion, provide medical care to their families or employees, protect their assets and facilitate asset growth, afford a feeling of stabilization and taking good care of their relatives regardless of what the future brings.

PZU Strategy – #PZU Potential and growth – We care about the most important things in life – calls for the pursuit of a new vision of product design and distribution. The 360° offer will be a personalized, comprehensive and dynamic product offering suited to the constantly changing expectations and needs of clients at each stage of their life. The PZU Group also expands its offering for businesses to include support services, such as risk management assistance through advisory services



and implementation of advanced tools and providing an IT system for fleet management (insurance administration, fleet risk management, advisory services, ongoing legal support for Polish international fleets).

By using the latest tools and new technologies, the PZU Group improves the management of relations with clients. For this purpose, it uses new analytical environments, which automate and support decision-making processes. Introduction of Interactive CRM will improve communication and make sales processes more effective. The deployment of CRM processes shared between PZU and PZU Group's banks is also planned.

3.1.2. Flexible sales and service provision

The PZU Group intends to develop a strong position in all sales channels: it has over 400 branches, nearly 1,500 agent offices, cooperates with numerous multi-agencies, brokers and banks as well as leaders of the growing e-commerce market and energy suppliers. In total, over 70,000 staff work in this sales network. The PZU Group is intensely developing the digital channel through the mojePZU platform, which was used by over 2.5 million clients at the end of 2021. By pursuing its

strategy for 2021–2024, the Group seeks to empower the client to be able to freely shape each stage and the whole course of the purchasing process. This will be possible owing to the multitude of available distribution channels and the freedom to move between them. For instance, the client may receive information about the product during a meeting with an agent, learn the details and additional possibilities while visiting an outlet, complete the purchase online via the mojePZU platform – or do things completely differently.

Through an omnichannel approach, the PZU Group will be able to reach clients through various distribution channels suited to their needs and preferences. Clients will have access to a broad range of modern products.

3.1.3. Modern ecosystems

One of the PZU Group's strategic goals is the development of ecosystems for both institutional and retail clients:

Ecosystem – benefits

The goal of building the Benefits Ecosystem is to create new interactions with clients based on their everyday life activities such as physical activity, healthy lifestyle, sports, health, family, safety.

The ecosystem consists of a set of advanced digital tools targeted at both employers and individual customers. To institutions, the ecosystem offers functionalities for managing non-salary benefits, engaging the community of their employees and for handling applications and service processes, while end users obtain access to various types of benefits: products and services of the PZU Group, such as PZU Sport or PZU Cash, and numerous products offered by external partners.

Ecosystem – drivers

It is an extensive ecosystem that provides comprehensive assistance, including support when buying or selling a car, checks of a vehicle's technical condition, possible repairs and legal assistance, discounts on services from the Group's partners, or arranging a replacement car. All the services are available at a single point of access, through safe and user-friendly digital tools. The next planned steps include services such as providing repair history, access to loyalty programs, tire service, glass service, etc. The new platform for drivers is available to anyone, even those without insurance.

Ecosystem – health and medical care

The PZU Group wants to become a comprehensive medical advisor through a revolutionary approach to medical care. The new model will be based on: preventive healthcare; digital service (with the use of artificial intelligence – AI); comprehensiveness of services; Integrated Information System; medical decisions based on medical protocols, data and AI; possibility of providing treatment outside of the outpatient clinic. In order to implement the new model, the Group plans to cooperate with the health care system, integrate medical centers and develop the PZU Zdrowie brand. In the health area, the PZU Group will offer services relating to healthy nutrition and physical activity, preventive medical testing and full medical care – in the form of insurance, subscriptions or for fee services. The system will include teleconsultations and remote patient monitoring and household treatment while at the same time giving all of the interested parties rapid direct access to physicians in PZU Zdrowie's proprietary outlet network that is constantly growing and undergoing integration.

Ecosystem – special offer for seniors

To address the challenges associated with demographic shifts, the PZU Group will put forward an offer to improve the wellbeing of seniors. This offer will include the following: insurance corresponding to their expectations in terms of scope and sales and service channels, medical services with special emphasis placed on remote care at home and treatment in health spas, special safe bank and investment products and also a package of services to support seniors in their day-to-day life and community activities: ranging from assistance in traveling to see a physician, delivering medicines, organizing physical therapy, to household repairs or participation in sports classes and courses.

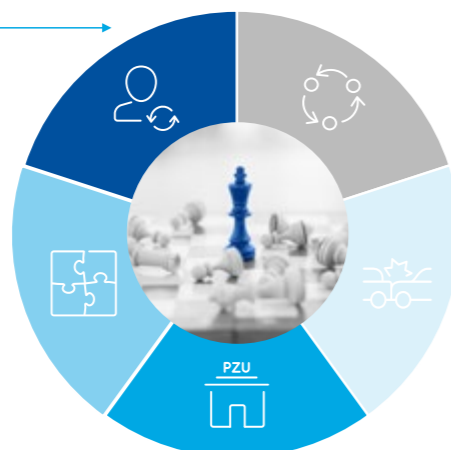
360 Offer^o

The broadest offer on the market

We will provide our clients with the broadest product offering on the market, tailored to their changing needs and expectations.

Leveraging our unique client base

We will take advantage of the potential of PZU Group's data: its customer base includes more than two thirds of the Polish population. The main growth driver will be a higher number of products sold to an individual client.



Trusted brand

Our robust brand underpins strategy execution. For years, we have been the most recognizable and trusted insurance brand. According to brand awareness surveys, PZU is the most recognizable brand in Poland (spontaneous recognition of the PZU brand stands at 82% while assisted recognition is 99%)¹.

Diverse distribution channels

We are wherever you are looking for us

We will use diverse distribution channels (branches, agents, banks, direct, multiagencies) to be close to our clients always.

Excellence in claims and benefits handling

Our ambition is to provide the best client service on the market. We will use new technologies to increase the speed and quality of claims and benefits handling in PZU.

¹ Kantar, brand tracking, December 2021



3.2. Client experience management

[GRI 103-2]



PZU and PZU Życie have a “Client experience management policy” in force, with the program devoted to that subject matter being a strategic initiative for the whole Group. It is carried out by the Client Experience Management Department.

The priority is to develop the best client experience during every contact with the company and its products and services. The program posits systematically proceeding through the various phases of the cycle, starting with a client expectation study and defining the optimum experience, to crafting measures to influence client experience, all the way to implementing changes and constantly measuring the outcomes. The guidelines for handling all complaints submitted to PZU and PZU Życie have been compiled in the “Rules for accepting, recording, examining and reporting complaints submitted by clients” (“Rules for handling client complaints”). Several hundred employees are involved in this process. Dedicated Complaint Handling Teams have been established to handle complaints and grievances. Some complaints may be dealt with by employees who handle claims and benefits. The complaint process in place is largely based on the Act on Complaints Handling by Financial Market Participants and on the Financial Ombudsman.

PZU also has in place the “Policy for managing proactive client initiatives at PZU – Closed Improvement Loop”. It applies to all PZU employees who have a direct or indirect impact on client experience.

Regulations in subsidiaries:

The PZU Group companies have implemented policies and procedures assisting in the management of client satisfaction. The “Cooperation Policy in the CRM Area in the PZU Group” and the “Cooperation Policy in the Remote Sales Area in the PZU Group” apply in most of the Group companies.

PZU CO has in place the “Regulations for handling complaints/grievances reported to PZU CO regarding the Company’s agency activities”. PTE PZU has adopted a set of rules and regulations for examining complaints, procedures for handling correspondence and rules and regulations for using services

provided by PTE PZU. W PZU Pomoc funkcjonują m.in.: Polityka jakości obsługi klienta, Polityka zarządzania doświadczeniami klienta, Wytyczne dotyczące przyjmowania i rozpatrywania reklamacji.

PZU Pomoc has in place, among others, the “Customer Service Quality Policy”, “Client Experience Management Policy” and “Guidelines for accepting and examining complaints”.



LINK4 has in place the “LINK4 TU S.A. Complaint Procedure” and the “Rules and regulations for accepting and examining complaints and appeals”.

A number of policies are in place in foreign insurance companies, defining, among other things, the processes and bases for creating and modifying insurance products, as well as the client complaint handling principles and responsibilities.

Lietuvos Draudimas has, among others, the “Policy: Insurance Products”, as well as the “Client Complaint Management Policy” in place. AAS Balta has the “Insurance Portfolio Management and Development Policy” and the “Guidelines for communicating with clients”. Similarly, the Estonian Branch has adopted the “Client Complaint Examination Policy”. The companies in Ukraine, in turn, have the “Rules for examining complaints” in place.



A procedure has been rolled out in PZU Zdrowie describing the rules for the workflow, records and examination of complaints by the Client Relation Section and PZU Zdrowie branches. It also defines responsibility in this process

and the method of reporting complaints. Also in place is the “Patient Service Standards Book”, which contains non-medical service standards dedicated to various professional groups in medical centers. We also conduct periodic client satisfaction surveys on clients to whom PZU provides medical care services. Through satisfaction surveys, we systematically monitor the quality of service at hotlines and medical centers. We monitor the level of loyalty and client satisfaction at the selected stages of the medical service booking and provision process: contact with the hotline and reception desk, visit at the treatment room and at the doctor’s surgery.

There is also a medical safety regulation package in place at the PZU Zdrowie Medical Centers, containing the rules governing the supervision of drugs, medical records, medical equipment, hygiene plans, etc.



TFI PZU has also adopted the “Policy for acting in the best interests of clients and funds”, which defines TFI PZU’s principles and activities aimed at generating the best possible results for the funds and the clients through the provision

of professional services, having regard to the nature of the services or other aspects having a material impact on their provision.

Additionally, the “Rules and regulations for the provision of financial instrument portfolio management services by TFI PZU SA” are in place, defining the rules and conditions for the provision of portfolio management services by TFI PZU in respect of portfolios comprising one or more financial instruments. The Client must become acquainted with these Rules and regulations before entering into the Agreement.

TFI PZU also has the internal “Customer Service Procedure for Mutual Fund Clients of TFI PZU SA”, setting out the general customer service principles applicable at TFI PZU for Clients to whom the purchase of participation units in mutual funds or subscription for mutual fund investment certificates is offered.

TFI PZU also has a procedure in place for handling complaints submitted by its clients and clients of its mutual funds, which defines the principles and guidelines for dealing with complaints submitted by clients of the mutual fund management company or its mutual funds in connection with TFI PZU’s activities in the field of mutual fund establishment and management, in particular regarding brokerage in selling and redeeming participation units, accepting subscriptions for investment certificates, providing management services for portfolios which include one or more financial instruments and fulfilling obligations towards its clients. Moreover, a “Procedure for Serving TFI PZU’s Portfolio Clients” has been developed. It is an internal document that governs activities related to the establishment and termination of cooperation between TFI PZU and its client related to managing portfolios of financial instruments and activities related to customer service.



Alior Bank has the “Service Quality Standards Book” in place, defining the individual and business customer service principles. As part of the recommendation process, the bank analyzes the highest volume complaint

categories and then influences the factors, whether product or process-related, that led to the situation. Further recommendations for improvement measures and timeframes for deploying them were developed in 2021.

The “Code of Conduct in the Pekao Group” is in place at the Pekao Bank. Pursuant to its provisions, practices violating consumer collective interests are prohibited. The Pekao Group companies systematically improve procedures and take necessary steps to ensure that clients’ complaints be addressed quickly and examined in a manner that takes clients’ legitimate interests into account to the maximum extent possible. This is guaranteed by internal regulations concerning the complaint examination management process, as well as by strict compliance with law. The detailed complaint management operating procedures set out in the bank’s regulations clearly and transparently define the responsibilities and competences necessary to fulfil the complaint examination requirements.



3.2.1. Closed Improvement Loop

The Closed Improvement Loop is a model adopted by the PZU Management Board that depicts how PZU defines, implements and monitors proactive client initiatives that ensure positive client experience. The purpose of the closed improvement loop is to improve client experience and streamline existing products and processes, design client experience, ensure consistent and effective communication and create new products and services in line with client needs and expectations. The Closed Improvement Loop process also includes the promotion of appropriate attitudes and behaviors among PZU employees, in particular by involving them in active participation in the process of defining and managing proactive client initiatives.

A tool under the name of Client Improvement Database (BUK) was made available to PZU employees in 2021, through which they may propose initiatives and thus influence actions and changes inside the organization.



BEST PRACTICE

Client experience management at LINK4



Starting from 2019, the Client Relations Team has been a part of the HR Division (it was renamed to the Client Experience Management Team in October 2021). Its responsibilities include designing positive client experience

by listening to the clients' opinions and implementing improvements. The Team supports and inspires business areas to implement changes and spread the CX culture at LINK4. New activities have been planned for the Team for 2022. They are to strengthen the proactive client approach in the organization and ultimately to improve client satisfaction and experience with the LINK4 brand.



BEST PRACTICE

LINK4-Your Initiatives



The project is addressed to all LINK4 employees who may propose an idea for a change/ an improvement in a process, a product modification or the elimination of an identified irregularity. Proposed ideas help us eliminate causes for client dissatisfaction and simplify customer journeys, which enables us to offer our clients good client experiences. The responsibility for managing proposals rests on the Client Experience Management Team which uses a dedicated app created for this purpose. The authors of the ideas which have been implemented are rewarded.



BEST PRACTICE

Customer Journey and Employee Experience Map in the complaints handling area

PZU wants to find out as much as possible about what is important to the client and what the client's experience with the brand is. In an attempt to achieve this, it conducts a number of tests, in which one of the tools applied for analyzing processes from the client's perspective is the Customer Journey.

The Customer Journey is a tool that describes all events and experiences of the client in his or her interaction with the brand. The Customer Journey map depicts the client along with his or her objectives, fears, specific questions, doubts and emotions. It provides information about what the client feels and thinks and what choices he or she makes at each stage of contact with PZU. There are many such points of contact, including advertising, leaflets, employees, the website, the app, Contact Center consultants, the offering, agents, opinions of other people. Each action taken by the client and the accompanying emotions are depicted on the Customer Journey map.

The tool helps us eradicate the causes of negative experiences and design new ones that are better. To create the map, a 360 analysis is applied, looking at the aspects concerned through the eyes of the client, employee, agent and service providers. This in-depth analysis enables the deployment of a 'quick wins' solution that promptly brings the desired effect. It allows us to devise products that better meet client expectations, improve systems and applications used by the clients, introduce improvements in communication, process and documents, etc. The map helps us focus our employees' attention on the clients and

their feelings, understand the clients, their motivations, expectations and selection paths and engage employees to try harder while keeping the clients in mind.

- The actions we take as part of the Customer Journey include:
- regulating activities and business responsibilities within the firm;
 - rollout of a data collection and initiative management tool;
 - reporting the status of proposed initiatives (as part of the management information report for senior management);
 - workshops with operational employees – in selected business areas (following a review of complaint volumes) and developing initiatives within the workshop formula;
 - constant monitoring of proposed initiatives and keeping in contact with business units responsible for implementing the changes.

Measures aimed at reducing the time of service and improving its quality were taken in 2021. All Complaint Handling Teams underwent plain language training. A negotiator function was set up in the complaint handling process as a pilot arrangement. A person performing it is to seek non-standard solutions in matters that are important from the social or business point of view.



BEST PRACTICE

Client experience management plan

The client experience management plan is a long-term strategy aimed at developing the best possible client experience at all points of contact with PZU. The tool enabling effective management of the plan is the “Policy for managing proactive client initiatives in PZU – Closed Improvement Loop”.

Within the framework of the Employee Experience initiative, the “Recipe for good cooperation” program was rolled out in 2020 to promote cooperation and kindness in contacts between PZU employees. In 2021, the program was deployed and promoted inside the organization. Proactive client initiatives are proposed and deployed within the framework of the program for the purpose of improving client experience and satisfaction.

A Plain Language project was implemented in the complaint area, with the aim to simplify and standardize correspondence sent to clients in the complaint handling process and to promote proactive client culture among employees responsible for handling complaints.

The representatives of teams responsible for examining complaints participated in workshops the purpose of which was to work out solutions aimed at improving cooperation with the company’s business areas. Two workshops were conducted and 21 recommendations were produced with the

aim of familiarizing all PZU employees with the issue of complaints, strengthening its rank and importance in the client feedback collecting process and the process of building positive client experience.

A number of thematic workshops were conducted in 2021 in order to work out solutions to the most frequently raised client dissatisfaction issues. An analysis of complaint data and satisfaction surveys examined against operational data was followed by 12 workshops attended by persons from various company departments. The various scopes of responsibilities and business viewpoints of the attendees not only produced synergy, but also enabled solutions to be seen from various perspectives. 175 ideas were worked out within the framework of the workshops and turned into 103 initiatives.

PZU is planning to set up an elite group under the name “Client Academy” in 2022. The group will bring together employees from the company’s various areas who care for designing positive client experiences. The task of the Client Academy members will be to work out and implement solutions and changes to processes, products and services that will improve client experience with the PZU brand. The Client Academy members will attend workshops and training in the areas of, among others, Client Experience, problem solution methods or idea generation and assessment. These measures will make it possible for the group of employees engaged in designing the best client experience to be extended.



3.2.2. Focus on the Client



All PZU employees exert an impact on the design of client experiences, which is why it is imperative that they look at things through the client’s eyes, in other words: that they place the client at the center of attention. For the purpose

of supporting employees in building relationships with clients, a unique “Focus on the Client” training has been held in the form of microlearning. It includes video materials, podcasts, a variety of graphics, exercises and quizzes with prizes. The training is aimed at educating employees in the areas of client experience and employee experience and, additionally, at boosting a client-focused organizational culture. It teaches designing positive client experiences and shows how to use the acquired knowledge in everyday work.

The training is available to all PZU employees. Each participant with the positive result of quizzes testing knowledge taken after completing the training receives a certificate of a PZU Client Experience (CX) Ambassador.

Three workshops for CX Ambassadors – “Working with the Client’s Opinions” were conducted in 2021, during which their participants (over 60 persons in total) could explore the knowledge on, among other things, how to collect opinions from PZU clients (survey analysis, complaint analysis) so as to streamline actions and processes towards proactive client solutions.

Moreover, a new edition of the “Focus on the Client” program – Extra Episodes – was launched in 2021. This year’s edition started from the issues of the application of new technologies in the client experience program and the clients’ changed expectations during the pandemic.

In the future, we are planning to:

- further promote the focus on the client and extend the group of CX Ambassadors;
- make the “Focus on the Client” a compulsory training course for all new PZU employees.

BEST PRACTICE

CX Day – Client Experience Management Day



On 5 October 2021, PZU celebrated the CX Day or the Client Experience Management Day.

The CX Day is an event for all employees who care for client experience on a day-to-day basis, listen to clients’ opinions and show with their attitudes that the client is the top priority.

The Customer Experience Day is celebrated by the major brands in the world. PZU has joined this group for the fourth time. To mark this occasion, a special on-line meeting was organized with the client focus as its keynote.

The participants of the meeting attended a webinar from which they could learn how to design positive client experience and during which they could take a quiz with prizes on client experience knowledge, as well as view a new episode of the Focus on the Client training #6 “The future came yesterday”.



BEST PRACTICE

LINK4– Our Clients about Us and Client Champion



The cycle of collecting praises received by LINK4 employees from Clients and publishing them on the company’s intranet. All praises received are published

once a month, and those especially outstanding are selected from among them once every two months – employees who have received such a praise are given a Client Champion certificate. The cycle was enthusiastically welcomed by employees – an opportunity to share positive client opinions contributes significantly to the employee commitment and thus to the building of good employee experience.



3.2.3. CX Report – Lasting friendship with the client



In response to clients' growing expectations towards products and services PZU collects and analyzes information about their experiences and emotions. PZU employees analyze complaints and recommend changes to ensure the Group's clients maximum satisfaction. This is what enables the company to design positive experiences. The PZU culture is also changing systematically. The organization educates employees and each of them can influence client experiences, irrespective of the position held by him or her. To gain fuller knowledge about the experiences of Polish consumers we have created a CX Report – Lasting friendship with the client.

The Client Experience Report has been prepared on the basis of a survey conducted by PZU on a group of 3000 people who have taken out insurance or receive private medical care or other services from other segments of the services sector.

The clients were asked, among other things, how experiences with other brands affected their decisions to take out insurance, their loyalty and their expectations. The survey also examined how important such aspects as the availability of information about the service or the clarity of a contact form were for them. The Report presents the best practices adopted and the activities carried out at PZU that could be an inspiration and suggest how to build a client-centered strategy in the organization. External experts were invited to cooperate on the publication. It encourages other companies to act for the benefit of the client.

The document was released in May 2021, at the Congress 590 conference. The Report was also discussed at other business conferences and promoted in business press and social media. To date, it has been downloaded from the <https://www.pzu.pl/raportcx> website over 5000 times. Moreover, a webinar devoted to the key conclusions was held in October 2021. It was attended by 320 people. A new, extended edition of the CX Report is planned for 2022.

3.2.4. Client satisfaction surveys

Client satisfaction with the quality of the services and products obtained is a key factor for building a long-term relationship with the client. The information on what the Group's clients need enables it to develop and set new goals.



PZU has been carrying out client satisfaction surveys for many years. Each year, it broadens their scope, deploys new methods and improves the reporting process, thanks to which it is able to better respond to the clients' needs. The results of client satisfaction surveys are distributed to all business units responsible for customer service at a given stage. They allow it to, on an ongoing basis:

- identify the sources of client dissatisfaction;
- compare the level of client satisfaction across products or areas;
- take action in case of declines in client satisfaction;
- introduce remedies in the customer service process.

PZU reports key client experience indicators, such as:

- Customer Satisfaction Score (CSS);
- Customer Effort Score (CES);
- Net Promoter Score (NPS).

Client satisfaction indicators are included in the goals prescribed for the employees at various levels. These indicators are directly connected with the employees' responsibilities and have a real impact on these responsibilities through the quality of work.

PZU has also deployed a permanent benchmark audit to compare the satisfaction of PZU clients with the satisfaction of clients of insurance industry competitors.

In a quarter, PZU carries out more than 20 thousand client interviews. Meetings with business units responsible for the product and the service process are held on a regular basis – to present the audit results and discuss the areas that need improvement.

In 2021:

- the survey portfolio was expanded – a complaint handling satisfaction survey was launched;
- CAWI and text message surveys were introduced into broad use (these methods provide quick client satisfaction

feedback and offer an opportunity to respond more quickly);

- new survey methods were tested – with the use of voice-bots;
- the client's perspective was popularized in the organization through the publication of the "Client Pulse", i.e. a one-page dashboard summary of key client satisfaction audit indicators.

BEST PRACTICE

Professional service and sales handling indicator



The customer service standards in the PZU sales networks among tied agents, field agents, life agents of the Agency Sales Department and multiagents, as well as in branches and office agencies are permanently verified by Mystery Shopping audits.

These audits are an important operating tool for the departments that are managing the sales networks, and allow them to monitor the quality and standards of services offered to clients by sellers. Thanks to quarterly Mystery Shopping audits, a systemic problem that may occur in a particular area of the agent's or the center's operations can be diagnosed and then rectified with appropriate communication and training.

In 2018, the audits were bolstered through the implementation of the professional service and sales handling indicator (PRO) which simplified the Mystery Shopping measurement method in PZU branches.

By assumption, the audits are carried out on-site, however, due to the COVID-19 pandemic, an online form of audits was also launched, which includes tied agents, field agents, interns and multiagents. Mystery Shopping audits in branches and office agencies, on the other hand, were carried out on-site in 2021, with the exception of the first quarter, when audits were suspended due to the pandemic.

The average PRO indicator for 2021 was 95.9% (96.7% a year earlier).

BEST PRACTICE

NPS survey at Alior Bank



Alior Bank monitors the level of client satisfaction on a continuous basis. A general tendency to recommend its services, as well as client satisfaction with individual products and service channels, such as branches, the hotline or mobile banking, are also examined.

Clients' assessments and opinions are analyzed on an on-going basis and transferred to persons responsible for a given service area. Both survey conducting and distribution methods are constantly developed to improve the quality of information obtained through them, which is subsequently used as a basis for making recommendations and improvements.

In addition to surveys carried out on a permanent basis, the bank conducts a number of new surveys each year, in response to the emerging needs to listen to clients' opinions e.g. in connection with the launching of new processes or functionalities. A relational NPS survey carried out in the bank in the fourth

quarter of 2021, with a 36 score, confirmed that 2021 was another year in which the client satisfaction improved (the score for the previous year was 32).

The bank also conducts periodic surveys among its employees to monitor satisfaction with the quality of cooperation inside the organization. The thus collected opinions enable it to better adapt the operation of its units to the reported needs.



BEST PRACTICE



NPS survey at LINK4



LINK4 pays particular attention to the NPS satisfaction indicator and examines the level of client satisfaction on an on-going basis, focusing on customer service and the processes in operation.

Clients receive survey forms in which they can assess the loss adjustment and provide their comments. We use the information received to continuously improve the quality of service and to streamline processes.

The NPS for 2021 was at 54.46 (49.87 a year earlier).

[GRI 419-1]

Penalties and proceedings

The Polish Financial Supervision Authority imposed a fine of PLN 396.4 thousand on PZU in 2021

- for violating Article 14 Section 1 of the Act on Mandatory Insurance in connection with the insurance undertaking failing to pay indemnification within the deadline referred to in the article above in cases relating to thirteen injured parties;
- for violating Article 14 Section 2 of the Act on Mandatory Insurance in connection with the insurance undertaking failing to pay indemnification within the deadline referred to in this article above in cases relating to three injured parties.

The decision imposing the fine is not final and non-appealable.

Ratio of complaints handled within 30 days in 2020-2021

	2020	2021
Group	84.9%	97.9%
PZU and PZU Życie	98.5%	98.4%
Bank Pekao	71.4%	98.5%
ALIOR BANK	74.2%	96.0%
PZU ZDROWIE	98.6%	99.0%

BEST PRACTICE



Negotiations with the LINK4 client

An effective loss adjustment process and the conclusion of the case with a settlement contributes to the increased

satisfaction of our Clients. The LINK4 Loss Division teams take proactive measures, including by entering into negotiations, to limit the risk of grievances being lodged with official bodies or the risk of court disputes. Strengthening Client relations is one of the main objectives of LINK 4's strategy.

3.2.5. Complaints and grievances

The complaint examination stages at PZU and PZU Życie include:

- immediate examination of the circumstances of the case;
- assessment of the validity of the issues raised;
- taking a position;
- taking actions to rectify the identified faults, if any;
- replying the client and external body if that body lodged a complaint on the client's behalf.

131 grievances were submitted to PZU in 2021 against agents. 29 of them were recognized in full and 25 were recognized in part. These grievances pertained to improper employee conduct, giving incorrect information and the lack of contact with the client as agreed. PZU Życie, in turn, received 33 grievances. 3 of them were recognized in full and 5 were recognized in part. The grievances pertained above all to the lack of contact with the client as agreed and the employee improper conduct.

Information about the causes of the grievances is analyzed also by the persons responsible for the areas to which they pertain. This is aimed at taking actions which may eliminate the causes of the complaints and their sources in the future. This applies in particular to product offer development, sales, distribution channels, external partner network (including cooperation with service providers and contractors), customer service, claims handling and marketing.

BEST PRACTICE

Grievances and complaints related to the work of agents



are accepted by PZU in any form. Clients decide on their own whether they want to use a traditional letter, an e-mail or a form on PZU's website, or to report the problem to an employee by phone or directly in a company outlet.

The Complaints Handling Section specially appointed in the corporation's structures deals with the submitted complaints and grievances. The employees of this section field each notification as quickly as possible. In standard cases clients wait for a response for no more than 30 days. In cases that are particularly complicated this timeframe is extended but does not exceed 60 days. If it finds that an agent has breached his or her duties, PZU may curtail the scope of the power-of-attorney extended to enter into insurance contracts, or terminate the agreement. In the event of serious breaches, the Security Department is the appropriate unit to react.

BEST PRACTICE

System for preventing grievances supports responsible sales



Based on the conclusions drawn from complaints, all employees involved in examining complaints put forward complaints-related initiatives, or ideas for improvements and on how

to eradicate the sources of these complaints and client dissatisfaction, to the Client Relations Department (the owner of the complaint handling process). For this purpose, an appropriate tool has been created: the Complaints-related Initiatives Database. The Client Relations Department is responsible for handling all submitted initiatives: verifying all submitted ideas, checking the reasonability of proposed changes with business owners, monitoring the progress of work and then reporting on the outcome of changes and their business impact.

64 initiatives were submitted in 2021, of which 13 were implemented. 8 recommendations are waiting to be implemented, 20 are being evaluated and 23 have been rejected. Most of them are proposals for streamlining existing products, services or claim handling or customer service processes. They improve client satisfaction and experiences. They also include ideas for developing new solutions aimed at responding to clients' needs and expectations.

3.2.6. Client Ombudsman

Client Ombudsman functions are in place at the PZU Group companies (e.g. at PZU, LINK4, PZU Zdrowie, Bank Pekao, Alior Bank). Client Ombudsmen deal with the most difficult cases which cannot be handled with the use of a standard complaint procedure or require additional legal or expert opinions. They also support clients in clarifying complex and multithreaded cases. They make sure that all actions take account of the client's perspective and propose solutions that satisfy both parties. The Ombudsman is the last body of appeal in a complaint process. The fact that clients are guaranteed this form of representation contributes to the improvement of customer service and to a reduction in the number of appeals against replies to complaints lodged with external bodies.

PZU's Client Ombudsman



Clients directly contact the Ombudsman through a web form or an e-mail or by phone. It is also possible to have an appointment in person at PZU's Head Office in Warsaw. Every notification is recorded in the system while the Ombudsman intervenes in cases that, in his or her opinion, require a non-standard approach. The ombudsman also acts as an educator, since many questions forwarded to him or her pertain to the functioning of an insurance product. Nearly 1.5 thousand notifications were filed with the Ombudsman in 2021. The accepted standard calls for closing a case within five business days.

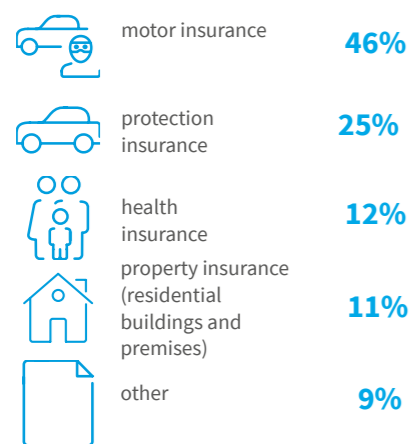


PZU's Client Ombudsman also analyzes the cases forwarded to the Management Board of PZU and PZU Życie, and mediates before the Financial Ombudsman and in the Polish Financial Supervision Authority.

The Client Ombudsman has established cooperation with the National Association of the Deaf (PZG) to best align insurance products with the needs of deaf and mute clients. In collaboration with PZG, we made a video showing how deaf and mute persons could use PZU road assistance service. The video has been posted on PZG's website.

Going forward, the activities of the Client Ombudsman are intended to be continued, with greater emphasis placed on its educational function and continued collaboration with the National Association of the Deaf through educating and assisting deaf people in using insurance products. In 2021, the Client Ombudsman made appearances in electronic media, print media, and on television to educate clients about insurance.

Scope of notifications forwarded to the Client Ombudsman in 2021:



LINK4 Client Ombudsman



In difficult and complex cases that require additional analysis, LINK4 clients also can count on the support of the Client Ombudsman. He/she supports the clients who completed the complaint procedure and still disagree with how their case was resolved. The Client Ombudsman also assists those who need help in dealing with an issue or obtaining clarification or information.

Clients can contact the Client Ombudsman via a short form available on the website, in writing letter or via e-mail. The Client Ombudsman also analyzes the cases forwarded to the Management Board of LINK4.

The Client Ombudsman, being the voice of the Clients in LINK4, may influence the quality of processes and products by making recommendations and suggestions to the business which result from the cases reviewed by the Client Ombudsman.

Health Ombudsman



To better understand the patients' needs and strengthen relationships with them, in December 2020, PZU became the first insurer in Poland to appoint the Health Ombudsman.

The Health Ombudsman is a unique function, which has no equal in the entire private medical care and insurance market. The Health Ombudsman's primary responsibilities include listening to patients, assisting them in finding the best solutions and supporting them on every stage of interaction with health care operators – from the moment of purchase of services to a visit in a medical center. The Health Ombudsman's duties also include educating clients and promoting healthy lifestyle, preventive medical testing and physical activity. Close contact with patients will allow him or her to have real impact on the development of new solutions and health products.

Clients may contact the Health Ombudsman through an online form or e-mail.

In the near future, the Health Ombudsman will continue the prophylactic activities and health-promoting initiatives that have been undertaken, supporting Patients in taking care of their health.

3.3. Responsible sales

We play fair - "We have the suitable qualifications and tools to discharge our obligations in respect of our clients. That enables us to give them accurate and comprehensible information regarding our offer and products. Let's do our best for this knowledge not to mislead anyone. We articulate transparent and unambiguous model contracts and advertising materials. Contacts with clients are based on trust. Let's remember that when doing our professional duties, we are always acting on behalf of the PZU Group. If a client loses trust in us, then further cooperation may be called into question.

We are obligated to treat all clients equally. Service should not be denied to anyone, nor should the provision of information or explanations. We approach aftersales service with an equal amount of professionalism."



3.3.1. Straight-forward products

Area-specific risk: Risk of misselling, i.e. the risk of dishonest communication with clients regarding the PZU Group's offers to purchase products that do not meet their needs or do so in a manner that is not suitable to their nature.

Approach to management: the PZU Group has implemented policies for the fair design and sale of financial products and services. In addition, according to the Act on Insurance Distribution, an analysis of the client needs is conducted before offering an insurance contract, based on which the client's needs are determined and products are recommended. Control mechanisms for this process were also implemented, including mystery shopping and sales observations.

Key regulations: Principles regarding the product management system.

PZU Group policies [Accounting Act] [GRI-103-2] [G4-FS15]

Policies for the fair design and sale of financial products and services

The PZU Group wants for its clients to insure themselves, invest and use financial services in a responsible manner – to make deliberate decisions with a grasp of the nature and mechanisms of the products they purchase.

All Group products and services are meticulously checked by experts before they can be proposed to clients. Lawyers and employees of the Compliance Department ensure that no

clause in any agreement violates client interests, and that the entirety is compliant with current case law regarding consumer rights.

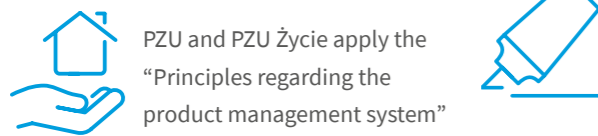
The transparency of the Group's insurance products is ensured by the provisions of the Insurance Distribution Act of 15 December 2017 which entered into force in 2018 and was later amended. The Act is the effect of implementation into the Polish legal order of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (Insurance Distribution Directive). The above is further complemented by the requirements of the regulatory authority applicable in PZU, in particular the Recommendations of the Polish Financial Supervision Authority concerning the product management system, product appropriateness tests and insurance distribution.

All insurance companies of the PZU Group (to the extent appropriate to their operations) fully comply with the relevant standards, in particular those resulting from:

- Commission Implementing Regulation (EU) 2017/1469 of 11 August 2017 laying down a standardized presentation format for the insurance product information document – the so-called IPID,
- Commission Delegated Regulation (EU) 2017/653 of 8 March 2017 laying down regulatory technical standards with regard to the presentation, content, review and revision of key information documents and the conditions for fulfilling the requirement to provide such documents. Consequently, the Key Information Document (KID) accompanies all products for which this is required according to the regulation, chiefly insurance-based investment products and life and endowment insurance policies.

As a result, clients are provided with information that is important to them in an understandable and synthetic format, which enables them to both understand and compare the products offered on the market. Documents are provided as part of the sales process and can also be found on the product websites of PZU Group companies (pzu.pl, link4.pl).

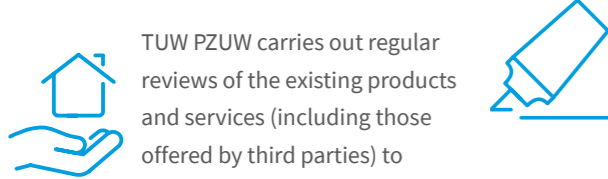
BEST PRACTICE



PZU and PZU Życie apply the “Principles regarding the product management system”

defining the key requirements and activities to be performed at each stage of the product life cycle to ensure that the developed and distributed products meet the needs and requirements of the target client groups.

BEST PRACTICE



TUW PZUW carries out regular reviews of the existing products and services (including those offered by third parties) to

assess whether they still bring benefits to consumers. In the first quarter of each year, TUW PZUW prepares collective information on satisfaction of clients' expectations regarding individual products, analyzing in detail any comments regarding service and contract transparency. Monitoring is the basis for preparation of an assessment of adequacy and introduction of increasingly better solutions. This is also supported by the annual analysis of complaints from the perspective of the product and service and the applied procedures, and the findings and recommendations are reflected in a comprehensive report. On this basis TUW PZUW works out and regularly implements solutions aimed at further improvement of quality. The obligation to offer products responsibly in TUW PZUW is laid down in the scope of duties of the Management Board of the Insurance Company.

Regulations in subsidiaries



All foreign companies also have in place appropriate procedures in the area of product development and sales. Lietuvos Draudimas, operating in Lithuania, in addition to the procedure for launching new services, applies

an insurance product policy that defines the processes and basis for the development and modification of insurance products that should ensure the company's compliance with applicable laws and regulations. The Latvian company, AAS Balta, has in place guidelines for communicating with clients, which are intended to define the general principles of communication with the company's current and prospective clients. It also applies policies for identifying client needs and managing product changes and development. The companies in Ukraine implement corporate sales policies defining the business rules for providing insurance services to corporate clients, as well as direct sales policies describing the rules for organizing direct sales at all stages.



Banks operating within the PZU Group make sure that the products and services they offer are available to people who genuinely need them and for whom they can be of real benefit.

In accordance with generally applicable laws and regulations, both at Bank Pekao and at Pekao Group companies offering financial products and services, there is a number of regulations defining the business standard, as well as establishing rules of conduct in order to protect clients' interests, and to mitigate compliance and reputation risks connected with the sale of products and services to consumers. At Bank Pekao, this area is covered in a comprehensive manner by the Policy for new product deployment and the Rules for creating marketing communication. The standards of offering and sales are further defined in the Rules of selling credit and payment products to consumers in Bank Polska Kasa Opieki Spółka Akcyjna and the Policy for the sale of investment products. The first document relates to the Bank's activities regarding the product sales process, and contains general guidelines for advertising products to clients. It also contains a sample list of improper practices in the process of selling credit and deposit products. The Policy establishes uniform rules for the sale of investment products for all organizational levels of the Bank and provides consistent assumptions regarding the standards for implementation of investment products. The risk of misleading the client with respect to the product

designation is managed through ongoing reviews, i.e. through the process of evaluating marketing materials by, among others, the Compliance Department. The process of providing opinions on marketing materials and business instructions is covered by the Bank's Internal Control System.

The Code of Conduct of the Pekao Group prohibits practices that are detrimental to collective interests of consumers, such as:

- failure to provide consumers with accurate, truthful and complete product information,
- application of prohibited contractual terms;
- unfair market practices or acts of unfair competition;
- offering consumers to purchase financial services that do not meet the needs of those consumers or offering to purchase those services in a manner that is inappropriate to their nature (misselling).

Alior Bank applies the Policy of preventing dishonest sales in order to counteract the practice of misselling. The document lays down the rules that must be applied in the process of designing and distributing products. The product shelf has been reduced and selected offer elements may be distributed only by authorized channels (e.g. Private Banking) and employees who have the appropriate knowledge and experience. The sales processes are subject to regular monitoring for the threat of misselling. There are defined rules of handling identified cases of inappropriate sales.

[GRI 417-1]

Internal requirements concerning the labeling of products and services and information regarding them

All of the PZU Group products belonging to the four major product categories (life insurance, non-life insurance, health and investment products) satisfy the statutory requirements:

- within the scope of general policy conditions: the PZU Group directly applies the Insurance and Reinsurance Activity Act. Additionally, the product development procedures refer to a clause on the mandatory preparation of general terms and conditions of insurance;
- with respect to KID (Key Information Document) for investment insurance – the PZU Group directly applies the PRIIP regulation and the product development procedure;
- with respect to the Insurance Product Information Document (IPID), for non-life insurance – the PZU Group directly applies the clauses of the Insurance Distribution Act

as well as the principles regarding the product management system and the product development procedure.

[GRI 417-2, 417-3]

Since 2018, no failures to comply with regulations or codes concerning the labeling of products and services or marketing communication have been reported in PZU and PZU Życie.

3.3.2. Advertising ethics

Area-specific risk: Compliance risk concerning the generally prevailing laws and guidelines of state authorities and reputational risk.

Approach to management: The Marketing Department uses the practice of verification of planned marketing messages prior to their publication in terms of their transparency, authenticity and accuracy of information contained therein with other PZU entities, in particular the Legal Department and the Compliance Department (for compliance risk, including compliance with the law – risk of misleading the consumer, use of messages infringing the addressees' interests) and pertinent departments responsible for a given product (consistency of the message with the facts – risk of misleading consumers).

Key regulations: Code of Ethics in Advertising; Rules for giving opinions on marketing activities and activities in internal and corporate communication.

PZU Group policies [Accounting Act]

[GRI 417-1]

The PZU Group attaches a lot of importance to proper shaping of the brand image and the advertising message associated with the product offering. Consequently, it advertises its products and services responsibly, in accordance with the rules laid down in the PZU Code of Ethics in Advertising. The Code is a collection of additional standards, independent of the provisions of law and the guidelines of the Polish Financial Supervision Authority. All actions covered by the provisions of the Code should be compliant with the law and good practices, based on social responsibility, and consistent with the principles of fair competition.

The main rules in the Code:

- advertising does not contain discriminatory contents, respects human dignity and does not challenge animal rights;
- the message is not misleading and does not take advantage of the clients' ignorance;
- data presented in advertising are true and documented.

The Code also regulates the event sponsoring rules. It clearly stipulates that they may not infringe good practices, expose facilities of historical or artistic importance to harm, or exert negative impact on the natural environment.

Responsible marketing communication is also supported by:

- The Marketing Policy which defines the aims, standards and principles of conducting marketing activity in the PZU Group. It focuses on ensuring consistency of all marketing activity and the message, as well as compliance with the prevailing provisions of law, in particular with the regulations on protection of competition and consumers and fighting unfair competition, as well as the guidelines of public authorities.
- The Rules for giving opinions on marketing activities and activities in internal and corporate communication, which regulate the procedure for issuing opinions by the Compliance Department on marketing materials in terms of compliance risk.

BEST PRACTICE

Action synergy



Caring for better understanding of the users' purchase path, the number and quality of interactions with the PZU brand, products or services, and aiming to adapt the communication more effectively to the user, in 2020 PZU implemented a new analytical and media platform. Since then, all activities conducted as part of direct marketing have been centralized. Each time, as part of campaign activities, the effectiveness of the specific advertising channels is reviewed and compared. Thanks to this solution, PZU conducts its works based on user segments whom it reaches with the appropriate advertising message.

BEST PRACTICE



The marketing activities are evaluated in terms of compliance risk, including with regard to compliance with the law – risk of misleading the consumer, use



of messages infringing the addressees' interests and in cooperation with pertinent departments responsible for given products (consistency of the message with the facts – risk of misleading the consumer). Experts check, among other things, whether a given message entails a risk of PZU and PZU Życie suffering a loss of their good name.

The Legal Department's opinions on marketing and communication activities are based on the principles set forth in separate internal regulations regarding the organization and provision of legal assistance in PZU and PZU Życie.

BEST PRACTICE

Agent Ad Generator – online platform offering templates of advertising materials



In an attempt to ensure consistency and correctness of its marketing message, PZU actively supports agents by providing them with tools that effectively enhance their work environment. On one hand, advertising



is crucial in the agents' work, but it is equally important to follow the rules of business communication and legal standards concerning the insurance market. This is facilitated by the Agent Ad Generator – an application with ad templates (e.g. flyers, banners, billboards, print ads, etc.) that can be filled in by the agents with their contact details. Thanks to the standardized advertising templates that cover a wide range of products and offer multiple formats, agents avoid legal or content-related risks. They can download ready-to-use materials they need, enter their contact details and publish electronically or have them printed at a print shop. As a result, we ensure:

- high quality of materials used by the agents;
- consistent communication;
- compliance with the law;
- optimization of the material development process;
- we save time and provide our agents with new opportunities

[GRI 206-1, 417-1, 417-2, 417-3]

In accordance with the applicable internal regulations, marketing and advertising activities carried out by Bank Pekao and Pekao Group take into account the provisions of generally applicable laws and guidelines of the regulatory authorities, the principles of fair trading in the financial market, good practices and clients' declarations of will concerning such activities. Moreover, they are carried out in compliance with the Bank's communication strategy, in keeping with the visual identity and image, the adopted internal regulations and with respect to the clarity of communication. Bank Pekao adheres to the Code of Banking Ethics of the Polish Bank Association and the Best Practices of the Financial Market adopted by the Polish Financial Supervision Authority. The key regulations in this respect include the Policy for new product deployment and the Rules for creating marketing communication. The Code of Conduct in the Pekao Group emphasizes that each employee is an ambassador of the products and services offered both by Bank and other Pekao Group entities.



Bank Pekao makes every effort to ensure that the advertising message does not undermine public confidence in advertising activities, does not contain content or images that offend commonly applicable moral norms,

does not abuse client confidence by exploiting clients' lack of experience or knowledge, does not appeal to fear, does not contain elements that could lead to or encourage acts of violence and, finally, does not condone discrimination, in particular on the grounds of race, religion or gender.

In Alior Bank S.A., the advertising ethics issues are covered by the Code of Conduct in Alior Bank. In accordance with the Code, the bank's communication is open and transparent with a view to strengthening its reliability and clients' trust. All promotional and advertising activities are in compliance with applicable laws, impeccable in ethical terms and in accordance with best market practices. The bank informs about its products and services in a reliable, unambiguous and impartial manner, and the form of presentation is not misleading. The content and message are easily understandable for all audiences. In its message to its clients, the bank does not overstate the benefits in an effort to downplay the costs and risks associated with acquiring a particular product or service.

3.3.3. Plain language



Integrity, which is part of the "Best Practices of the PZU Group", also means that PZU Group companies apply transparent rules in their communications with clients, as well as shareholders and business partners. We

make sure that letters and information addressed to them are simple and easy to understand. That is why we attach so much importance to the language used to draft them.



"Using clear and understandable language is a condition of effective communication and good relations with the clients. PZU is a market pioneer in this respect. We have set up the Plain Language Department

which makes sure that understandable language is a standard in our company. We simplify letters and client information, giving it graphically transparent form. We have created a special app thanks to which our employees can check whether the text complies with the rules of plain language before sending a letter or an e-mail and get tips regarding the appropriate form. The PZU Plain Language Department's groundbreaking initiative is the "Encyclopedia of Simple Polish", which provides principles of accessible communication."

Dorota Macieja, Member of the PZU Życie Management Board

A survey carried out by Norstat Polska has shown that PZU's clients declare more frequently than other clients that they can easily find the information they need in the correspondence they receive and that the information is written using understandable language. This is the result of PZU's consistent efforts to ensure straightforward, clear and transparent communication with clients. The importance that PZU attaches to this area is confirmed by establishing the Plain Language Department in 2020 in place of the earlier team.

The Department performs its tasks, introducing language standards in communication with clients, shareholders and business partners. It also develops templates for letters to and responses for clients. These documents are crucial to the



positive experience of millions of people in their interaction with PZU. Launched in 2021, the new PZU Auto policy template will reach a larger audience than most Polish newspapers.

Moreover, the Plain Language Department conducts numerous training courses for employees and promotes the principles of simple Polish during conferences, webinars and using internal communication channels: the PZU24 service, regular newsletters and the “Świat PZU” magazine. It is also involved in external communication, promoting PZU as a company which attaches a lot of importance to ensuring that information conveyed to clients is clear and understandable.

It cooperates with linguists from renowned academic centers: Institute of Plain Polish of the University of Wrocław and the Polish Language Institute of the University of Warsaw.

Standards and tools



PZU is the only insurer in Poland that boasts as many as four “Simple Polish Certificates”. This is a quality certificate awarded by the Institute of Plain Polish of the University of Wrocław, confirming that certified texts comply with the international plain language standards.

PZU, as the first insurer in Poland, launched a special app named “It is simple!” for analyzing texts from the linguistic perspective. It enables PZU employees to check whether the texts they write contain incomprehensible phrases or whether the sentences they use are excessively complicated or too long.

BEST PRACTICE

Encyclopedia of Simple Polish

The publication of the “Encyclopedia of Simple Polish” in 2021 was a groundbreaking initiative of PZU. It is the first of its kind on the market. It is intended to promote clear and easy-to-understand language in business, especially in communication with clients. It was prepared by the PZU Plain Language Department, in cooperation with the Polish Language Institute of the University of Warsaw.



The “Encyclopedia of Simple Polish” includes over 3,000 terms, constructions and topical entries. The “Corporate Speech Dictionary”, comprising several hundred terms, is the main part of the “Encyclopedia”. It provides their meaning and examples of usage, suggests whether they are worth using and which words can be used to replace them. The Encyclopedia also includes a chapter dedicated to “Difficult Forms” and a section on the principles of straightforward communication.

The aim of the publication is to promote plain Polish in non-plain domains. PZU strives to set the highest standards and promote market trends in this regard for the sake of its clients and of the correct Polish language. By doing so, it gains confidence of its clients and seeks to encourage other companies to do the same.

Understandable communication is also supported by:

- “Simple language strategy at PZU”, i.e. a collection of universal rules applied in communication;
- “Standards of correspondence with clients”, which sort out the templates of official communication with clients;
- “Standards of internal correspondence”, which unify the existing form of communication within the company;
- “Effective communication management policy”, defining the principles of communication with clients and within the organization along with the methods of their implementation and monitoring.



Bank Pekao continues to work on simplifying the content of its messages as part of the “Simply in Polish” program. In 2021, the Simple Communications Committee was established to recommend that business units simplify specific texts addressed to clients and those created for internal communications. As a practical measure, more than 40 employees started attending the course for plain language consultants provided by linguists. Those who complete the course will help other employees create simple messages.

They will also participate, as trainers, in an in-house training program on plain language. The Bank actively participates in the work of an interbank group under the auspices of the Polish Bank Association, whose task is to develop standards for plainly written bank documents.

Alior Bank also continued the process of simplification of its client communications. The Bank has established a Communication Simplification and Sales Quality Management Team. Measures taken to simplify communications included, among others, messages of the hotline voice assistant so that the voicebot’s statements follow the rules of plain language. Also, more than 700 documents and information were simplified, and the “Plain Writing Manual” and two e-training courses were made available to the Bank’s employees. Moreover, Alior Bank together with other banks signed the “Declaration of banks on the plain language standards” (initiative of the Polish Bank Association). It also joined the working group for simple banking communication, which operates at the Polish Bank Association.

BEST PRACTICE

Plain language at LINK4

Since 2017, LINK4 has been changing its communication with clients to make it simple and easy to understand. The plain language project involves both simplifying documents addressed to clients as well as training and workshops for employees regarding the principles of plain writing. Starting from 2021, all general terms and conditions of motor insurance are written in plain language. To mark the Plain Language Day, all employees received a brief Plain Writing Guide, i.e. a set of internally developed rules for writing in a manner that is accessible and understandable to every client. The Management Board Client Experience Team is responsible for the plain language project. LINK4 believes that insurance should be simple, and using clear and easy to understand language is a natural part of the process.



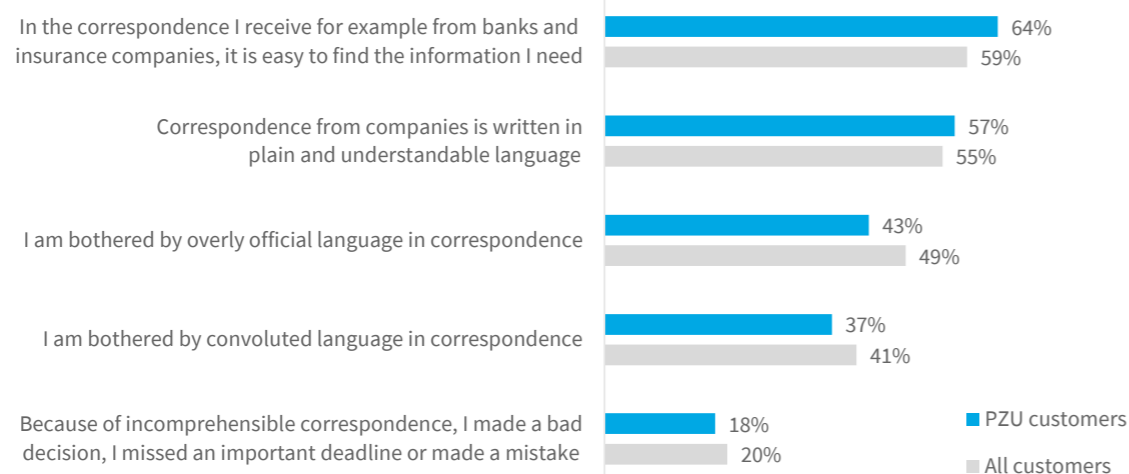
Conferences and training



Annual language conferences organized by the PZU Plain Language Department bring together a record number of PZU employees – more than 1,600 in 2020, and the same number in 2021. During these meetings, the most eminent linguists in Poland, as well as specialists in the field of communication and customer experience, share their knowledge and experience.

In 2021, a conference “Down with the formal style!” organized by the PZU Plain Language Department won the prestigious Meeting Planner Power Awards as the best educational event online. Members of the jury appreciated the original way to promote plain and communicative language in business.

The Plain Language Department also provides language training and workshops, with over 1,300 participants in 2021. They are run by the authors of the Polish effective communication model. During practice sessions, participants simplify complex content and prepare letter templates to be used in communication with clients. In 2021, more than 320 PZU employees took part in workshops organized by the Department.



CAWI survey on a sample of 2000 clients of various types of services, including financial, courier, TV, Internet, telephone services, utilities, and airline passengers.



3.3.4. Seller network

The PZU Group has created the geographically biggest sales network in Poland. As a result, clients enjoy easy and convenient access to financial products and services. The Group also ensures quality service by upskilling the sellers and providing them with modern tools, removing architectural barriers for people with disabilities, and recently by adjusting procedures and protective measures to the current epidemic threat related to COVID-19 pandemic.

The PZU sales and service network includes:

- 409 branches with convenient access across the country with 189 in small communities;
- 9.7 thousand tied agents and agencies;
- 3.2 thousand multiagencies;
- over 1 thousand insurance brokers;
- electronic distribution channels.

The PZU Group's clients in Poland have also access to Bank Pekao's distribution network (650 branches) and Alior Bank's distribution network (600 branches, including 173 traditional branches, 7 Private Banking branches, 13 Corporate Banking Centers and 407 partner centers; Alior Bank has also 55 branches in Romania). Both banks have professional call centers and mobile and internet banking platforms.

When it comes to bancassurance and strategic partnerships, the PZU Group collaborates with 12 banks and 20 strategic partners. The PZU Zdrowie network has approximately 2,200 partner and over 130 own centers.



Cooperation with the banks within the PZU Group (Alior Bank and Bank Pekao) forms an additional platform for PZU to build lasting client relations. At the end of 2021, more than 8.5 thousand banking advisors (5 thousand in Bank Pekao and 3.5 thousand in Alior Bank) were enrolled in the Register of Insurance Agents.

A comparable number of advisors compared to the data for 2020 is a result of the deletion from the register of persons whose type of cooperation with PZU does not require a license from the Polish Financial Supervision Authority, or persons who no longer work at the banks. In 2021, PZU examined and registered approximately 2,100 new individuals who obtained license from the Polish Financial Supervision Authority.

PZU branch network

The network of 409 standardized PZU branches is evenly distributed across Poland in carefully selected locations. PZU branches are the only distribution channel ensuring in each outlet comprehensive sales and aftersales service of PZU Group's non-life, life and pension insurance and investment products. The offering in PZU branches is targeted at individual clients as well as businesses from the small and medium-sized enterprise (SME) segment.

PZU Tied Agent network

The priorities for the management of the tied agent network include implementing the PZU Group strategy and adapting the sales network to the challenges of the modern world. The pandemic had a significant impact not only on the products offered by the PZU Group, but also on the way we communicate and sell insurance. In a very short time, procedures and tools were changed to make it possible to sell insurance during major lockdowns. The sales network had to transform rapidly to remote forms of contact with the clients. The changes covered many areas of the companies' operations, but ultimately focused on ensuring that the accessibility of the offer to clients remained at the same level. The actions taken at the beginning of the pandemic have been continued and expanded. Clients can contact their agents in a number of ways: personally, by phone or via the mojePZU app.

It was also a challenge to maintain the size of the sales network as it had been before the pandemic, and PZU took a number of actions with a view to preserving jobs and salaries of the sales network.

Improvement of the professionalism and quality of customer service in the agent's offices, and increasing their physical presence in the field are the priorities of the network development. Attractive equipment and marketing signage of the offices, training on service quality standards, substantive support for the sales teams and even financial support from PZU – all this helps agents to attain the highest level.

One of the priorities remained the development of the sales network in terms of making it universal. This means that the same agent offers products of many companies within the PZU Group. Agents become professional advisors at each stage of the client's life. As a result, clients may insure their property, buy medical and life insurance and take care of their pension – all from a single agent.

PZU Tied Agents use a system dedicated to PZU Tied Network, which among other things allows them to reach a greater number of clients with a new offer. On the other hand, agents have the opportunity to keep all client information in one place. In the near future, agents will also have the ability to analyze client portfolios in terms of various parameters and the ability to quickly create offers directly in the system, which will make it possible to better tailor the offer to the clients' needs.

As at the end of 2021, PZU had nearly 1.5 thousand tied agent offices in Poland. However, over 3 thousand out of approx. 5.3 thousand tied agents had authorizations to sell PZU and PZU Życie products.

Despite the pandemic, PZU focuses on expanding its tied agent network. In 2021, more than 40 new offices were opened, mostly in localities where no PZU tied agent had been present so far. These actions increase accessibility to products and services while reducing financial exclusion.

PZU also conducted recruitment campaigns, promoting the agent profession and attracting new candidates. In 2021, more than 500 new agents were recruited who are provided with a dedicated onboarding program to prepare them to work.

BEST PRACTICE

Portfolio Development Teams



As regards the Tied Agents channel, two-person Portfolio Development Teams were appointed in each Sales Area. They are responsible for actively supporting the sales of life and health products offered by Tied Agents and for monitoring the growth of the sales network. The teams actively participate in and oversee the implementation of new PZU Życie solutions in the non-life network.



BEST PRACTICE



PZU develops and promotes the agents' online presence:

- it sets up their websites, which we then put up on the www.agentpzu.pl site;

- prepares Google "business cards";
- and Facebook profiles.



The visit statistics and information from agents confirm that these efforts help them reach a broader group of clients.

PZU Życie Tied Agent network

In 2021, the PZU Życie Tied Agent Network also saw a number of changes as a result of implementation of new products, portfolio-related works, recruitment and development, as well as changes related to the COVID-19 pandemic.

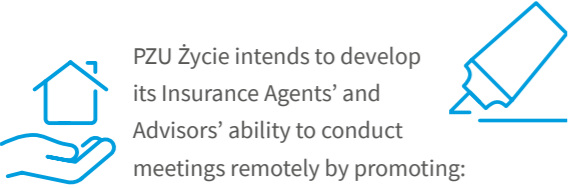
In particular, the increase in client interest in health insurance designed to cover financial needs in the event of health impairment caused by illness or accident has highlighted the need to train the sellers to efficiently discuss health needs with clients and present health insurance solutions based on those needs. In this regard, a training program based on the proprietary model named TRINS and carried out via a dedicated learning platform was launched in 2021. The program provides Insurance Agents and Advisors with special sales tools, as well as teaches how to use information and facts about the situation on the domestic and foreign service and health insurance markets in order to submit an appropriate offer.

Insurance Agents and Advisors were also trained in the area of effective use of remote communication means (use of instant messaging services, improving skills to conduct remote meetings effectively) in response to a significant interest of clients in this form of contact.



In 2021, PZU Życie conducted two recruitment campaigns. As a result, approximately 100 new Insurance Agents and Advisors apply for training each month. It is important to note that at the same time a qualitative change is taking place. Although the number of sellers has remained unchanged, the Insurance Advisors who have a higher sales effectiveness are becoming more and more numerous.

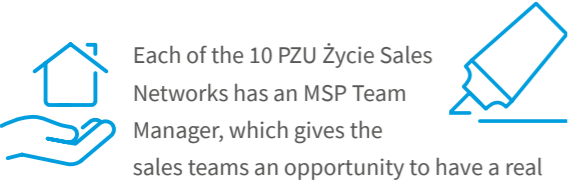
BEST PRACTICE



PZU Życie intends to develop its Insurance Agents' and Advisors' ability to conduct meetings remotely by promoting:

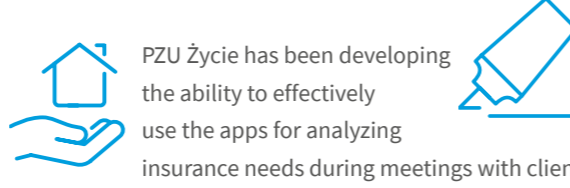
- the use of instant messaging services to conduct online meetings when the clients do not agree to direct contact;
- application of Sandler methodology in online meetings;
- application of the current meeting standards in remote contacts with clients.

BEST PRACTICE



Each of the 10 PZU Życie Sales Networks has an MSP Team Manager, which gives the sales teams an opportunity to have a real impact and focus their activities in the area of modifications and up-selling. As a result, it is possible to identify clients whose contracts are not adjusted to the market. The involvement of MSP Managers and Experts in assisting with offers makes it possible to identify new needs and systematically convert contracts to ones that are better tailored to clients' needs. Consequently, it is possible to consolidate relationships with existing clients and to attract new insureds. Offers concerning the POZ product for selected professional groups were created in this way.


BEST PRACTICE




PZU Życie has been developing the ability to effectively use the apps for analyzing insurance needs during meetings with clients:

- taking advantage of all opportunities to use APKB in meetings with clients;
- engaging clients in the process of designing the best offer for them based on needs assessed using the APKB app.

Remote channels




mojePZU – all services in one place
Launching the mojePZU portal is a way of fundamentally modifying client interactions. This is a one-of-a-kind dashboard enabling clients to check their insurance cover at any time, manage their medical coverage and appointments as well as their investments.



Through the mojePZU portal, PZU Group clients may:

- buy a motor, home or travel policy and medical packages;
- view their policies and report changes;
- make an appointment with a physician;
- collect a referral for examination or an e-prescription;
- check their medical records;
- invest savings;
- report a claim and check its current status.



Modern self-service offers a single location to access PZU Group's products and services and helps in the handling of numerous matters without the need to visit a branch or contact a hotline. It is accessible from any location and at any time, on personal computers and through the mobile app. At the end of December 2021, the mojePZU portal was used by more than 2.5 million users.

It is continuously developed and upgraded with new functions. In 2021, in the area of health, new capabilities have been added for users, including the handling of discount codes in the process of purchasing medical services for logged-in and non-logged-in clients, adding an appointment to the calendar on a mobile device along with the possibility of automatic

removal when canceling an appointment, using a medical history by a non-logged-in client or using new products:

- medical packages in the form of subscriptions in the PZU Zdrowie network, providing one-year access to e.g. consultations with specialist physicians, diagnostic tests at health centers and telemedicine advice;
- prevention packages – over a dozen packages comprised of doctor consultations and examinations. Clients can choose from general health check-ups for men and women, as well as packages targeting specific health issues, including oncology, nutrition, cardiology or COVID-19 tests. Packages can be used on a one-off basis, and can be purchased for the client or their relatives.

In the area of sales of insurance products and renewals, the possibility of offering the ADD product by sales entities was added to mojePZU, and the PZU Auto insurance renewal process was launched. As a result, clients receive the offer along with information on insurance renewal electronically (via the portal). E-mail and SMS communication was also included. Moreover, information screens containing contact details of the seller who prepared and sent the offer via mojePZU were added to the website. In 2021, the possibility to pay for the policy on mojePZU on the liability start date for PZU Auto and PZU Dom products was also introduced.

Additional functionalities were also launched in the area of life insurance. Additional functionalities were also launched in the area of life insurance. These included, among others, the possibility of submitting an application for reimbursement of medicine costs in insurance for medicine, modification of group insurance accession methods through additional screens and messages as well as presentation of details for the basic health care product for small entrepreneurs, the so-called SOHO (small office/home office) clients.

Additional features were made available in the finance area, including: linking the mojePZU account with inPZU and the new service of DFE PZU and OFE PZU (socofe.pzu.pl) and automatic transition from mojePZU to inPZU or socofe platforms, preview of details of IRA and IRSA products from TFI and preview of account balances for PTE products.

Since May 2021, clients supported in the claims and benefits area have been directed to mojePZU where they can access claim/case details.

In 2021, the ability to support the new PZU Sport product was made available in the mojePZU mobile app. Holders of sports and recreation subscriptions can select activities using the app. The use of mojePZU mobile was made available to Huawei device users in AppGallery.

mojePZU comprises also the PZU Pomocni Club. It is a loyalty program through which clients obtain access to a catalog of discount codes and additional benefits.

To ensure client data security, changes were made to password validation rules and two-factor user authentication for password reset was introduced.

inPZU - an online platform for selling and handling mutual funds and pension products



In October 2018, the online inPZU transaction service to sell mutual fund units was launched. This service bypasses intermediaries and directly reaches retail clients with its new offer of special purpose funds and pension products, i.e. IRA and IRSA. inPZU is also dedicated to participants of Employee Capital Schemes. Client service is done solely in the online channel without having to pay a visit to a branch while the platform is available on all network-enabled devices. inPZU has enabled the PZU Group to build the first offer of low-cost special purpose funds in Poland.

In 2021, the following was performed on inPZU:

- a survey on client satisfaction and expectations for further development of the inPZU service was conducted;
- actions were taken to increase sales effectiveness in the online channel and to strengthen communication with new and existing clients by organizing webinars, e-mail communication, text messages and in social media;
- product campaigns were conducted for IRA, IRSA and special purpose funds;
- a lottery for participants of Employee Capital Schemes was launched to encourage them to use the inPZU service;

- integration with the mojePZU portal was continued by making information on IRA and IRSA products available on the portal;
- preparations for development of the service product offering by 7 additional special purpose funds and implementation of video identity check were completed;
- works related to the service of a new pension product based on special purpose funds – “Higher Retirement Package”, consisting of EPS, PPO, IRA and IRSA products began.

inPZU in numbers

74.9 thousand	active users handling their ECS accounts, investment portfolios, IRA and IRSA products;
23.3 thousand	of participants of the Employee Capital Schemes took part in the ECS lottery
4.9 million	views were logged in 2021 (8.2 million since the launch)
106 thousand	purchase transactions of inPZU SFIO fund participation units executed by TFI PZU's clients

3.3.5. Claims handling

For the customer, the claims handling stage is the moment when they check the quality of their product. Satisfying client expectations during the claim handling or case handling process is the key to building PZU's client relationships. Therefore, processes in this area are subject to continual improvement, in order to shorten the time of claim disbursement and develop positive customer experience.

Since the beginning of 2020, the pandemic called for modification of the existing processes and marked a turn towards more intensive use of mobile tools and applications. As a result, the number of remote inspections of damaged property was increased, leading to fast cost estimates and larger share of simplified claims handling processes.

Faster and more customized claims handling



In these times of process automation and digitalization, the customer expects the approach to be even more personalized. In PZU, a **Relationship Manager** maintains contact with the injured party for the duration of the claims/benefits handling process.

While handling the claim, the Relationship Manager keeps the customer informed about the progress of the case. Depending on the needs, the Relationship Manager may also provide support to the client, act as their advisor who offers specific solutions in a difficult situation. The Relationship Manager can also efficiently organize and manage all the PZU services offered in claims handling. The Relationship Manager's task is to walk the customer through the entire process in the easiest manner possible, including by determining their preferences regarding, for instance, channels of communication or the claims handling method. Relationship Managers acquire competences in the area of various product lines, making them versatile, which allows them to manage many diverse claims handling procedures. This ensures that different cases of the same customer may be handled by the same Relationship Manager, even though the cases may concern different lines of business (separate competences) or even different companies.

The new claims handling model under a formula based on client support provided by the Relationship Manager enables the injured party to avoid many formalities related to claims handling. The Relationship Manager's role is to prepare the best solutions for clients and provide advisory services to select the most optimal choice involving, among others, the method of calculating a claim or the selection of a garage.

BEST PRACTICE



Before-You-Call Service

The PZU Group is deeply convinced that insurers should instill a sense of security and conviction that someone will always be there for the customer should trouble arise.

Accordingly, the PZU Group wishes to be there for its clients when they need support the most, often even before they formally report their claim.

The Before-You-Call Service is a solution within the framework of which the insurer initiates contact with the customer and offers them actual assistance before the formal notification of the claim, putting both the client and their needs first. The Before-You-Call Service is dedicated to customers who have experienced an unpleasant random event in which their property was damaged.

After the occurrence of an insurable event, such as a fire, gas explosion or tornado, an attempt is made to identify the client based on information obtained from publicly available sources, including the Internet or radio. In cases where the injured person is positively identified as a PZU customer, contact with the client is established to provide actual assistance in the unfortunate situation (for instance, if the policy cover provides for a substitute apartment, it will be offered to the client during the first contact). Registration of the claim may be performed on a different day, at a time convenient for the client.

Data for 2021:

- **77** registered events;
- **8** events in which PZU clients were injured;
- **137** injured PZU clients;
- **137** persons we managed to contact;
- **135** registered *assistance* cases, including 16 registered claims.

BEST PRACTICE



Crisis management procedure in claims handling



The PZU's procedure describes many mechanisms applied to catastrophic claims. These processes are predominantly focused on how to:

- effectively reach the customer, provide assistance and comprehensive services in the shortest possible time following the occurrence of the damage;
- shorten the claims handling time;
- adjust the claims handling process to client expectations;
- improve the quality of service and customer satisfaction.

The following steps are most frequently taken within the framework of this procedure:

- launch of a mobile office and four mobile mini offices;
- simplification of the processes of claims reporting and handling;
- re-allocation of resources to areas affected by the disaster and to substantive claims handling processes;
- provision of urgent need items to the affected victims, such as tarpaulins, cleaning products, foils, foodstuffs and potable water.

Catastrophic events which occurred in 2021, caused damage of significant scale. From 24 June to 30 September, about 63,500 property claims and claims pertaining to crops were reported. The steps and improvements made allowed those claims to be handled quickly. The applied simplifications enabled determination of the number of claims to be paid without the need to draft a detailed cost estimate. The implementation of robots allowed to automatically disburse the advance payment or the claim itself already on the first business day following the date of reporting the claim. Mobile offices were set up in voivodships most affected by disasters. A team of experts was appointed, which followed weather reports and media publications on potential hazards.



BEST PRACTICE

Comprehensive Claims Handling model for corporate clients



The comprehensive model of corporate customers' claims handling, implemented in PZU, is dedicated to PZU's largest clients, VIP clients basing on the amount of written premium in the field of communication damages. Main reason of the implemented model is to guarantee the damage handling service at the highest level by implementing solutions which was not offered on the motor claims handling market before.

The main pillar of the model is broad cooperation among sales, claims handling and underwriting teams, in order to provide the best quality services for key account clients.

In this dedicated model, claims handling is based on an in-depth client analysis in terms of the size and structure of their fleet, the loss ratio, and advisory services as regards fleet-wide solutions designed to improve the client's loss ratio. Every client is serviced by their appointed claims handling relationship managers. The managers organize meetings with the client's representatives, in which the formal requirements in the area of contact and communications are agreed. After an analysis, potential solutions are proposed to reduce the client's loss ratio. Such meetings are organized at various stages of the insurance agreement, relative to the client's needs and ability to implement new solutions. These actions are supported by marketing materials.

The above described solutions are founded on a broadly conceived business relationship and shared understanding with the client as regards implementation of solutions that can minimize the client's loss ratio as well as costs.

This service model ensures that top-quality claims handling service is provided; so far, it represents an unparalleled approach in the motor claims handling market.

The claims handling approach of LINK4 is aligned with the philosophy and strategy of the PZU Group. One of its objectives is to develop a long-term relationship with the client, by best possible adaptation to their needs, using advanced IT tools.

BEST PRACTICE

Towing:



Since 2021, LINK4 has been providing vehicle towing services for all incident participants. Towing is provided across the entire area of Poland, in a 24/7 regime. The Company provides

towing to all types of vehicles, including specialized vehicles and lorries. The service contributes to building and strengthening relationships with the incident participants, irrespective of whether they are LINK4 customers or not.

BEST PRACTICE

ADD claims handling model in LINK4



The guiding principle of LINK4's operation is that the ADD claims handling should be swift and simple. The implementation of such simple and friendly model, and reduction of the formal steps required, has generated a significant growth in customer satisfaction. LINK4 employees are able to determine the amount of the benefit due as early as when the customer reports the claim by phone. The claim handling process has been reduced to a minimum – LINK4 collects only absolutely necessary data. The disbursement of the claim can be effected even in a few minutes.

BEST PRACTICE

LINK4 Claims Handling Academy



LINK4 Claims Handling Academy is a training and development program for employees of the Claims Handling department. These include in particular:

- **listening to recordings**, whereby the business trainer and the claim handling employee listen and analyze together recorded telephone conversations between the employee and customers. The purpose of these sessions is to improve the employee's communication and interpersonal skills;
- **Claims Handling School** – is a regular development project designed to provide training and workshops for beginner employees of Claims Handling Teams. During the meetings, specific claims handling cases and issues are discussed, including Customer Service. The purpose of these sessions is to improve employees' substantive knowledge and translate it into the practice of their everyday duties.
- **thematic training** is organized in response to the on-going needs of the Claims Division employees, in order to improve their claims handling expertise and competences.
- **mentoring** is series of regular meetings allowing Claims Division employees to familiarize themselves with the work of other Teams in the Division. This format allows

employees to expand their knowledge and acquire new, practical skills shared with them by experienced colleagues from other teams. Thanks to the mentoring project, employees can see a more general direction of their career, build relations with members of other teams, as well as gain a broader perspective on how their work links up with the work of other areas of the Claims Division.

- **Multiskill Claims Handling Manager** – is a project designed to support the smallest Claims Handling Teams by other Teams, at the time of increased work volume. When participating in the project, employees can get acquainted with the specific tasks performed by the Property Claims Handling Department and the Simplified Claims Handling Department, as well as improve their competencies.

All the above described activities focus on supporting LINK4 employees in the performance of their everyday duties. They are designed to consolidate their substantive and practical knowledge, which translates directly into customer service quality in the claims handling process. Well-prepared employees find it easier to engage into a focused conversation with the customer and perform their duties much faster, which is directly reflected in the time needed for claims handling.



4. Rules of cooperation with business partners



Transparent rules of cooperation - „We treat business partners honestly. We do not establish business contacts and we do not enter into contracts on behalf and in favor of the PZU Group in which members of our families are a party thereto. We recuse ourselves from making decisions in the matter of cooperating with entities with which our relatives collaborate. We care about having good relations with intermediaries. We do not differentiate in an unjustified manner our conditions of cooperation with them, in particular on account of the nature, form or business size of intermediaries.”



“Ethics, honesty and respect for the natural environment and human rights: these are some of the fundamental values that guide our conduct in the PZU Group. We do care that our external partners also follow these principles in their operations. That is why we feel compelled to review our suppliers through a qualification system and by conducting both periodic and ad hoc audits.”

Bartłomiej Zarzecki, Procurement Managing Director, PZU and PZU Życie

[GRI 102-9] [GRI 103-2]

The PZU Group conducts its business activity while respecting all legal regulations, human rights and the principles of occupational safety and health protection. For that reason, it also wants to influence the shaping of its suppliers' attitudes, expecting them to comply with the standards and principles applied by the Group in the conduct of its own business. The Group wants to promote the idea of corporate social responsibility in relations with its suppliers, cooperating only with business partners who observe human rights, act in compliance with legal regulations, especially with regard to prevention of corruption. Suppliers cooperating with PZU Group entities should ensure safe and fair work conditions for their employees and apply the highest ethical standards and care for the natural environment.

The PZU Group wants to build long-term relations with suppliers based on mutual trust, respect and professionalism. In particular, we appreciate suppliers which apply proven market practices and represent the highest level of professional ethics.

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

Code of CSR Best Practices for the PZU Group's Suppliers

PZU is aware that it has material impact on the procurement market and assumes responsibility for fostering the highest business standards in its environment. Driven by care for the quality of business relations, promotion of best market practices and positive impact on the society and natural environment, it has developed the “Code of CSR Best Practices for PZU Group's Suppliers”. It is a collection of principles for the PZU Group and all of its suppliers. Doing business in accordance with this Code and promoting its values are an important criterion in the classification and assessment of prospective suppliers.

BEST PRACTICE



Each company that wants to cooperate with PZU and PZU Życie is required to familiarize itself with the “Code of CSR Best Practices for the PZU Group's Suppliers” and compliance with its provisions by business partners is incorporated into their contracts with PZU. An indispensable part of the offer submitted by a supplier is signing the declaration on familiarization with the Code and acceptance of its clauses.

The Code of CSR Best Practices for the PZU Group's Suppliers can be found on the website www.pzu.pl/grupa-pzu/o-nas/kultura-compliance-pzu/kodeks-csr.

BEST PRACTICE

The Code of CSR Best Practices for the PZU Group's Suppliers covers the following areas:



Human rights

The PZU Group expects that its suppliers respect and will continue to respect human rights and act against discrimination in their

businesses, in particular that:

- they abide by employee rights, they ensure safety and the appropriate working conditions for their employees;
- they reject the option of hiring children and do not tolerate any form of slave or forced labor;
- they ensure equal treatment in the workplace and do not employ any discriminatory practices due to age, gender, disability or race.

Environmental protection

Every PZU Group supplier is expected to follow the very same principles of environmental protection, in particular by:

- striving to reduce the quantity of waste produced and segregating the waste produced;
- rationally consuming electricity and heat;
- reducing water consumption and countering its pollution;
- minimizing the emission of greenhouse gases, exhaust and dust.

Professional ethics

PZU is a public trust institution. The PZU Group's professional ethics reflect the vision and values by which we are guided on a daily basis in our companies. That is why we expect the following of suppliers:

- application of the highest business standards in terms of the principles of fair and free competition and accuracy and credibility in communication with clients;
- protection of confidential information;
- prevention of corruption and conflicts of interest.

RODO

The PZU Group ensures the security of its data and protection of personal data of its clients. It makes sure all of its processes are compliant with the GDPR regulation and local regulations. The PZU Group expects an equally mature approach from its business partners. The basic requirements are as follows:

- submitting to all of the guidelines and obligations imposed by and following from the General Data Protection Regulation and domestic regulations in the field of personal data protection;
- educating and enforcing employees' adherence to the GDPR and domestic regulations regarding personal data protection.

Procurement Policy



The Procurement Policy in the PZU Group lays down the fundamental principles in the process of selecting the suppliers of goods and services, and the principles of cooperation and information exchange in procurement the

PZU Group. It is in force in all PZU Group companies that are parties to the agreement on the rules of cooperation in the PZU Group dated 21 March 2017, including, among others: PZU Zdrowie, LINK4, TUW PZUW, TFI PZU, PTE PZU, PZU Pomoc, PZU Centrum Operacji and the PZU Group companies in the Baltic States and Ukraine. Bank Pekao and Alior Bank have entered into a cooperation agreement with PZU on cooperation in procurement. Its subject matter is to cooperate for the purpose of achieving procurement-related synergies, exchange information about the supplier market and key

variable contractual terms as well as cooperate in the area of procurement procedures, processes and tools.

The Procurement Policy in the PZU Group stipulates that persons participating in supplier selection avoid situations in which their personal interests may be in conflict with the interests of the entity, they represent the entity with dignity in interactions with suppliers by presenting merits-based qualifications, a pristine ethical attitude and concern for its image and mutual satisfaction derived from cooperation while simultaneously showing concern for the economic interests of the entity.

The procurement process is conducted in a manner that guarantees observance of the principles of fair competition, while the entity entering into a contract with a supplier



undertakes to share information on the contents of the contract with PZU.

Supplier audits



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

out in compliance with specific priorities and criteria.

Types of supplier audits::

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

A supplier audit may be conducted in a fundamental scope. In that case it encompasses a diagnosis of the supplier utilizing information from inside and outside the organization, a remote audit using an abbreviated audit form filled out by the supplier and the entire process is wrapped up by drafting a final report and a possible list of recommendations. An extended audit includes an on-site audit in the supplier's premises. The full audit form filled out on site or directly after the visit is utilized in this type of audit. A representative of the substantive unit may also participate in an extended audit.

In both cases, the subject matter of the audit covers, among other issues, topics related to data protection, including personal data protection and environmental protection in the context of waste management, and since 2022 also topics related to human rights, employee rights and environmental protection in terms of energy management, water management and production management.

Corruption risk



Corruption risk assessment is a constant part of the procurement process. Each potential supplier is subject to corruption risk assessment on the basis of a pertinent risk assessment questionnaire. In addition, in accordance with

the Anti-Corruption Program, each cooperation agreement between PZU and a business partner should comprise anti-corruption clauses. One of the clauses is a confirmation of acceptance of the anti-corruption standards prevailing in PZU by the supplier. In accordance with the internal procedures, entities cooperating with PZU and PZU Życie are informed about the Anti-Corruption Program in place in the company.

[SECTION 3.1.2. COUNTERACTING CORRUPTION.](#)

BEST PRACTICE

List of PZU Qualified Suppliers



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

Process of registration:

The supplier registers on the procurement platform at its own initiative or in response to an invitation from a PZU employee if the supplier has not yet been placed on the List of Qualified Suppliers. It fills out the form with the data and submits declarations on having familiarized itself with the Code of CSR Best Practices for PZU Group's Suppliers.

Process of verification:

An employee of the PZU Supplier Qualification and Assessment Team (ZKiOD) checks the data and documents presented in the form, collects opinions, among other things, from the security, compliance and planning and controlling units. Then he or she decides on whether to reject a supplier or commence its qualification process.

Process of qualification:

This involves an assessment of the collected data or documents. An employee of ZKiOD makes a decision and the manager of this unit approves it.

Content of the Supplier Database:

At the end of 2021, there were 1,681 Suppliers with a status of at least "registered".

New Procurement Model

PZU actively looks for areas with potential to augment its operational efficiency and profitability. Changes to procurement were launched from the moment of creating the New Procurement Model project. As part of this project, PZU launched a procurement platform available to suppliers on the following site: zakupygrupy.pzu.pl. It serves as the core communication tool with current and future suppliers.

In 2021, the project was underway in PZU, PZU Życie and PZU Centrum Operacji. It is slated to be completed at the end of May of 2022. In 2020, the first module of the procurement platform had its production launch: registration and verification of suppliers, the purpose of which is to create and develop the PZU Group's supplier database. In 2021, modules for the circulation of requirements and orders as well as electronic procurement procedures and contracts were rolled out for suppliers in the area of administration and real properties. In 2022, a supplier evaluation and audit module is scheduled to be deployed for suppliers in the area of administration and real properties.

The project focuses on the following

- developing, followed by implementing the target model for the operation of procurement in the PZU Group;
- implementing savings drivers pertaining to the management of internal demand, procurement planning and managing suppliers;
- devising the concept for the IT system and implementing it to support the procurement process: from planning, to requisitioning, organizing requests for proposals, evaluating offers, to selecting a supplier, generating a contract and sending purchase orders;
- drafting and implementing internal acts covering procurement aligned to the new procurement model and system (Procedure for selecting the suppliers of goods and services, Rules for qualification, verification and assessment of suppliers).

The key benefits from implementing the New Procurement Model and procurement platform:

- implementing the best practices for running procurement processes in various categories;
- overall control of the current status of a launched procurement process at every stage of its duration;
- archiving information in the system register of events;
- shortening the time for the flow of information, acceptance;
- augmenting control over the safety of information;

- effective procurement planning and comprehensive management of the database of suppliers;
- reducing document-based workflow for most of the documents involved in the procurement process;
- aggregating procurement data to generate cost synergies flowing from shared purchases in the PZU Group.

The ultimate plan is for other Group companies to use this model.

Supplier selection procedure



The "Procedure for the Selection of Suppliers of Goods and Services" defines the principles and method of running the supplier selection process in PZU and PZU Życie. According to this document, suppliers are selected as follows:



- through single-source procurements;
- through tender proceedings;
- through negotiations.

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

The Procurement Department has the right to verify a requisition in terms of the expedience of a procurement and the description of the subject matter of the procurement.

In 2021, work was underway on rolling out the Procedure for the Selection of Suppliers of Goods and Services under the New Procurement Model for all organizational units in PZU and PZU Życie.

In 2021, the Purchasing Department completed 279 purchasing procedures (tender, negotiations, unconstrained purchase procedure, RfI) in PZU and PZU Życie. In total, 7,031 contracts were executed with suppliers in PZU and PZU Życie.



Cooperation with suppliers pursued by subsidiaries



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

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

Moreover, suppliers must submit their “Business Ethics” statements, in which they take a stance on their organization’s observance of the ethical standards referred to therein. Such statements concern, among other issues, compliance with employee rights, compliance with applicable laws governing issues related to the natural environment, the immediate surroundings and other entities, compliance with generally applicable laws, principles of ethics and fair competition, and zero tolerance for corruption.

At the stage of ongoing qualification, those suppliers who continue their cooperation under existing arrangements and whose revenue generated from such cooperation exceeded PLN 100 thousand in the year preceding the current classification cycle, within the framework of the Annual Supplier Qualification, are vetted across the main dimensions, as described and binding also at the initial stage.

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

A requirement is in force in Bank Pekao for suppliers participating in tenders for more than PLN 1 million net to fill out the “Social and Environmental Responsibility (CSR) Form”. Thus, action is taken by Bank Pekao aimed at ensuring sustainable development, protecting the natural environment and preventing breaches of human rights by the Bank’s business partners. The form contains questions regarding the observance of environmental protection regulations and human rights in the daily activities of the supplier or business partner.

The following areas are covered by the form:

- In the environmental context:
 - holding certificates attesting to the environmentally-friendly business profile of a given business partner;
 - adhering to environmental protection laws and regulations, inspections conducted and criminal cases related to the failure to abide by the regulations in force in this field;
 - implementing innovative and environmentally-friendly new technologies;
 - holding training sessions and informational meetings for employees on ecological issues.

In the social context:

- prohibition of forced labor;
- respect for the laws governing working time;
- respect for the laws governing occupational safety and health issues;
- compliance with labor law and regulations, including in respect of the payment of employee compensation to all staff in line with the practices applied normally in the sector.

5. PZU Group's social commitment

Corporate Social Responsibility (CSR) - “The PZU Group is socially responsible – we endeavor to contribute as many positive values as possible to relations with our stakeholders and the environment around us. Harmonious activity at all levels of our cooperation is not possible without incorporating the rights and needs of the surrounding environment.”



“Social commitment of PZU is a permanent element of its business model, based on a comprehensive and organized approach to sponsorship, prevention or volunteering. It means that we recognize the importance of these issues not only from the viewpoint of business ethics and the perception of the PZU brand, but also believe that it is key to achieving effective business performance. In view of the pace of social and economic changes, we have decided to incorporate these actions into our new business strategy for 2021-2024. Our ambition is, among others, for our activities in the area of safety and sustainable lifestyle to reach 15 million beneficiaries every year.”

Sylwia Matusiak, Managing Director for Marketing, Sponsorship and Prevention, PZU and PZU Życie

[GRI 103-2]

The issues of corporate social responsibility are regulated in the PZU Group’s ESG Strategy “Balanced Growth” for 2021-2024, which specifies the strategic areas of the PZU Group’s social commitment, as well as in the PZU Group’s Sustainable Development Policy (these documents are described in [Section II.3.2 STRATEGY 2021-2024](#)).

There is no single policy on charitable and sponsorship activity in force at the Group level.

PZU and PZU Życie follow a “Code of Ethics in Advertising”, which addresses the issues of social responsibility in advertising, including, among others, no discriminating messages or contents violating moral and religious norms. In addition, the Code regulates the general rules of sponsorship activities. The other PZU companies have introduced “Best Practices of the PZU Group”, i.e. a collection of values and principles for employees to follow in relationships with customers, business partners and within the Company. The Alior Bank Group and PZU Zdrowie, as well as their subsidiaries, conduct social engagement activities based on the “Code of Ethics in Advertising” and the “Best Practices of the PZU Group”. Furthermore, PZU Zdrowie has a dedicated sponsorship procedure. LINK4 has adopted a Policy of cooperation with local communities and charitable activities. TUW PZUW operates the Sponsorship Rules as well as the Bylaws of the Sponsorship, Prevention and CRS Committee. Bank Pekao has implemented the “Rules of Donations and Sponsorship by the Bank Polska Kasa Opieki Spółka Akcyjna”. The regulation envisages, among others, the establishment of the Sponsorship and Donations Commission, to support the Bank’s Management Board in making decisions regarding its engagement in sponsorship projects or in respect of potential donations.

Striving to play the role of a responsible community member, the foreign insurance companies contribute to growing prosperity, not only by developing their business and

For many years, safety has been the main theme of PZU’s social commitment and contribution into the growth of local communities. The Company is engaged in actions preventing accidents or mitigating their effects; it highlights proper behavior, supports preventive campaigns and rescue services. It analyzes causes of accidents and focuses on the most urgent problems, so that its preventive actions are as effective as possible. However, the changing circumstances and the COVID-19 pandemic has directed the Company’s attention to another key area of social engagement, i.e. promotion of healthy and active lifestyle. In the period of the pandemic, the PZU Group focuses not only on prevention and physical health, but also responds to the challenges of maintaining mental balance and preventing mental health problems.



supporting their employees, but also by initiating corporate social responsibility projects and consolidating relations with local communities. The Baltic companies operate the “Charity and Sponsorship Policy”, which outlines the framework of interaction with the local community in the area of sponsorship, donations and other forms of social support, as well as defines objectives that the companies choose to support. The Policy also designates the lead departments, management methods as well as competencies in the area of sponsorship and community support management in each of the companies.

Charitable activities are conducted by the PZU Foundation, which operates pursuant to the Act of 6 April 1984 on Foundations (Journal of Laws of 1991, Number 46, Item 203 as amended) and its Articles of Association. Charitable activities of LINK4 are defined in an internal company document, i.e. the “Policy of Cooperation with Local Communities and Charitable Activities. The community-support priorities include: safety, social inclusiveness – comprising education and support of young people – and the environment. The document also lays down the rules of employee volunteerism.

The prevention fund of PZU, PZU Życie and TUV PZUW operates under the Act of 11 September 2015 on Insurance and Reinsurance Activity.

The PZU Group is an active and responsible actor of community life, following the guidelines of the “Best Practices of WSE Listed Companies 2021” published by the Warsaw Stock Exchange in 2021, including recommendation 1.5 applicable to charitable and sponsorship activities.

In 2021, the PZU Group engaged in activities in support of culture, sports, charities, the media, and social organizations.

The PZU Group’s expenditures on the areas listed in recommendation 1.5 of the Best Practices of WSE Listed Companies 2021 (gross) were as follows:

Expenses incurred in 2021 to support	PZU	Grupa PZU*
Culture	2.4	5.2
Sport and physical activity	7.5	24.1
Community organizations and foundations	15.1	27.8
Charitable institutions	0	0,0
Media	0.7	2.3
Trade unions	0	0.6

* Capital Group, including Bank Pekao Group and Alior Bank Group

Expenses incurred from the prevention fund in 2021 for:	PZU	PZU Życie
Anti-crash activity	24.3	0
Healthcare	0	17.1
Safety at workplaces	0	5.8

5.1. COVID-19

Area-specific risk: Risk associated with the unavailability of staff due to COVID-19 infections.

Concurrent infection of a large number of employees, suspension of the processes they perform.

Approach to management: Avoiding this risk was one of the reasons for forming the Crisis Management Team.

The wording of the internal regulations was adapted to incorporate the requirements ensuing from the prevailing legal regulations. Personal protection equipment was provided to employees. The Security Department manages the process of mitigating the risk of employee infections, in collaboration with other organizational entities and units.

Key regulations: Procedure of Temporary Remote Work in PZU and PZU Życie, applicable in the time of coronavirus infection risk in the Republic of Poland; Regulation on Employee Safety Rules During the COVID-19 Pandemic.

CHALLENGE

On 17 November 2019, the epidemic of COVID-19 contagious disease caused by SARS-CoV-2 coronavirus broke out in Wuhan in the Hubei province of central China. It was declared a pandemic by the World Health Organization (WHO) on 11 March 2020.



[GRI 103-2, 103-3]

Crisis Management Team

The activities undertaken by the PZU Group in response to the coronavirus threat are coordinated by the Crisis Management Team comprised, of representatives of the Management Boards of PZU and PZU Życie. In 2021, the Team continued the adopted strategy, adapting it to the changing circumstances of the pandemic.

The Crisis Management Team has decision-making powers in two key aspects: organizational/legal and technical. In the exercise of its powers in the former area, procedures were adopted to enable remote work. Necessary amendments were

also made to the business continuity procedures. In parallel, new regulations were devised to manage the risk of infection, based on registers of identified cases and other sources.

The measures undertaken by PZU in the fight against the COVID-19 pandemic spanned four areas: employees, customers, business development and social engagement.

Outcomes of measures addressed to employees

- Remote and rotational work

The option to work remotely or in a rotational regime was continued. Similar solutions aimed at enabling staff to work remotely were also applied in the Bank Pekao Group and the Alior Bank Group.

- Online training

The scope of online training was extended, thereby permitting continuation of professional and personal development.

- Access to information

The electronic newsletter “PZU Alert” and information provided on the intranet enabled employees to maintain a high level of awareness about the evolution of the pandemic and the related restrictions.

- Psychological support

The “Employee Support Program #Let’sTalk” (#rozmawiajMY) was launched and a free helpline was set up for employees in need of psychological help. Moreover, employees were encouraged to attend webinars on methods of dealing with the new situation. The workshops addressed to managers: “Supportive Leader – How to Take Care of Your Own and Your Team’s Wellbeing” discussed development of mental resilience, stress management techniques and methods to counteract professional burnout.

- Promotion of the vaccination program among employees

PZU participated in the program “Vaccination in the Workplace”, in which it cooperated with other companies to provide vaccination to employees and members of their families.

PZU Ukraine and PZU Ukraine Life implemented a program to limit the spread of COVID-19 and ensure business continuity of the companies by increasing the number of employees who received a full series of vaccinations. Special announcements

are regularly communicated to employees, with the aim of popularizing the vaccination program. They present arguments and comments of experts, as well as answers to frequently asked questions.

Outcomes of measures addressed to customers

- **Accessibility of customer service outlets**
During the subsequent waves of the pandemic, the accessibility of insurance, banking and medical facilities was maintained, while adhering to all legal limitations and sanitary restrictions associated with the spread of COVID-19. The facilities were provided with surface and hand disinfectants, masks and protective plexiglass screens at direct service workstations. All surfaces in branches were disinfected on a daily basis, with a special focus on most frequently touched items, such as door knobs, railings and desks. Customers were encouraged to use contactless payments. The sales and service processes were adapted to the new requirements to ensure business continuity and, at the same time, safe customer service, by the way of, among others, more frequent use of remote contact channels and the mojePZU app. This included the possibility to conclude contracts remotely, both in property and life insurance.
- **Easier claims handling process**
As part of the claims handling process, the option of remote inspection of apartments and vehicles via a smartphone was introduced, along with the calculation of damage based on photographs and telephone calls. Moreover, amount limits for property claims handled in a simplified procedure were raised. A Door to Door service has also been launched, whereby the damaged vehicle is collected from the client, and returned to a specified address after the repair, as well as the option of reimbursement by PZU of the disinfection costs of a vehicle repaired in the PZU Repair Network. Contactless payout of the claim was introduced.
- **Support for clients and business partners**
During the pandemic, assistance was provided to clients in a difficult financial standing; they were offered an option to defer the deadline of premium payment, spread the payments into installments and even have their premium paid by PZU for a specified period.

In respect of business partners and contractors, the policy of payment of amounts due within a maximum of three days was adopted.

- **Support for agents**
Since 2020 PZU equipped its agencies with protective screens at direct service workstations, and means of personal protection were provided. Agents also obtained support in remote sales through the mojePZU portal.

Outcomes of measures addressing business development

- **Extending the scope of remote medical services**
In April 2020, PZU Zdrowie opened its own Telemedicine Center. In 2021, the Telemedicine Centers physicians provided 450% consultations more than in 2020. PZU Zdrowie continued the Remote COVID-19 Care Program, addressed to patients who suspected a coronavirus infection or had a confirmed positive COVID-19 test result and were self-isolating at home. PZU Zdrowie was also the operator of two programs of the Ministry of Health: Home Medical Care and First Contact Teleplatform.

In 2021, under the support for the Home Medical Care program, over 130 thousand patients used the gratuitous medical care assistance of PZU Zdrowie, in the form of over 4.8 million pulse oximeter measurements. PZU Zdrowie's physicians provided over 22 thousand tele-consultations to patients covered by the program. In over 5 thousand cases, an ambulance was required. In the peak of the third pandemic wave, over 2,500 alerts were handled and over 300 tele-consultations were booked daily.

PZU Zdrowie's consultants also contacted patients who filled out the form on the gov.pl website, and during these conversations would issue a referral for a COVID-19 test. As a result, the number of individuals referred to tests was increased. In the peak of the third pandemic wave, over 5,000 test referrals were issued daily.

The purpose of the Remote COVID-19 Care Program was primarily to ensure that patients had continuous access to reliable information about the disease by having access to specialists during medical care tele-consultations. The program proceeded from December 2020 until June 2021, serving almost 1,400 patients.

The PZU Zdrowie Group also supported the National Vaccination Program, by operating 32 National Vaccination Sites in its medical centers. Furthermore, a drive-thru site at Woronicza street in Warsaw was operated in the period of increased interest in vaccinations, in the second and third quarter of 2021. In 2021, the PZU Zdrowie Group provided about 120 thousand inoculations against COVID-19.

The PZU branch in Ukraine launched the Life Customer Surgery, i.e. a platform making use of documents in the electronic form. This allowed efficient submission of documents by customers, their receipt for analysis, and quick provision of feedback. Moreover, in the time of the pandemic the company made it possible to submit documents for disbursement and introduce amendments to the insurance agreement online, i.e. with the use of the Life Customer Surgery. This innovation sped up customer service even more.

PZU Lithuania Life provided support to volunteers of the social initiative "Vaiku svajones" (Children's Dreams), in the form of free-of-charge life insurance and financial cover in the case of a COVID-19 infection. The initiative started at the beginning of November 2021 and will be continued next year.

Outcomes of activities addressed to communities

- **Direct support**

The activities undertaken in 2021 included:

- Over PLN 6.2 million was earmarked to counter the effects of the pandemic. The funds were used to provide medical equipment, means of personal protection as well as disinfection equipment and substances to medical centers, including medical rescuer services.
- Hospitals which reported the need to use bands providing remote monitoring of patients' vital signs, which they received in 2020, could continue to use them in 2021, too; by the end of 2021, there were 208 bands in use in 8 hospitals, and 12 tablets with the supporting bands' apps.
- Under the continued transport support for medical centers, 73 vehicles were made available for 57 centers across the country.
- The information hotline "In Support of the Senior", started in 2020, was continued. The purpose of the hotline is to provide assistance to people aged 70+ in diagnosing their needs in the context of the pandemic

and directing them to Social Welfare Centers – in 2021, the hotline consultants handled 22.1 thousand calls.

- Furthermore, the support for the Hotline of the National Vaccination Program was continued, with the primary aim of booking patients for vaccination appointments and provision of information about the inoculations; 521 thousand calls were handled.

Impact of the pandemic on the PZU Group's business in the short and medium term [IIRC]

Relaxation of the restrictions connected with the spread of the pandemic and the vaccination programs stimulated economic revival in 2021 and enabled insurance companies to expect economic growth. However, the **newly emerging coronavirus variants** continue to create uncertainty.

Restriction of economic activity, coupled with changing of the working model to remote work, and lower mobility of consumers, have undoubtedly changed the operating ways of many businesses. In the insurance sector, the pandemic accelerated the digital transformation and deployment of advanced technologies in products and services. Remote forms of contact during the sales process, inspection and claims handling became popular quite rapidly. Many of these forms of work or communication will become permanent standards of PZU's corporate culture. The need to self-isolate and maintain social distancing have also accelerated the transfer of clients from traditional channels and made them more inclined to conclude contracts remotely. In this new reality, insurers face the key development of multi-channel service provision, whereby a high-quality service must be supplied by branches, agents and on-line channels. Greater sense of hazard and uncertainty, and growing concerns about one's health aggravated by the pandemic, also contributed to higher insurance awareness of customers, which can be expected to generate increased demand for life insurance and health insurance.

Digitalization

In the new reality after the pandemic, digitalization is and will continue to be of key significance for the development of the PZU Group. The focal component of this change is the mojePZU platform, which will ultimately integrate all our products around the client. This will require continued digitalization of sales processes and further development of remote methods of communication with customers. This modern self-service solution offers a single point of access to information about the PZU Group's products and services and helps in the handling

of numerous matters without the need to visit a branch or call a hotline. It is accessible from any location and at any time, on personal computers and through the mobile app. At the end of 2021, the mojePZU portal was used by more than 2.5 million users.

New technologies

The new technologies implemented in PZU has enabled the Company to maintain business continuity and the quality of customer service at the time of the pandemic. In the new reality, solutions based on artificial intelligence have been successful. The artificial intelligence algorithms implemented by PZU are able to analyze photos documenting the claim, name a specific part of the vehicle, assess the extent of the damage and classify a part for repair or replacement. The algorithms can detect more irregularities more quickly and accurately, and confirm that all repairs are carried out in compliance with the procedures and standards adopted by PZU. In 2021, artificial intelligence analyzed over 130 thousand claims worth over PLN 1.2 billion.

5.2. Promoting a healthy lifestyle

Promotion of healthy and active lifestyle is a particular area of PZU's social engagement. For many years now, PZU has encouraged Poles to do sports, opt for healthy eating habits, undergo preventive medical testing, and take care of their mental wellbeing. By making a certain number of steps per day, ensuring adequate amount of sleep, taking care of our physical form and good nutrition, we can have a real impact in our lives. The PZU Group, as the national insurer, wants to sponsor, promote and encourage good habits. By its actions, PZU wishes to support its customers in seriously considering their health and assuming responsibility for their lives.

ESG Strategy indicator

In 2021, 10 million inhabitants of Poland have been covered by activities in the area of health and safety.

As a part of preventive actions, the project The Road to Health with PZU was implemented in 2021.

In the period from 4 June to 29 August, PZU conducted a health prophylactic campaign: The Road to Health With PZU. Mobile "health zones", deployed in over a dozen centers across the whole country, allowed a few thousands of Poles to perform free-of-charge specialists test and medical consultations. Specially furnished semi-trailer trucks visited 14 cities in Poland. 6,000 medical tests and consultations were carried out in these mobile surgeries, including spirometry, ECG, USG of the lungs, tests of glucose and cholesterol levels, blood pressure measurements, as well as consultations of physicians: dieticians, pulmonologists and internal medicine doctors. In view of the unrelenting COVID-19 pandemic, the associated social disquiet, and concern about one's own health, the Road to Health with PZU campaign attracted a lot of attention. The fact that the access to the medical tests and consultations was universal and free of charge was also important.

The Road to Health with PZU received recognition in the subsequent edition of the competition organized by Polish Radio under the name "Lubię bo polskie 2021" (*I Like it- because it's Polish*). The health prophylactics campaign ranked first in the category: Best Service 2021.

As the next stage, the nationwide disease prevention campaign #drogadozdrowia (*#roadtohealth*) was launched.

Its purpose was to raise awareness of Poles that they have a huge impact on their health, which is shaped by their everyday habits and choices as regards healthy eating, physical exercise and regular medical checkups. The message of the campaign was: "The road to health is a conscious, although sometimes not easy choice. However, even the smallest step to improve one's health brings a better quality of life. Each of us can positively influence their health". A specially designed website www.drogadozdrowiazpzu.pl presents articles and webinars on, among others, the area of nutrition, prevention of civilizational diseases, and physical activity. They are prepared by medical experts, personal trainers and influencers. The

BEST PRACTICE

Marketing campaign "Live a long and happy life" with PZU



The campaign was to convince its audience to health and financial prevention and show how PZU may help them find balance in life and security. It emphasized the comprehensive nature of PZU Życie's offering, which includes, among others, products for families, helping to provide for a child's financial future, offering support in case of critical illness, disability or permanent loss of health due to an accident, as well as products for businesses that allow them to protect life and health of their employees.

[The website of the campaign](#) and the social media of the PZU Group contain a wealth of material on health, mental well-being, personal growth, work-life balance, as well as financial security, which is an important component of well-being. It provides webinars and interviews with experts of PZU and opinion leaders. Iga Świątek, who is the Ambassador of PZU, became involved in the campaign. The campaign website contains an e-book "[Take Care of Your Life](#)" which can be downloaded for free.

campaign also included 30- and 15-second commercial spots broadcast on TV, radio and the Internet. Furthermore, activities were conducted on social media, including a contest in which the participants could share their ideas on their own road to health.

Another wide-scope activity in this area was the publication of a compendium of knowledge on health and financial prevention entitled "You Can Control Your Life" and developed by PZU Życie in cooperation with PZU Zdrowie. The paper was first published on 6 October 2021, during Congress 590. The compendium contains the most interesting conclusions from a survey of Poles' life and health, carried out in May 2021 on a sample of 1,500 Poles aged between 18 and 65. The survey showed that for 78% of Poles a long life is valuable only when you can remain independent. Admittedly, however, every fifth Pole does not do preventive medical testing, only half of Poland's population follows a healthy diet, and only every fourth Pole practices more than two hours of sports per week. Fortunately, Poles are prepared to change their poor habits as regards taking care of their health. The compendium published under the patronage of the Ministry of Health provides a lot of tips on how to lead a healthier, better and longer life, and why it does pay back financially. The document can be downloaded at www.pzu.pl/masz-wplyw-na-swoje-zycie.

Using a modern solution based on artificial intelligence and mobile technology, PZU is involved – with financial contributions from the prevention fund – in a pilot project to support the [prevention of skin cancer](#). The solution is based on a mobile app which, when installed on a smartphone, is capable of assessing the risk posed by a skin mark and, if necessary, support further observation or – in urgent cases – refer the user to a dermatologist. The testing procedure is very straightforward. All the user needs to do is download the mobile app, register and take a photo of skin lesions following the instructions provided by the app. Their assessment result is generated immediately. This technological solution was created in cooperation with a team of dermatologists, and in compliance with the applicable clinical testing procedure. Its diagnostic analysis process employs algorithms that are based on machine learning and millions of photographs that have already been analyzed by this innovative solution over a span of several years. Each new photograph taken by a user is scrutinized for similarities with previously analyzed data. Each high-risk case is additionally verified by dermatologists. The pilot program currently in progress covers some 100 thousand people employed in companies cooperating with PZU.



BEST PRACTICE

Promoting health prevention in the media

With the Polish television channel TVP2, PZU runs a prevention show entitled "Start From Your Health". Since October 2021, the show, screened every Sunday, discusses the most important issues in medicine. In each episode, experts – including specialists from PZU Zdrowie – answer questions about, among others, hypertension, respiratory problems, cancers, diseases of affluence, or mental disorders. The show also provides advice on how to take care of one's health on an everyday basis, and how to handle stress.

PZU Zdrowie is also the main partner of the podcast "Health in Conversation", covering new technologies in medicine. The podcast consists of 6 episodes of interviews with medical workers, startups, innovators, patient organizations, representatives of the general public and managers of medical centers on creating and deploying innovative solutions in the Polish health care system, with a particular focus on digital innovations. Its purpose is to popularize the application of innovative solutions among patients and the general public. The first episode of the "Health in Conversation" podcast was broadcast on 18 November.



and psycho-oncological consultations not only in face-to-face meetings, but also by phone or via other remote channels.

PZU Zdrowie undertakes a range of activities, both nationwide and locally, with the aim of improving Poles' health, including:

- Financing the onkorodzice.pl portal – it is a knowledge base on children's cancers that may be accessed by both the parents of sick children and representatives of the medical community. It aims to facilitate the exchange of experiences with other parents who have found themselves in a similar situation, and to provide support in many areas related to pediatric oncology.
- PZU Zdrowie centers take an active part in the Prophylactics 40+ program, executed by the Ministry of Health. The purpose of the program is prevention of chronic diseases, whose diagnosis was more difficult due to limited access to medical tests and physician consultations during the COVID-19 pandemic.
- PZU Zdrowie was the main partner of the 5th Patient Empowerment Congress. The Congress participants discussed solutions that will be beneficial for the future of patients, including in terms of patient experience, modern technologies and effective education. One of the Congress's main sessions was devoted to the use of new technologies in medicine. The event was held on 27-28 April.

PZU also responds to challenges related to the protection of mental health and finances a comprehensive educational and assistance Internet platform, operated by the Polish Suicidological Society, addressed to persons in suicidal crisis and their relatives and friends. The platform supports persons in crisis and those who have lost a close one due to suicide. Its objective is to provide wide-ranging education of the society and promote free-of-charge support. It contains a module of specialist on-line help, which is seen as very valuable and enjoys a lot of attention of the platform users. Over 8 months of operation, the on-line help module provided over 700 responses to persons in need. The website itself has had over 72,000 visits, and has a very low bounce rate. www.zwjz.pl

In cooperation with PZU Zdrowie and the Rakiety Oncological Foundation, PZU provides psychological support and professional help to families struck by trauma caused by an accident or cancer. In 2021, over 200 persons used the service. Depending on the individual needs, the crisis interventions could take up to a few meetings. Responding to the changing realities caused by the pandemic, PZU provides psychological

BEST PRACTICE

Introduction of medical care subscription plans and extension of the offering of prophylactic packages for individual customers



As its direct offering, PZU Zdrowie has 4 medical packages to offer to its customers. The agreement is concluded for one year, with one-off payment effected via the mojePZU portal. Over the duration of

the agreement, the customer has on-demand access to physicians of many specialties, as well as laboratory and diagnostic tests. The detailed scope of the services depends on the package chosen by the customer: mini, basic, extended and all-inclusive. Furthermore, via the mojePZU portal, customers may purchase 18 prophylactic packages designed to address specific health needs, e.g. "thyroid under control", "healthy heart", "healthy woman" – an oncological package.



PZU Zdrowie medical centers are involved in charitable activities promoting healthy lifestyle and behaviors, conducted in their local communities. Such events include:

- **Let's Talk about Health** – an outdoor meeting for women, with PZU Zdrowie acting as a partner of the event, whereas the substantive side was organized by representatives of Kraków's medical centers. The meeting took place on 6 August.
- **Health Town in Radom** – employees of PZU Zdrowie centers in Radom organized their own health zone, where residents were invited to check – free-of-charge – their body composition, posture defects or skin marks, as well as measure their blood pressure and glucose levels. The event took place on 19 August.
- In September, Caritas of the Gdańsk Archdiocese organized the 3rd **Good Path Run**, with PZU Zdrowie acting as a partner of the event.
- **Defibrillation Campaign** held on 30 October 2021 in Kielce, where representatives of the PZU Zdrowie facility in Kielce created a health zone for workshop participants



For many years now, PZU has consistently supported healthy lifestyle and sports activities among its employees. Each of them can practice

BEST PRACTICE

Acquisition campaigns designed to address customer needs



As a result of collaboration under Fintech Partnerships, Strategic Partnerships, as well as cooperation with the Daily Banking product team, Alior Bank introduced accounts with telemedicine services, which distributed almost 3,000 vouchers for free-of-charge telephone consultations of a general practitioner.



his or her favorite sport in the various discipline sections of the PZU Sport Team. The PZU Sport sailing section and the PZU Sport skiing section are the most numerous, with over 350 members each.

Continuing its many-year history of activities in healthy lifestyle and regular physical activity promotion, in June 2021 PZU inaugurated the PZU Good Team project, whose aim is to support sports for children and young people, including sports activities for persons with disabilities.

Sports sections in numbers:

<p>281 running events</p> <p>268 stationary runs</p> <p>13 virtual runs</p>	<p>353 members of Skiing Section</p> <p>90 members attending camps</p> <p>4 training camps in Poland</p>
<p>362 members of Sailing Section</p> <p>18 regattas and amateur competitions</p> <p>4 sailing courses</p>	

Sports sections at PZU:

Running Basketball Skiing Nordic walking Soccer Bicycle Volleyball Mountain climbing	Strength training Squash Dancing Table tennis Triathlon Sailing Badminton
---	---

5.3. Safety

As the largest insurer in Poland and at the same time a socially responsible company, PZU pursues large-scale prevention actions aimed at reducing the number of accidents in Poland. PZU regards cooperation with rescue organizations, both professional and volunteer-based, as well as support for local actions serving the improvement of safety and forging of responsible and safe conduct, as a very basis of its social commitment.

Prevention activities addressed to communities

In 2021, under the prevention campaign Helping is Power, PZU co-financed 58 local projects in the area of health protection and better safety. The slogan of the campaign is “Healthy and Safe Family”. Almost 1,400 project applications were received, out of which 816 were qualified after a substantive evaluation. As a result, PZU earmarked over PLN 987 thousand on activities devoted to health protection, increasing safety or promoting a healthy lifestyle. The winning projects included, among others, various activities improving physical fitness and stamina, educational workshops and training in the area of first aid, construction of a sports and rehabilitation zone, a brine graduation tower, as well as creation or provision of new equipment for safe playgrounds, fitness trails for children and a little road traffic town.

Started in December 2017, PZU Foundation’s Safety Academy is a nationwide project with the aim of providing safety education to children. The Academy organizes comprehensive activities, inviting the participation of police officers from the General Police Headquarters as well as units from Voivodship, County or City Police Headquarters, medical rescuers and qualified activity animators. The activities use state-of-the-art machines and equipment, such as road accident simulators. Education for the youngest children takes the form of theater plays performed by professional actors.

In 2021, the 5th edition of the project ran successfully from September to October, with the participation of 13 primary schools from Pogórze, Puck, Jastarnia, Hel, Czarnkowo, Jędrzejewo, Chelst, Lubsk, Lipinki Łużyckie, Czerwona Woda, Zator, Biadoliny Radłowskie and Grudna Górna. In other words, the project reached out to six voivodships and almost 8 thousand pupils.

BEST PRACTICE

Rehabilitation stays for children with post-accident trauma and trauma caused by losing a parent to cancer



Already since 2013, PZU has been running a comprehensive psychological support system for persons injured in accidents whose perpetrators were holders of TPL policies with PZU. To mitigate the consequences of accidents, PZU finances the costs of stays for children with post-accident trauma and their guardians at rehabilitation stays during the winter break and summer vacation. This is a form of residential psychological therapy conducted in the therapeutic centers of the Teddy Bears Rescue Children’s Lives Association in Dźwierzyna and the Siemacha Association in Odparyszów.

Due to the restrictions introduced during the pandemic in 2021, PZU only organized stays over the summer holidays, including one for children who lost a parent to cancer, with their carers. PZU has extended its offering by specially tailored rehabilitation stays for such persons, thus responding to growing number of people who have suffered as a result of an oncological disease in the family. In 2021, 74 persons could use this form of support.

5.3.1. Collaboration with the emergency services

For many years PZU has been collaborating with selected rescue services.

Safety in the mountains

Promotion of safety in the mountains is possible due to the collaboration with the Voluntary Mountain Rescue Service (GOPR). PZU has been supporting GOPR for 15 years now, by, among others, providing equipment for administering rescue operations, financing rescuer training, carrying out joint educational activities. In collaboration with GOPR, PZU has launched an e-learning platform dedicated to safety in the mountains.

In 2020 and 2021, mountain rescuers faced new challenges: increased tourist flows in the mountains; support for medical services in reaching patients, included with COVID-19

infections, living in areas that are not easily accessible; protection of rescuers against the risk of a COVID-19 infection. PZU has used its prevention fund to co-finance the purchase of scooters, quads with alternative drives and other motor vehicles. The equipment will enable rescuers to help injured persons faster and more effectively.

PZU has also got financially involved in avalanche training organized by the Polish Freeskiing Association and TOPR. The participants learn how to engage in proper planning of mountain trips, how to avoid the avalanche hazard and how to behave after an avalanche. Mock rescue operations are also organized with the use of detectors; they learn how to find people buried in an avalanche and how to administer first aid to avalanche victims. All these activities take place in the **PZU Avalanche Training Center in Kalatówki**.

Educational support was provided by the PZU Foundation, acting as a partner of the nationwide information and education campaign of the Police (the Prevention Department of the General Police Headquarters) entitled “Kręci mnie bezpieczeństwo na stoku” (*Turn On Safety On the Piste*). The campaign is directly addressed to children, youth and adults. Its primary objective is to develop responsible behavior of skiers and snowboarders, raise the awareness of legal liability for breaches of regulations applicable on skiing slopes, and dissemination of the rules of the Decalogue of the International Skiing Federation (FIS). Course participants received information and educational materials, and over 9,000 safety-symbolizing gadgets, provided, among others, by the PZU Foundation.

Safety by the water

PZU offers financial assistance to rescuer organizations, in particular on the Zegrze Lake and on the Great Masurian Lakes, thus trying to contribute to safety by the water. The Legionowo Voluntary Water Rescue Service earmarked the financial support received from PZU on purchase of a rescue boat with all the necessary equipment as well as a sonar for searching for people who found themselves under the water surface. It is planning to modernize and expand the video surveillance network in the Zegrze Lake area, with particular focus on the spots customarily used for bathing, but so far not covered by video surveillance and guard supervision.

In 2021, PZU resumed its collaboration with the Masurian Voluntary Water Rescue Service (MOPR). The prevention fund

financed the necessary rescue equipment for MOPR: neoprene foams, wet and dry suits, portable radiotelephones, signal and sound lamps and GPS devices.

Alike in mountain safety education, the PZU Foundation is a partner of a nationwide information and education campaign of the Police (the Prevention Department of the General Police Headquarters) devoted to safety of persons in the water or by the water, entitled “Kręci mnie bezpieczeństwo nad wodą” (*Turn On Safety By/On The Water*). The scope of the 2021 edition has been extended to include activities covering safety in the mountains. The campaign was directly addressed to children, youth, adults and seniors, and its indirect addressees included managers of bathing beaches and entities from the water recreation industry (including water sports equipment rental outlets, holiday hotel facilities, and tourism and recreation companies, etc.). During debates, meetings at schools and picnics, the participants received information and educational materials, as well as 19,000 gadgets provided by the PZU Foundation.

AAS Balta is engaged in activities to improve safety by the water in Latvia. One of their priorities is to improve swimming skills of Latvian children – Latvia ranks among the worst in Europe in terms of drowning statistics. “Games by the Water” is a 24-hour basketball tournament of a long tradition, organized every summer and bringing to Riga hundreds of professional and non-professional basketball players and thousands of fans of the sport. AAS BALTA undertook to donate EUR 2 to the non-governmental organization Swim Safe for each point scored by the basketball players. In total, the donation in 2021 amounted to EUR 4,000 and was earmarked on organization of swimming lessons for children.

5.3.2. Prevention activities addressed to corporate clients

PZU Group also conducts prevention activities addressed to corporate clients.

PZU Safe Fleet is a preventive training program of PZU. It gives the participating drivers an opportunity to improve their driving skills, eliminate bad habits behind the wheel and refresh their knowledge of road and traffic safety rules. Drivers can train on a sliding track, take lessons in defensive driving with elements of eco-driving in urban traffic, and in e-mobility. They can also take part in meeting with experts in transport psychology, first aid and traffic regulations.



ESG strategy indicator

In 2021, 18% of key employees of corporate clients covered by preventive measures having an influence on their safety and health.

AUDAX is a technologically innovative prevention program, which enables vehicle fleets to lower claims frequency and value. AUDAX uses, among others, telemetry and tools such as registers of road trips and road events, devices monitoring if driver is not falling asleep during driving, or producing ultrasounds to scare off animals, or else parking sensors or reversing cameras.

The PRO Risk is a prevention program addressed to large enterprises from industries, in which the risk of a loss is high due to the scale of their business and specialized production processes. The solution, based on the Internet of Things and Industry 4.0 technologies, monitors the level of security in the company's operational areas that are of key significance from the risk perspective, such as production, logistics and machinery. The program also supports clients in the conduct of educational activities aimed at raising awareness of their workforce, which is a matter of enormous significance for minimizing the risk of damage.

In 2021, in collaboration with the Latvian Ministry of Transport, AAS BALTA organized for the eighth time the contest "The Safest Fleet". It is the only award in Latvia for car fleet owners and administrators. Its aim is to improve the overall quality of automobiles and, consequently, safety on Latvian roads. Over 40 companies took part in 4 different categories. The jury evaluated the practice, safety, procedures and general management of vehicle fleets. To highlight the importance of environmental protection, special prizes were awarded for the most modernized and sustainable car fleet. Twenty-nine fleets received awards in the contest, and the Internet discussion of the industry experts, as the culmination of the event, attracted thousands of followers.

5.4.4. Cultural patronage

The PZU Group's concern for cultural goods builds social identity, respect for tradition, a sense of belonging to the community and its history. For years, the Group has supported major cultural institutions and events, collaborating with

them to promote culture and national heritage. This includes primarily patronage over the most prominent cultural institutions in Poland.

PZU is a strategic partner of the National Museum in Warsaw. In 2021, as part of the received support, the Museum developed its exhibition activity, educational and cultural programs, as well as the online offer.

PZU is the patron of the following institutions of culture:

- National Museum in Kraków and all its facilities. The prevention funds enabled the Museum to implement modern tools supporting the control of electronic security systems of the Branches of the National Museum in Kraków.
- Royal Łazienki Museum. Thanks to PZU, the Museum continues to raise the level of technical security of its collection and the visiting guests.
- Warsaw Uprising Museum. In 2021, a broad online offer of the Museum, including virtual tours, open air classes, lectures, meetings for children and youth, as well as and historical walks around Warsaw, was prepared with the help of PZU.
- Grand Theatre – National Opera. Thanks to PZU, the Theater building has been equipped with state-of-the-art anti-theft system. In 2021, the Grand Theatre – National Opera extended its offer by performances and concerts streamed through an online platform. PZU also holds the patronage of the TWON Opera Academy. It is a program supporting the career development of talented young opera artists.
- Polish Royal Opera. In 2021, under the patronage of PZU, premiere performances and music festivals were organized, as well as an extensive online offer, which included both live broadcasts from the Opera and rebroadcasts of opera concerts.
- In 2021, the PZU Group has become a Partner of the National Fryderyk Chopin Institute, and – by the same token – a Partner of the Chopin Piano Competition. The Group also supports all the other activities of the Institute, including the Chopin and His Europe Music Festival, Fryderyk Chopin Museum in Warsaw, Fryderyk Chopin Museum in Żelazowa Wola, as well as the educational activities of the Institute.

In 2021, Bank Pekao launched the Virtual Arts Gallery and published a Gallery guide with photographs of the most important works. The collection of almost 1,200 valuable exhibits comprises both works of ancient masters as well as of contemporary artists. A symbolic opening of the gallery was marked by the gift of two exhibits from the Bank's collection, of

an estimated value of PLN 400 thousand, into the collection of the Royal Castle Museum in Warsaw and the National Museum in Warsaw. The Virtual Arts Gallery of Bank Pekao is available at: <https://www.pekao.com.pl/galeria-sztuki>



5.5. Charity



Corporate Social Responsibility (CSR) - "We promulgate openness, we support empathetic values and we encourage people to participate in charitable campaigns. We support the civic attitudes of our employees."

5.5.1. PZU Foundation

[GRI 103-2, 103-3]

"Close to people and their needs"

The PZU Foundation has carried out the PZU Group's philanthropic activities forming part of its social involvement strategy since 2004. The aim of the Foundation is to promote education of children and youth, support talents and equalize opportunities for people with disabilities, as well as to increase access to cultural and social goods, in other words – to advance the broadly defined development of civic society. The Foundation collaborates with non-governmental organizations, both in Poland and abroad, institutions, sports clubs, schools and universities, and assists in execution of projects in terms of substance, organization and finance.

The PZU Foundation awards subsidies to natural persons in difficult life circumstances. It supports them mainly by financing treatment (including surgeries performed abroad), rehabilitation, purchase of medication and rehabilitation equipment. In 2021, subsidies were awarded to 411 individuals.

Grant contests are programs addressed to non-governmental organizations, whose activity is consistent with the areas of activity of the PZU Foundation and the scope defined in the regulations of the individual contests. The "After School with the PZU Foundation" contest supports organizations that develop interesting and creative additional activities for children and youth. The "Young Able Disabled with the PZU Foundation" contest supports activities that increase self-sufficiency and activity of persons with disabilities, while the "PZU Foundation with Culture" contest expands access to high culture. In 2021, grants were awarded to carry out 63 projects in favor of 5,011 beneficiaries. There are plans to organize subsequent editions of the following contests: "After School with the PZU Foundation", "Young Able Disabled with the PZU Foundation", "PZU Foundation with Culture".

The purpose of the PZU Foundation during the pandemic was to provide grants to projects in the area of culture and education, in the form of, among others, support of organizations engaged in artistic activities in film and theater. In 2021, the PZU Foundation subsidized 21 projects submitted by the organizations which had prepared art-related actions connected with film and theater ventures addressed to various social groups: children and youth, the elderly, people with disabilities, as well as inhabitants of small towns and villages, with difficult access to high culture. The projects produced films, theater performances, festivals and workshops. They took various forms, including: presentations, performances, meetings, activity sessions, workshops, both face-to-face and online. Approximately 100,000 persons were beneficiaries of these events.

5.5.2. Volunteerism

[GRI 103-2, 103-3]

The Employee Volunteerism Program has been in operation in PZU since 2012. PZU and PZU Życie operates the PZU Group's Employee Volunteerism Rules and Regulations. Since 2020, PZU employees can have two additional days of leave to devote to actions taken as employee volunteers. In 2021-2024, the ESG Strategy adopted in PZU and PZU Życie, envisages a total of 50,000 hours of employee volunteerism to help 200,000 beneficiaries.

As part of the volunteering activities, PZU employees implemented 97 original projects and devoted 12,179 hours to their volunteering work in 2021. This is how they helped 34,981 beneficiaries, almost 50% of whom were children and young people. Their efforts also reached 4,442 animals in need.

In 2021, the PZU Foundation, in collaboration with the Dobra Sieć Foundation, executed a PZU's pilot employee e-volunteerism project on the [TuDu.org.pl](https://tudu.org.pl) platform. It was a response to the restrictions imposed in the time of the pandemic, which prevented activities in traditional form. Sixty PZU employees registered with the [TuDu.org.pl](https://tudu.org.pl).

The pilot project included the following:

- promotional and educational campaigns addressed to PZU Group's employees as well as community organizations;
- webinar on e-volunteering for interested employees;
- volunteer action in favor of the Ocalenie Foundation, coordinated and prepared by the Dobra Sieć Foundation;
- on-going moderation and promotion of the [TuDu.org.pl](https://tudu.org.pl) platform, serving small online volunteering acts, on which the PZU Foundation has its account.

In 2021, another pilot project was launched, entitled "ABC of Empathy – Inclusive Education and Rearing for Empathy", executed as an employee volunteerism venture. The PZU Foundation, in collaboration with the substantive partner the Czepczyński Family Foundation, organized a series of online information and training meetings, designed to prepare employees to hold workshops on empathy in selected schools and pre-schools. As part of this pilot project, in the school year 2020/2021 PZU volunteers organized meetings on empathy in 40 schools and pre-schools.

Selected volunteerism projects authored by PZU employees

- **A Therapeutic Corner. A room for children with special needs.** The project adapted one of the rooms in the School and Pre-School Complex in Olszanka into a therapy activities room. A former utility room was tidied up, refreshed, the walls – painted. It was then furnished with suitable furniture and didactic aids. Thanks to the work of the volunteers, the school obtained a new room for therapeutic activities, and the children – a friendly place to work in.
- **Onco-Chamoix on Mountain Peaks.** In this project, PZU volunteers collaborated with the Foundation Pełną Piersią – Bra Day Poland, which works for development of breast reconstruction. At the beginning of July 2021, a group of women after or in the course of breast cancer treatment, went for a hike in the Tatra Mountains. Together, they hiked for three days along mountain trails, including the Via Ferrata. The second part of the hike was organized for experienced mountain hikers. The ladies moved to the Terrycho Chata mountain lodge situated over 2,000 a.s.l,

Statistical data: PZU and PZU Życie

	2019	2020	2021
Regional Volunteerism Leaders	47	40	43
PZU volunteers	1,170	407	900
Volunteers unrelated to the company invited to volunteer by employees	997	330	563
Number of hours spent doing volunteer work by PZU employees	17,873	6,743	12,179
Number of hours spent doing volunteer work by people unrelated to the company	18,619	5,624	7,509
Number of PZU employees' proprietary volunteerism projects	109	65	97
Number of volunteerism campaigns organized by the PZU Foundation	8	0	6
Beneficiaries (in total)	175,823	12,264	39,423

and on the next day, with the support of qualified guides, they climbed up the Lodowy Szczyt (Ice Peak). The project invited Dorota Szparaga (of PZU), a climber experienced in many mountain expeditions, who, among others, hiked twice the Main Beskidy Trail, covering over 1,000 km in 25 days. During an on-line meeting, she shared her experiences with the hike participants, answering questions regarding both safety in the mountains, as well as proper nutrition. The hike offered a moment of respite from everyday routines, allowed the participants to "recharge batteries" and expanded their knowledge about an active lifestyle – which is so important in breast cancer treatment.

- **May with Masovian Animals.** An initiative of PZU employees from Warsaw. The volunteers helped 47 cats under the care of Stowarzyszenie Ochrony Zwierząt – Mazowieckie Zwierzaki, by providing a stock of cat food, kitty litter, and spending time with the felines at a vet surgery.



Employee volunteerism is also present in the other companies of the PZU Group, including Bank Pekao, Alior Bank, LINK4, and the foreign insurance companies.

5.5.3. Remaining activities of the PZU Group

Among other charitable activities of the PZU Group's companies, the most notable include:

Support for groups at risk of social exclusion

- For a few years now, Balta has been cooperating with charitable organization "Bērnu rīts" ("Children's morning"), engaging their employees twice a year: in September, as the school year begins, when it provides donations for purchases of school supplies, and in Christmas time. Before the school year started, AAS BALTA employees took care of 30 children from foster families and, as part of a Christmas donation, provided presents to 50 children.
- PZU Lithuania Life supports community projects to develop assistance to people with disabilities and ensure their adaptation to life in society at large. In 2021, the company provided financial support to a theater for actors with disabilities founded by Svetlana Šulc, a theater director.

Support for large families

- Since 2018, PZU has been a partner of the Large Family Card (KDR) Program, which is a discount scheme for large families with at least three children. KDR enables them to use e.g. cultural, recreational, transport, financial offers across Poland. As part of the Partnership, PZU, PZU Życie and PZU Zdrowie provide KDR holders with the possibility to use the PZU offer on preferential terms (e.g. discounts for selected non-life insurance policies and health services).
- AAS Balta is a member of the Goda ģimene ("Honorable Family") scheme, which supports large families, and – since 2021 – also families with persons with disabilities, by attracting socially responsible companies that offer large discounts to these families. Under this program, AAS BALTA offers discounts of up to 40% for insurance policies to families holding the "Goda ģimene" card, and this offer is available to over 43 thousand adults covered by the "Goda ģimene" scheme.

Protection of the European bison

- For many years now, Bank Pekao has been consistently involved in efforts aimed at protecting the Polish bison. The aid provided by the bank is earmarked, among others, to the diversification and development of the bison population, care for bison herds, as well as financial support for the research and educational projects advancing protection of this unique species at the verge of extinction. For two decades, BANK Pekao has supported operation of the Białowieża National Park, as the Park's sponsor and partner. The funds provided by the Bank cover a part of the Park's expenses for the monitoring of bison in the backwoods, purchase of provender for the winter, and winter stock-taking. Thanks to the support of Bank Pekao, The Show Bison Reserve – the most frequently visited tourist attraction in the Białowieża National Park – could be modernized, including new equipment to its educational pavilion. The Bank also supports other institutions providing care for the Polish bison, including the Bison Show Enclosure in Pszczyna. The Enclosure organizes lessons about nature, and there is always a chance to meet a bison family and other animals during a walk outdoors. The Warsaw Zoo is another beneficiary of the Bank's financial support. In addition, Bank Pekao provides grants to the Panda Foundation operating in collaboration with the Warsaw Zoo, and assists in the care over the Warsaw bison herd, of nine animals.



IV.

Environmental impact

In this section:

1. PZU Group's ESG Strategy regarding the environment and the climate
2. Direct environmental impact



1. Business in the face of climate change

Commitment - the measure of our business success is not just a matter of financial performance, but also of generating that performance in a sustainable manner. In addressing the most important climate challenge, we have made a commitment to supporting a sustainable and fair transition of the economy while relying on the growth targets and strategies adopted by Poland and the documents and guidelines laid down by organizations and institutions such as the UN, OECD and the European Commission.

“We think about future generations, and that is why we are endeavoring to stop climate change. We started with ourselves, and we have already made great strides towards curtailing CO2 emissions. Now we would like to back others along the path to a low-emission economy. We are investing in renewable energy sources, we are marketing new products for businesses and private individuals including insurance for PV and wind power installations. We are encouraging our suppliers and business partners to participate in the green transition. In this respect we want to set the highest possible standards on the market”



Dorota Macieja, PZU Group Director, Member of the PZU Życie Management Board responsible for sustainable development, among other areas

This commitment is an integral part of the PZU Group’s Business Strategy in 2021-2024. The core tenet regarding the path to climate neutrality is embodied by a number of initiatives to achieve energy neutrality in the Group’s direct business by 2024. In turn, a road map has been drafted up to 2050 in line with European commitments and Poland’s climate neutrality plan. The PZU Group is striving to ensure that the Group’s business partners, and cooperating entities become climate neutral by 2040 and for its insurance and investment clients to do so by 2050. In the upcoming years PZU will focus on growing its portfolio in low emission and sustainable industries and on devising an insurance offering to support decarbonization and the process of shifting the energy mix in Poland. Moreover, the PZU Group would like to assign greater importance to sustainable aspects in its relationships with corporate clients. For that reason it has taken on a commitment to evaluate ESG risk and factors in respect of its largest corporate clients and investments. The PZU Group wants to be an advocate of, and partner in, the “green” transition among its business partners, clients and social partners by underwriting large investments in RES, offering the appropriate insurance products, offering investment funds based on ESG issues and rendering advisory services to companies undergoing decarbonization.

To facilitate the execution of strategic commitments PZU has embraced two policies that lay down the rules and establish the avenues of activity in keeping with the principles of sustainable development. The first one is the PZU Group’s Environmental Policy and the second one is the PZU and PZU Życie Sustainable Investment Policy.

PZU Group’s Environmental Policy defines the framework for management of the environmental footprint of the Companies’ activity in accordance with the sustainable development principles. The aim of the Environmental Policy in the PZU

1.1. PZU Group’s ESG Strategy regarding the environment and the climate

As one of the largest financial institutions in Central and Eastern Europe the PZU Group is aware that both its direct operations and the insurance products it offers, as well as its banking and investment business, are areas through which companies may affect the behavior of their clients and, as a consequence, their approach to the natural environment and climate change.

Environmental issues have been present in the PZU Group’s daily business practice for many years. In turn, in 2021 the PZU Group announced its path to climate neutrality in response to the growing environmental and climate-related challenges.

Group is to manage the environmental footprint of its activity effectively in accordance with the sustainable development principles by minimization of the direct impact on the environment and climate and minimization of the indirect impact on the environment and climate in connection with the offered products and services.

The PZU and PZU Życie Sustainable Investment Policy ratified at the end of 2021 lays down the general rules for investing funds, the ESG factors taken into consideration and how the goals of sustainable investing specified in the ESG Strategy and the PZU Group Strategy are executed. This is applicable when investing own funds and the funds satisfying insurance-related obligations. In addition, the Policy provides illustrative ESG factors taken into consideration in the Companies’ investment activity

[GRI 102-12, 102-13]

On top of internally implemented documents and procedures, the PZU Group gets involved in a number of external initiatives to further sustainable development.

PZU is a signatory of the United Nations Environment Programme Finance Initiative established between the United Nations Environment Program and the financial sector. The global partnership between the United Nations Environment Programme and the financial sector serves the purpose of mobilizing the financial and insurance sectors to act towards the achievement of sustainable development goals. By joining this initiative, the PZU Group has become one of more than 350 organizations committed to making their business decisions consciously with a view to contributing to a favorable impact on people’s lives and the quality of the natural environment.

The PZU Group participates in dialogue on sustainable development and sustainable finance. A PZU representative chairs the Task Force on Sustainable Finance at the Polish Insurance Association (PIU). PZU also participates in the work of the Financial Market Development Council for Sustainable Finance and the Group for development of non-financial reporting at the Ministry of Finance. PZU also chairs the Natural Disaster Risk Management Team, one of whose tasks is to support the UKNF in defining climate change stress tests.

In 2021 PZU joined the “**Agreement for the Development of Offshore Wind Power in Poland**” and the “**Sector Agreement for the Development of the Hydrogen Economy**”. These projects have been initiated by the Ministry of Climate and

Environment. They constitute a platform for inter-sector collaboration for Poland’s economic development, enhancing the competitiveness of Polish commercial undertakings, developing initiatives to ensure Poland’s economic and energy security based on low and zero emission sources of energy. Moreover, a PZU Życie Management Board Member has been appointed to be a member of the Council for Coordinating Offshore Wind Power.

The involvement of a PZU Życie Management Board Member in the initiative known as Chapter Zero Poland affirms the growing significance of climate change and its place in business development. Chapter Zero Poland is the Polish branch of the international initiative entitled Climate Governance established by the World Economic Forum. It was formed to raise awareness concerning the consequences of climate change for the business community and its impact on the climate..

Bank Pekao joined the initiative known as the **United Nations Global Compact**, and in that manner it confirmed its readiness to act for the benefit of Agenda 2030 and incorporate the 10 Principles of the UN Global Compact in its strategy while committing to embrace far-reaching objectives regarding social, economic and environment issues. Membership in the UN Global Compact means participating in the largest global platform of corporate sustainable development leaders who represent nearly every sector in the business community. PZU also plans to join this initiative in 2022.

On top of the initiatives described above, the PZU Group keeps monitoring the activities taken by financial institutions and international organizations, specifically the United Nations (UN), the Organization for Economic Cooperation and Development (OECD) and the European Commission (EC). By disclosing information and managing risks related to climate change in the financial sector, the PZU Group observes the provisions of the climate agreement entered into by 195 countries in Paris in 2015. A document of major significance as a guideline for action from the perspective of efforts aimed at reducing natural disasters is the “Action Plan on the Sendai Framework for Disaster Risk Reduction 2015-2030 – A disaster risk-informed approach for all EU policies” (Sendai Framework for Disaster Risk Reduction 2015-2030). While working on solutions aimed at tackling environmental and climate change challenges, the Group also takes heed of activities carried out by the Polish government and the objectives of “Poland’s Energy Policy until 2040”.

[GRI 102-15] [IIRC]

Climate change is one of the biggest global challenges to sustainable development.

Climate change currently poses one of the biggest global challenges to sustainable development. The Global Risk Report¹ a risk perception survey presented in the World Economic Forum's report shows that the three most critical global risks are associated with environmental issues. In 2012, a similar list contained only one environmental risk. Additionally, two of the five largest risks that have become more pronounced since the outbreak of the COVID-19 outbreak are related to the climate.

The PZU Group is fully aware of the fact that the need to prevent climate change and adapt to the new conditions requires coordinated efforts by decision-makers, businesses and the financial sector. It actively participates in initiatives pursued in its industry, gets involved in public consultation processes and shares its opinions on draft legislation related to climate protection. The risks related to climate change, both physical ones and those related to transformation, will require an increasingly more consistent and comprehensive inclusion in the management of the PZU Group, because their impact on financial performance will become more and more substantial.

The Emissions Gap Report 2021² demonstrates that the new domestic climate-related commitments coupled with other measures to mitigate adverse repercussions put the world on the path towards a global increase in the temperature by 2.7°C by the end of the century. That is substantially above the objectives in the Paris Agreement and may lead to catastrophic climate change. To keep global warming under 1.5°C in this century, which is an aspiring goal in the Paris Agreement, the world must slash by one half its annual greenhouse gas emissions within the next eight years.

If the commitment to zero net emissions is effectively introduced, countries may cap warming at 2.2°C. The authors of the report point out that curtailing methane emissions from the mineral fuel, waste and agricultural industries may be of assistance in eradicating the emission gap and limiting warming in the short-term.

The report entitled IPCC Climate Change 2021: the Physical Science Basis³ emphasizes that global warming by 2°C means extreme temperatures will more frequently attain critical tolerance thresholds in the agriculture industry and health. This does not solely refer to temperature growth. Climate change also triggers many adverse consequences that differ by region of the world. As the report's authors point out, they will become more pronounced as further warming continues and will extend to include changes related to moisture content, wind, snow, ice, coastal zones and oceans.

It is expected⁴ that the adverse consequences of climate change for Poland will be chiefly manifested by floods, torrential rains, landslides and droughts. Also expected is a greater frequency of regionally occurring strong winds. From the perspective of national-level events, floods are the most severe events due to material losses they cause.

In response to the evolving guidelines concerning reporting and growing requirements and expectations of stakeholders in terms of transparent information policy addressing preparation for climate change, this section contains information regarding direct and indirect environmental impact. According to EU guidelines on non-financial reporting and the Supplement on reporting climate-related information (2019/C 209/01), the information disclosed in this section meets the principle of double materiality, i.e. it contains information on the climate's impact on the PZU Group's activity and the Group's impact on the climate. In particular, in accordance with the general and additional guidelines for financial institutions, this report provides a detailed description of climate-related risks, processes enabling their identification and management, and an analysis of the impact of these risks under two scenarios.

Risks have been identified in the setup proposed by TCFD and the European Commission's Guidelines and a scenario-based analysis of climate change has been carried out regarding the **climate's impact on the PZU Group's business** in the context of growth, performance and circumstances.

As a member of the Polish Insurance Association (PIU), the PZU Group is involved in analyzing the impact of climate change on the insurance sector in Poland. The purpose of these analyses

is to support the regulatory authority in developing stress test methodologies. In PIU's opinion, stress tests conducted by the European Insurance and Occupational Pensions Authority (EIOPA) or local regulatory authorities may be a better tool than ORSA in terms of taking into account a forward-looking approach based on standardized scenarios, whereas the respective national authorities should encourage insurers to develop scenarios and facilitate their access to data and sources of valuable information and research results.

The European Commission's Guidelines on non-financial reporting, providing for the disclosure of detailed climate-related data and TCFD recommendations classify the risks related to the climate's adverse impact on businesses as physical risks and transition risks. Physical risk stems from the physical consequences of climate change and encompasses acute (e.g. storms, fires) and long-term risk (rising sea level). Transition risk is the risk related to the economy's transition to a low emission economy resistant to climate change and encompasses risk related to policy and legal, technological, market and reputational risks.

A similar approach was proposed in April 2019⁵. The Network of Central Banks and Supervisors for Greening the Financial System (NGFS) an organization bringing together central banks and regulatory authorities. Based on the conviction that climate-related threats are a source of financial risks and that it is the duty of central banks and regulatory authorities to ensure the financial system's resilience to such threats, six recommendations were formulated for central banks, regulators, decision-makers and financial institutions to ramp up their role in "greening" the financial system and managing the environment and climate risks.

Scenario analysis is one of the new tools consistent with TCFD recommendations and the European Commission's Guidelines. It employs hypothetical models of temperature changes, enabling assessment of a company's operations depending on the changing climate and the resilience of its business model. The need for the conduct of analyses related to climate change by insurance undertakings was also highlighted in an EIOPA consultation document⁶. The scenario structure proposed by the NGFS was adopted as the starting point for the analyzes

conducted by the PZU Group. The scenarios are structured according to the degree of attainment of the climate goals and the transition pattern. In turn, in its document, EIOPA assigned two long-term scenarios of temperature increase (above and below 2 degrees Celsius) to the four global pictures defined by the NGFS.

The full analysis including its underlying assumptions and results is presented in the section [\[Analyses regarding climate change\]](#).

Risk analysis makes it possible to identify precisely the risks associated with sustainable development, and in particular climate change. The PZU Group Strategy and its entire business are focused on addressing identified risks so that it is possible to orchestrate a change in the direction of a sustainable product offering that does not just correspond to client needs and the identified climate-related challenges but above all that offers an opportunity for business development and building a market edge. For instance, managing the climate risk following from the transition of the insurance portfolio to extend and augment the attractiveness of the offering of financial products addressed to low emission branches of the economy and those branches that harness renewable energy also contributes to the development of these branches. In this manner the positive impact exerted by the Group's product offering on the climate and environment can be manifested.

The PZU Group's climate impact is multiple-dimensional. Group companies utilize resources in their business operations. However since most of the Group's companies are financial institutions, their direct climate impact is relatively small. On the other hand, by financing, insuring and investing, these companies can, to a certain degree, influence clients' conduct, and hence their impact on the environment and climate change. Armed with this awareness the PZU Group's ambition is to become a trusted partner in energy transition and develop its offer to support the development of the low emission economy. Information on how the PZU Group molds its insurance and banking offering to support the development of the Polish economy in the direction of climate neutrality and on how it benefits from climate-related opportunities has been presented in the section entitled [\[Product offering as a response to climate-related challenges\]](#).

¹ www3.weforum.org/docs/WEF_The_Global_Risks_Report_2022.pdf
² www.unep.org/resources/emissions-gap-report-2021

³ www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_Full_Report.pdf
⁴ Resolution of 13 December 2011 on the adoption of the 2030 National Zoning Concept, Official Journal of the Republic of Poland (Monitor Polski) of 2011 No. 137, item 252

⁵ A call for action; Climate change as a source of financial risk, April 2019
⁶ www.eiopa.europa.eu/media/news/eiopa-issues-opinion-supervision-of-use-of-climate-change-risk-scenarios-orsa_en

According to Delegated Commission Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and Council, insurance business covering products offered as insurance other than life insurance is business supporting adaptation to climate change, and therefore it is eligible to participate in the system. The full disclosure on the degree to which the business of PZU and the PZU Group constitutes business that is eligible to be part of the system has been made in the section entitled [\[Disclosures related to the Taxonomy\]](#).

1.2. Climate change research

Climate change research

The PZU Group conducts regular stress tests and sensitivity analyses under its annual analysis of own risk and solvency assessment (ORSA) and stress tests consistent with the requirements of the regulatory authority. Under ORSA, the sensitivity analyses for PZU cover stress scenarios affecting assets and liabilities. The stress tests selected for execution as part of this assessment cover the major areas of activity and the PZU Group's risk profile. They correspond to the assessment of the most important risks; in particular, the short-term impact of extreme weather-related phenomena (catastrophic losses) and the impact of the growth of the loss ratio on the PZU Group's capital condition are regularly analyzed.

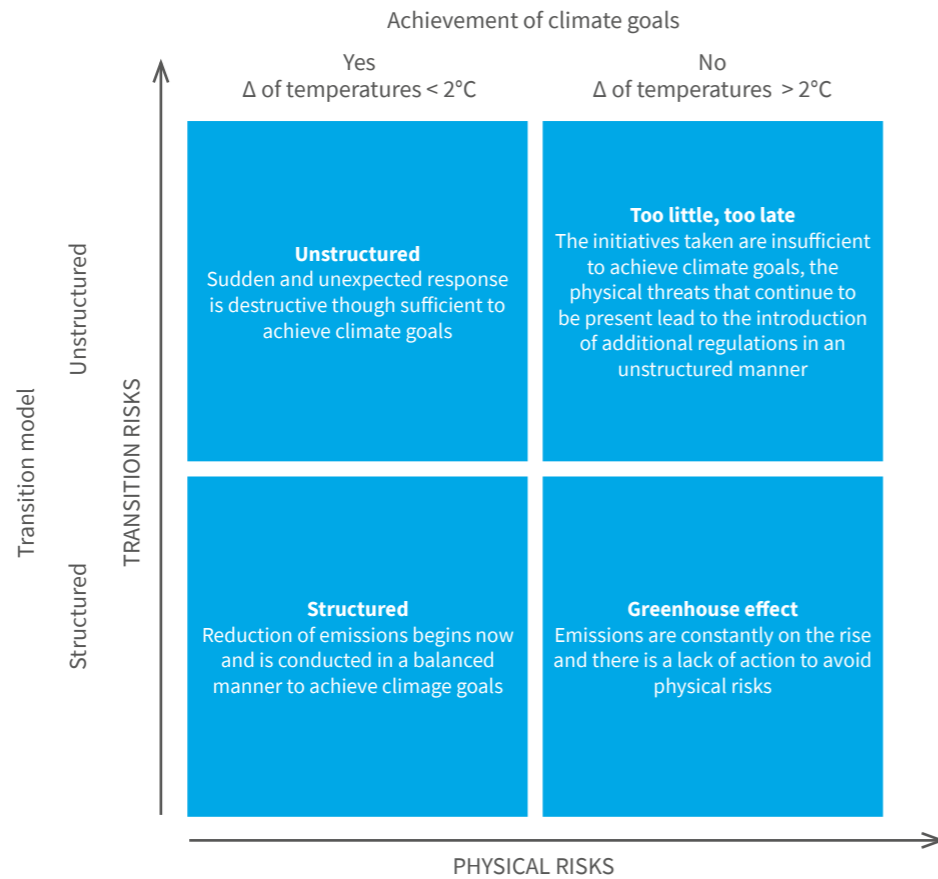
In addition, PZU as the parent company runs a recurring process to analyze risks and identify key risks in conjunction with the processes of managing the various categories of risk specified in this section in the table entitled Categories of risk in the Group. All of the risks identified during this process are assessed from the perspective of frequency and severity of materialization (taking into account financial severity and reputation impact). In particular, risks related to climate change are subject to risk in terms of physical risks and transition risks. This process facilitates risk analysis in the medium-term and identification and assessment of emerging risks. This analysis is updated at least once a year.

The following climate-related risk factors that may affect the PZU Group's business model and financial results have been identified as a result of these analyses:

	Risk factor	Horizon	Category of risk in the risk management system	Measures taken
TRANSITION RISKS	The difference between the pace of transforming the Polish economy and the changes transpiring on the reinsurance market leading to constrained availability of reinsurance offers for projects related to the mining industry and the coal-fired power sector. The materialization of this risk may lead to the following consequences:			
	<ul style="list-style-type: none"> Limited sales of insurance for these types of projects Higher prices for reinsurance cover 	Medium / Long	Business risk (process of analysis of key risks)	Negotiations are conducted with reinsurers and clients when contracts are renewed. Clients see the offered scope of insurance adjusted to the available reinsurance offer. It is necessary to curtail the limits of liability. Additionally, it is assumed that the PZU portfolio will undergo gradual transformation in line with the transition of the Polish economy.
	<ul style="list-style-type: none"> Higher capital requirement for counterparty default risk due to placing a portion of the portfolio with reinsurers who have lower ratings 	Short		
		Medium	Credit risk	Assessment of reinsurers' credit quality is conducted based on market data, information obtained from external sources, and an internal model. The model divides reinsurers into several classes, depending on the estimated risk level. A reinsurer will not be accepted if its risk is higher than a pre-defined cut-off point. The acceptance is not automatic and the analysis is supplemented by assessments by reinsurance brokers. In the credit risk monitoring process, the assessment of a given entity is updated on a quarterly basis.
	Decline in the prices of shares and corporate bonds in selected sectors due to greater regulatory burdens	Medium	Market risk/ Credit risk	Market risk is subject to constant monitoring and internal system of limits. As part of credit risk there is a comprehensive counterparty assessment and limit-setting system (also applicable to industries). Credit risk assessment of an entity is based on internal credit ratings (the approach to rating differs by type of entity). Ratings are based on quantitative and qualitative analyses and form one of the key elements of the process of setting exposure limits. The credit quality of counterparties and issuers is regularly monitored. One of the basic elements of monitoring is a regular update of internal ratings.
Raising capital requirements as a result of revising the parameters of the standard formula for selected risks	Medium	Compliance risk	The PZU Group follows regulatory changes on an ongoing basis, it participates in consultations and analyzes the impact of changes that are in the process of being introduced or are planned on its capital position.	
PHYSICAL RISKS	Intensification of extreme weather-related phenomena	Long	Actuarial risk	The risk management system in the PZU Group allows it to monitor exposures regularly and the reinsurance program in place significantly reduces the potential net catastrophic loss level to acceptable levels without posing a threat to PZU's financial stability
	Occurrence of intensive fires in forested areas in suburban communities and in croplands due to the intensifying drought	Long	Actuarial risk	
	Heightened mortality ratio among older persons caused by summer heat waves	Long	Actuarial risk	Analysis and monitoring of risk exposure ratios in selected product groups. Actuarial control cycle, i.e. setting suitable assumptions.

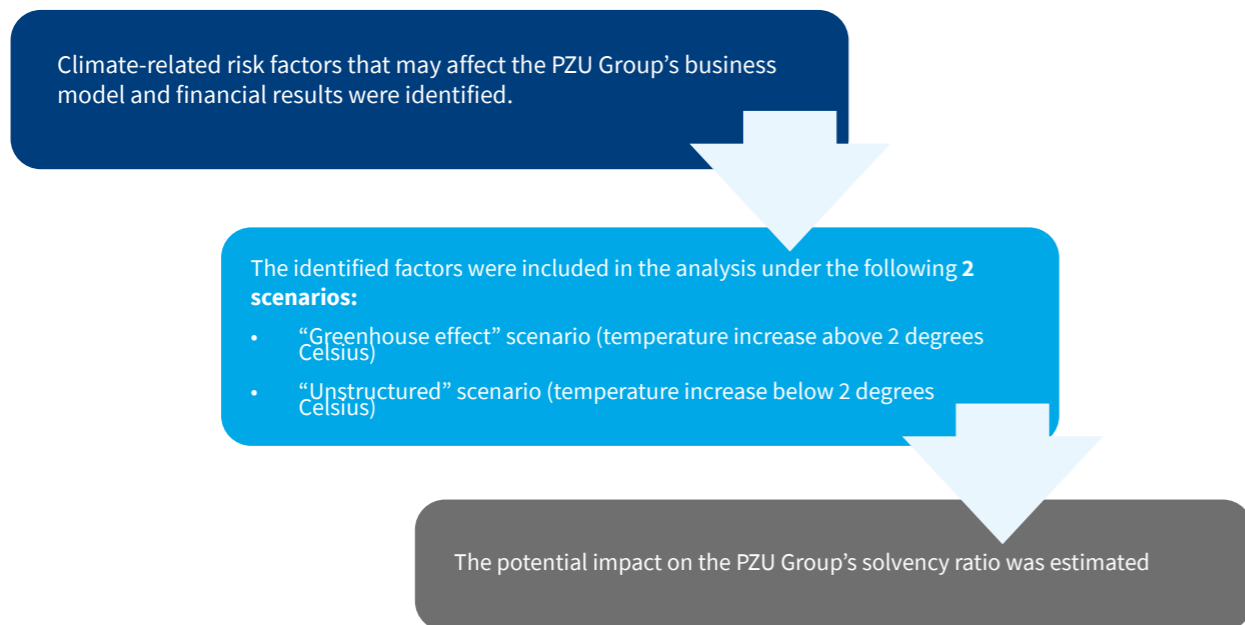
The risk factors itemized in the table above have been analyzed under 2 scenarios for which the starting point is the structure of the scenarios proposed by The Network of Central Banks and Supervisors for Greening the Financial System (NGFS).

Structure of scenarios



Source: A call for action; Climate change as a source of financial risk (April 2019)

Analiza czynników ryzyka związanych z klimatem



During the current phase of analyzing climate risks the PZU Group studied:

1. The “Greenhouse effect” scenario in which physical risks play the main role, which in a simplified approach involve the assumption of a zero impact exerted by transition risks;
2. The “Greenhouse effect” scenario in which transition risks play the main role, which in a simplified approach involve the assumption of a zero impact exerted by physical risks.

The below assumptions and risk factors were taken into account:

“Greenhouse effect” scenario	“Unstructured” scenario
<ul style="list-style-type: none"> The occurrence of extreme flooding – the value of loss 1 in 200 is determined according to the standard formula methodology used to determine the solvency capital requirement. Fires in forested areas in suburban communities and croplands – maximum net loss for a single event. Heightened mortality ratio in summer months (2 weeks of July) among older persons, in addition to the occurrence of additional benefit payments in a given year, to a revision of the long-term assumptions, resulting from the assumed cyclicity of the occurrence of heat waves, by increasing mortality rates in the best estimate of liabilities (BEL). 	<ul style="list-style-type: none"> Increase in credit risk due to reinsurance of a portion of the portfolio with counterparties with lower ratings Decline in the valuation of shares and corporate bonds in selected sectors Regulatory risk associated with revising the parameters of the standard formula used to determine the solvency capital requirement

The results of this analysis demonstrated that if the assumed scenarios are implemented the PZU Group's solvency would not be at risk. The regulatory requirements and the assumptions concerning the internal limit system are satisfied in both scenarios. The table below depicts the sensitivity of the PZU Group's solvency ratio estimated on the basis of forecasts as of the end of 2024.

	Sensitivity of the PZU Group's solvency ratio
“Greenhouse effect” scenario	(14) p.p.
“Unstructured” scenario	(4) p.p.

Classifying the occurrence of extreme flooding as a physical risk is the most severe factor. This is a long-term risk associated with temperatures rising more than 2°C. Annual renewals of contracts and analysis of current data and forecasts coupled with the selection of the appropriate reinsurance program make it possible to reduce considerably the possible impact this risk can exert on the PZU Group.

The most severe transition risk is the regulatory risk associated with a change in the parameters used to calculate the sub-module for the natural catastrophe risk.

The extent to which chances and risks related to the climate change will affect the insurance industry depends on a specific product or offered services and the planned investment. The processes of preparation of policies, pricings, reinsurance strategies, as well as the banking and investment activities take into account climate risks based on the short-term perspective. PZU can perceive the potential adverse influence of frequent and increasingly more severe weather phenomena on the financial results. Therefore, PZU incorporates the possibility of catastrophic phenomena in the economic strategies and models it prepares. The goal is to enhance the degree of resistance to the materialization of possible scenarios.

The probability that the risk related to the global economy transition into a low-carbon one (transition risk) will materialize is much higher than the probability that the most extreme physical risk related to the climate change will

materialize. PZU takes measures aimed to limit the probability that the transition-related risk will materialize through investments for low-carbon economy. On the other hand, the PZU Group is aware that the materialization of the most extreme physical risk would constitute a threat to the whole insurance sector. The effects of escalating climate changes might contribute to the materialization of risks for which insurance may become unaffordable.

The risk analysis above presents the key risks associated with sustainable development, and in particular climate change. Nevertheless, the response to the identified risks facilitates a change in the direction of a sustainable product offering that does not just correspond to client needs and the identified climate-related challenges but above all that offers an opportunity for business development and building a market edge. The next chapter talks about how the PZU Group shapes its offering and what steps it takes to support preventing climate risks and the Polish economy's ability to adapt.

1.3. The product offer as a response to climate challenges

Risk area: Climate risks associated with transformation of the insurance portfolio

Approach to management: The PZU Group takes measures to support the policy of curtailing greenhouse gas emissions, among others, by developing its insurance offering for renewable energy source (RES) installations. The PZU Group invests in projects to ratchet up the share of green energy in the country's energy mix. The PZU Group supports also activities aimed to increase electrification in transport.

Key policies: ESG strategy "Balanced Growth", Sustainable Investment Policy

The PZU Group is aware that insurance services, banking and investment activity are areas in which decisions of Group companies may influence client behaviors and, as a consequence, also their attitude towards the natural environment, the importance of respecting human rights and ethically doing business.

Considering the various scenarios and directions of climate change, the Group's product offering and activities are multidimensional. On one hand, they focus on contributing to the prevention of climate change, or they concentrate on supporting the economy in its efforts to navigate the transition and curtail greenhouse gas emissions. That is why an important part of the commitments under the ESG Strategy is linked to developing the product offering to support the nation's energy transition. On the other hand, the Group's business contributes to adapting to climate change, or building the country's resilience to climate change.

Nevertheless, the PZU Group's insurance business is aimed at offering insurance products tailored to the needs of individual and corporate clients in various sectors of the economy. The Group's highest priority is to properly respond to the current needs of the Polish market and economy in accordance with national and EU regulations (including those safeguarding the principles of fair competition and permitting cooperation only with those business clients whose activity, according to PZU's knowledge, complies with the applicable laws). The complexity of needs and, consequently, of the offering has led PZU do provide insurance cover also to entities operating in the mining and power sectors. Besides traditional operations consuming coal and other mineral fuels, clients from this group also develop their activities in renewable energy sources. Moreover, the PZU Group is fully aware that the transformation process of the Polish economy towards carbon neutrality will require commitment and investment by commercial undertakings currently operating in the power sector. To enable a successful and orderly transformation, financial products, including loans and insurance policies, must be available to entities doing business in this sector.

1.3.1. PZU Group activities addressing climate and environmental risks: curtailing greenhouse gas emissions

Corporate clients

Having regard for the magnitude of the impact exerted by the business of corporate clients in 2021 the PZU Group took a number of efforts to extend its product offering targeting corporate clients. The extended product offering responds to the largest climate challenges, it contributes to attenuating

the adverse environmental impact and at the same time it is aligned to Poland's distinct economic nature.



By responding to the needs following from the burgeoning renewable energy market and living up to its strategic commitment as a "Trusted Partner in green transformation", in 2021 PZU marketed two new insurance policies

for corporate clients. The PZU Wind Power and PZU Solar Power policies are twin products that protect wind and solar power plants in the event of a failure, damage or destruction. These policies also give clients protection against civil liability and loss of profit caused by material damages. Both policies offer protection for the equipment directly responsible for generating energy (the PZU Wind Power offer: gondolas, towers, foundations, internal cabling and the PZU Solar Power offer: photovoltaic panels, their construction, internal cabling, inverters) and all of the accompanying infrastructure: energy storage units, underground cable connections, overhead power cables, fiber optic cables, equipment to export the capacity to the power grid and the auxiliary infrastructure: fencing, lighting, oversight systems, internal roads, buildings housing the station and the switch board and equipment.

Other Group entities are also taking actions to support clients in their energy transition.

TUW PZUW operates in the insurance segment for corporate clients, medical operators and public institutions and takes climate issues into account in its offering in a comprehensive manner also by including the offer described above for renewable energy sources. The specific nature of business insurance provided by a mutual insurance company involves the execution of insurance contracts by way of negotiation based on an individual risk assessment, with insurance programs attuned to the individual needs and expectations of its members. According to the ESG "Sustainable Development" strategy TUW PZUW is also a partner in the green transition of the Polish economy. It lives up to its commitment by providing insurance cover to entities operating in the broadly construed power and coal sectors that have initiated or are in the process of changing their energy mix, with particular emphasis on those business areas that seek to develop generation capacity from renewable energy sources, such as wind farms, photovoltaic farms and a network of hydroelectric

power plants and biogas-fired plants. In 2021 it marketed new insurance products: "Power of the Wind" for wind farms and "Power of the Sun" for photovoltaic installations. This is comprehensive property insurance against all risks, including against damage and loss of profit, as well as liability insurance associated with the operation of wind turbines and photovoltaic panels. In addition, TUW PZUW offers insurance to companies operating in a segment consuming low-carbon energy sources based on natural gas (including Gaz System, PLNG and new Baltic Pipe investment projects). It supports new environmentally friendly investment projects in the power sector that satisfy stringent environmental requirements imposed by the EU and replace less environmentally effective assets. Additionally, TUW PZUW creates and promotes its own fire safety standards in an attempt at reducing the number of fires in business entities, thus contributing to a decrease in the emission of toxic pollutants into the atmosphere and surface and ground waters.



Alior Bank has rolled out a special offer to finance renewable energy source (RES) projects participating in auctions. This proposal targets commercial undertakings that plan to build wind or photovoltaic power plants with a

capacity in excess of 500 kW. Special-purpose vehicles from the small, medium and large company segments doing business in the generation of energy from renewable energy sources may take advantage of this offer. The bank finances projects in the form of an SPV run by seasoned investors in RES project execution. Alior Bank also offered a thermal modernization loan earmarked for financing thermal modernization in the residential sector focusing mainly on housing cooperatives, housing communities and building societies (TBS). This loan is co-financed using funds from Regional Operational Programs for the following regions: Lower Silesia, Łódź, Smaller Poland, Podlaskie, Pomerania and Kujawy-Pomerania.

In 2021 Alior Bank extended its offer to finance thermal modernization to include a loan with a bonus from Bank Gospodarstwa Krajowego. The BGK bonus not subject to repayment to be used as a source of partial amortization of the financing for energy modernization or renovating buildings is just one of the new offer's strong suits. Housing cooperatives and communities and local governments from across Poland can also count on a high amount of funding: up to PLN 5 million, a long term of funding: up to 20 years



Environmental impact

and reimbursement for the costs of the audit and technical documentation.

Bank Pekao supports projects contributing to developing sustainable urban transportation indirectly contributing to enhancing air quality in urban centers. In 2021 Bank Pekao participated in a bond issue to the tune of PLN 491 million to carry out an investment program to improve the standard of urban transportation in Wrocław. Pekao participated in financing for the amount of PLN 496 million in a consortium with Bank Gospodarstwa Krajowego designated for modernizing and building track infrastructure in the Silesian Urban Area and buying streetcar rolling stock and specialized rail vehicles.



The broad-based approach to investments supporting energy transition is an important direction and a visible change in the approach to managing the impact on climate change.

According to this strategic commitment TFI PZU and PZU are jointly working on extending their traditional risk assessment criteria to include ESG issues. This includes proprietary scoring methodologies on the debt and equity markets, raising exposure to projects involving RES and energy transition, as well as incorporating ESG issues at all stages of the investment process. However, the most measurable activity is the commitment of PLN 450 million to investments to support the climate and energy transformation.

Participation in financing wind farms in Grajewo and Mława kicked off the companies' exposure in this area. In June of 2021, TFI PZU SA participated in underwriting the construction of two wind farms in Poland with a total capacity of 51.4 MW whose total annual generation of clean electricity will be approximately 192 GWh.

Another important step was signing an agreement to fund the Potęgowo wind farm. This is currently the largest project of its kind in Poland. This project is run by a special-purpose company whose shareholders are the Israel Infrastructure Fund as the main arranger and controlling entity, Helios Energy Investment, CME Holdings and Allied Infrastructure Ltd. The Potęgowo wind investment project is predicated on best in class technology. PZU's participation will contribute to the installation of another 17 wind turbines, thereby contributing to the further increase in the percentage of green energy in

the power grid. The Potęgowo wind farm is located in the northwestern part of the Pomeranian region and in the vicinity of the northeastern border of the Western Pomeranian region. The secured funding will be used to expand the project to include the Wieliszewo wind farm with a capacity of 37.4 MW. In total, the capacity of the Potęgowo power plant will be 256.9 MW. This means that it will account for nearly 4% of the total capacity of wind farms installed in Poland. Construction is slated for completion at the turn of 2022 and 2023.

Bank Pekao is also actively participating in building the RES sector in Poland, inter alia, by offering and organizing sustainable development bonds. Bank Pekao was the sole arranger and dealer for the issuance of 10-year ESG rating-linked bonds with a fixed coupon (the interest rate was linked to the level of the company's ESG rating) for PKN Orlen with a total nominal value of PLN 1 billion as part of its support for issuing clients' ESG bonds in 2021. In addition, Bank Pekao was one of the global coordinators and joint bookrunners for the issuance of 7-year green bonds for PKN Orlen with a value of EUR 500 million placed on the international market. The net proceeds from the bond issue will be designated to finance or refinance the group's green projects. Bank Pekao was also one of the arrangers and dealers for the issue of green bonds by Famur S.A. with a value of PLN 400 million. The purpose of the issue was to provide direct and indirect financing or refinancing for the development, purchase, construction and operation of the Famur Group's green projects.

In September 2021 the Bank jointly with the Polish Development Fund (hereinafter: PFR) announced their joint project to finance an investment in renewable energy sources called "PFR Green Hub". The program's total amount is PLN 1 billion. This program is supposed to facilitate the execution of the first 500 MW of new photovoltaic installations built on the basis of market power prices. In December 2021 Bank Pekao signed an agreement to issue green bonds with the company doing business as Miejskie Przedsiębiorstwo Oczyszczania-Łódź Sp. z o.o. The value of the program is PLN 400 million. These bonds will finance the construction of the Łódź Recycling Center, namely an installation to recycle urban waste.

Individuals and SMEs clients



The PZU Group is expanding its "green" product offering not just to span solutions designated for corporate and institutional clients. It is also responding to the needs of companies in the Small and Medium-sized Enterprise (SME) space. The PZU Group is aware that involving these firms in environmental protection efforts has the potential of generating significant benefits. For this reason, the offering of PZU Advisor targeted at the SME segment is focused on protecting the assets of these companies. The insurance cover protects the following installations and devices:

- photovoltaic installations, including photovoltaic farms;
- wind farms (windmills);
- biogas-fired plants – devices for generating gas energy from biomass;
- sewage treatment plants.

Moreover, the insurance cover protects third party property used by the insured company to render services and may be purchased by firms that install photovoltaic panels for retail customers. Such cooperation supports rapid sales of photovoltaic installations, but above all protects users against any damage to their equipment. The offering targeted at SMEs also includes third party liability insurance for damage to the natural environment (e.g. covering the costs of removing leaked substances from soil).



Similarly, the banks of the PZU Group are taking efforts to support SME clients on their path to climate neutrality. In 2021 Alior Bank launched Biznes Kredyt Zakupowy (Business Procurement Loan) to carry out ecological initiatives. This loan is for commercial undertakings in the micro company and small and medium enterprise segment that plan to roll out modern tools to mitigate the adverse impact exerted by a company's business on the natural environment. The loan funds may be designated, among other things, to purchase and assemble photovoltaic panels, purchase ecological cars with an electrical or hybrid engine, thermal modernization of real estate or the purchase and assembly of a new source of heat. The loan collateral is in the form of guarantees offered by Bank Gospodarstwa Krajowego – a COSME guarantee or a de minimus guarantee and promissory notes to the benefit of Alior Bank and Bank Gospodarstwa Krajowego.



PZU is aware that individual clients are also looking for ecological solutions and investing in low emission solutions. Responding to market needs the Company has extended its offer of property insurance to include a special product

that protects devices generating energy from renewable sources and also protects owners of photovoltaic installations against the risk of power interruptions or lower effectiveness in electricity generation. The new product - PZU Eko Energia is a solution, among others, for households, small and medium-sized enterprises and agricultural farms that use photovoltaic cells, solar thermal collectors or heat pumps to produce energy for their own needs. This insurance product is available in three options. Clients can choose the one best suited to their needs. The PZU Eko Energia policy protects photovoltaic installations (including a car charger and battery) against all risks, meaning loss, damage or total destruction as a result, e.g. of a failure, fire, power surge, flood, wind gust, hail or other sudden weather phenomena as well as vandalism and theft. PZU's new product has been created and adapted to the needs of the owners of devices generating renewable energy.

PZU offers a new scope of motor own damage insurance for the owners of electrical vehicles. It covers damages to chargers, including a wallbox and charging wires and the battery. This responds to the growing popularity of electrical vehicles. As PSPA data show, in November 2021 there were 35.2 thousand passenger vehicles with an electric drive registered in Poland. That is two times more than in 2020. This new clause means that the owners of electrical vehicles who buy a motor own damage policy can count on protection in the event of damages to those parts of an electrical vehicle that result, among other things, from theft, overburdening the installation, overheating, circuit break, drop in voltage and damage due to gross negligence. The sum insured for cables and batteries is specified in the MOD insurance agreement. For a charger it is set separately and totals PLN 3,000. The development of charging infrastructure is conducive to the growing number of vehicles. According to data from the end of November 2021, the users of cars with an electric plug have at their disposal 1,813 generally accessible charging stations in Poland, plus 3,544 points. In just November another 207 points were launched. At the end of 2021 legislative changes were made



Environmental impact

to facilitate the assembly of electric car charging points in response to the request of the residents of a given building.



Banks are responding to the needs of retail clients. They have prepared a special loan offer for them.

The Express Loan for environmental purposes was available in 2021 to Bank Pekao's clients, e.g. for renewable energy sources, to purchase a central heating boiler, windows, doors or home insulation materials. Funds from this loan can be used to underwrite the purchase of electric or hybrid cars, electric motorcycles and electric scooters and electric bicycles or refinance the costs incurred to make such purchases incurred since the beginning of 2021. The Bank also offered EKO Kredyt Mieszkaniowy (ECO Residential Loan). Financing was available to install solar collectors, photovoltaic panels and heat pumps during the construction or renovation of a property.

In 2021 Alior Bank's offer included Eco Loan (Eko Pożyczka), namely a special loan offer prepared for clients who intend to buy a new electric vehicle. Clients could also take advantage of the Własne Eko-M mortgage loan offer to finance the purchase of a house or residential unit on the primary or secondary market and finance the construction of an energy-savings house in the event that the annual demand for user energy to heat and ventilate it does not exceed 50 kWh/m²/year. Alior Bank also offered the "Clean Air" Cash and Installment Loan to finance the replacement of old heat sources and purchase and assemble new heat sources, thermal modernization of single-family houses and purchase photovoltaics in connection with the purchase of new heat sources.



In response to the climbing environmental and climate awareness of retail investors the PZU Group companies are marketing products enabling them to invest their funds in sustainable investments. TFI PZU launched its first investment product advancing the environmental aspect referred to in Article 8 of SFDR (Regulation 2019/2088 on the disclosure of information related to sustainable development in the financial services sector), or the bright green product. inPZU Akcje Sektora Zielonej Energii – is a separate subfund under inPZU SFIO operating as an index

fund designed to reflect the composition of an index and generate a rate of return equal to the rate of return offered by the MSCI Global Alternative Energy Net Return Index. The Pekao Ekologiczny subfund was added to Pekao TFI's offer in 2021. It focuses on supporting sustainable investments. Companies from environmentally-friendly and pro-ecological sectors were selected as part of its portfolio (renewable energy, electromobility, energy efficiency, recycling and waste management). When analyzing their selection, on top of financial factors, ESG issues were equally important, namely environment, social and governance-related aspects.

Claims handling

The PZU Group endeavors to reduce the environmental impact of its products not only in the process of their creation and offering, but also throughout their lifecycle, in particular during the claims handling process. Within the framework of the claims handling process under third party liability and motor own damage insurance, an innovative process called Green Parts has been launched to handle the management of waste generated during the repair of damaged vehicles. PZU covers the manufacturing costs of approximately four million vehicle spare parts per year. It assumes responsibility for managing the remains of damaged vehicles (parts replaced with new ones) in accordance with the requirements of generally applicable laws. Improper disposal of damaged vehicle parts creates an environmental hazard. That is why partners of the Green Parts program who collect the remains of damaged vehicles after the repair are firms with experience in the disposal of motor vehicles and their replacement parts. They hold all the required permits. Their professional approach and reputation for integrity guarantee that each part collected by them is handled in compliance with the applicable legal requirements and the best environmental standards. The technical condition of damaged vehicle parts may pose a threat to human health and lives. In collaboration with a network of qualified partners, we make efforts to ensure that all parts (qualified for replacement due to damage) are replaced rather than refurbished. Our actions in this area are also aimed at reducing the volume of trade on the secondary market for salvage that has lost its safety features.

TUW PZUW offers an insurance product to clients that promotes the repair of a broken device instead of purchasing a new one. It is designed to generate financial savings for the client and helps to protect the environment by reducing waste. These benefits are provided through assistance insurance at

TUW PZUW. Owing to their cooperation with TUW PZUW, power companies support their clients in emergency situations, offering them the tradesman product, ensuring assistance in arranging and performing repairs of home equipment and devices. It is also a response to the changing trends, growing awareness among consumers, the need to protect the environment and demand for comprehensive professional home assistance services. Under this offering, customers of power companies may take advantage of professional support in the event of a failure of electrical devices (electronics, household appliances, computers), heating and air conditioning systems, internal electricity, gas, water and sewage installations, doors, locks, etc.

1.3.2. The PZU Group's efforts to adapt to climate change and prevent environmental risks: gaining a better grasp of risk factors

Risk area: The physical risk of pollution of natural environment and natural disasters resulting from climate changes

Approach to management: PZU takes measures for better understanding of the catastrophic risk factors, taking into account in particular the flood risk. For this purpose, the PZU Group runs, among others, periodic analyses of the non-life insurance portfolio for its exposure to natural disasters. The insurance portfolio is divided into zones with specific degrees of exposure to the risk of floods and cyclones. The values of prospective losses are assigned to each one of the zones under analysis. They correspond to the severity of a given phenomenon and, consequently, its specific probability level. On this basis, as part of the annual reinsurance cover program design process, the distribution of the level of possible catastrophic loss is estimated.

PZU also tailors its product offer to the identified risk factors, among others by an offer for sectors of the economy exposed to the highest climate risks, such as agriculture.

The PZU Group employs also weather scenarios as a basis for the construction of the reinsurance program and for the calculation of capital requirements. The capital requirements provide a guarantee that even in the event of catastrophic floods or cyclones the PZU Group will have the capacity to pay its liabilities to clients.

Key policies: ESG "Balanced Growth" Strategy

Engineering underwriting has been performed for large clients such as industrial plants for many years to enable the insurer to calculate their premiums. A detailed outcome of the underwriting exercise along with event-based scenarios are presented to the client. The underwriting covers business risks, which are often combined with environmental risks. For this reason, the actions taken by the client to eliminate or reduce certain elements of its risks, even if induced solely by an attempt to suppress insurance costs, contribute to diminishing the risks to the environment or humans. As part of its new ESG strategy PZU has undertaken to incorporate ESG factors to a greater extent when it assesses key clients and investment projects. At present, work is underway on devising an assessment methodology for this purpose. Such an assessment will be conducted in later years, and it will allow PZU to appreciate the level of ESG risks in the value chain.

TUW PZUW conducts regular risk analyses and issues recommendations on how to augment safety. The recommendations issued by PZUW's risk engineers to enterprises classified as Large Risk Establishments (ZDRs) and Higher Risk Establishments (ZZWs) reduce the risk of industrial failures and minimize their impact on humans and the environment.

TUW PZUW prepared and disseminated an offering to waste management firms, designed in particular to promote environmentally friendly waste management methods, including the construction of highly efficient waste processing plants, such as those that turn waste into fertilizers, recover heat from thermal treatment or produce alternative fuels.

The PZU Group performs a regular analysis of its exposures in terms of the jeopardy related to natural disasters by giving special consideration to the risk of flooding due to the landscape and the number of surface waterways. PZU breaks down its insurance portfolio into zones according to specific degrees of exposure to the risk of floods (river floodplains and areas behind flood embankments) and cyclones – each such zone covered by the analysis is assigned a value of potential losses corresponding to the assumed probability levels. Annual introduction of changes in the frequency and scale of catastrophic events and their occurrence in the design of the reinsurance protection program.



Environmental impact

1.3.3. the PZU Group's efforts to adapt to climate change and prevent environmental risks: aligning the product offer to the risk factors

PZU has a customized insurance offering for sectors exposed to the highest climate risk such as the agriculture industry, which entails protection against the result of acts of fate such as flooding or minor flooding, cyclone, storms, snow fall or hail and torrential rain.

The environmental guarantee is a form of protection for companies whose activities may cause an adverse impact on the environment, e.g.: chemical plants, companies dealing in transborder movement of waste and municipal services plants. The guarantee is a commitment to pay a specified compensation if the company to which the guarantee has been granted fails to remove adverse environmental effects of its business operations. The beneficiary of this guarantee is the environmental protection authority issuing the relevant administrative instrument giving a permit to use natural resources.

As part of its cover against lost profits, PZU protects businesses whose profits decline, for instance as a result of damage to their assets caused by fire, flood, cyclone or other random events.

PZU offers extended clauses for businesses holding third party liability insurance to cover damage to the environment. The first such clause extends the third party liability insurance cover to include losses arising in connection with the release of hazardous substances into the air, water or soil. The second clause extends the insurance cover to include liability for damage to the environment. Such clauses are offered predominantly to industrial operators, construction companies, utilities, wastewater treatment plants and waste management companies. .

Some weather scenarios form the basis for construing reinsurance programs and calculating capital requirements.

The capital requirements provide a guarantee that even in the event of catastrophic floods or cyclones the PZU Group will have the capacity to pay its liabilities to clients.

PZU offers reinsurance of natural risks for annual periods with a non-proportional structure. Whenever a reinsurance program is renewed, the contract structure, information about the insurance portfolio and the loss history are updated. Every year PZU models and quantifies the risks of floods and cyclones in Poland.

1.3.4. The PZU Group's efforts to adapt to climate change and prevent environmental risks: innovation as a means of protection against the future

In the claims handling process in PZU in crop insurance there is an innovative process of determining the scope of damage to winter crops using satellite remote sensing solutions. This solution determines the objective results and makes it possible to assess the damage to the crops in sites that are not easily accessible and at short order, which is very important when it comes to larger plots of land. The utilization of remote sensing methods is also applicable to damages under risks related to spring ground frosts and when determining the timing for harvesting crops for most field crops. In addition, work is underway to design a new remote sensor technology in damages caused by cyclone and torrential rain risks. Thus far, drones were used to ascertain the scope of damages in 120 cases.

PZU Lab carries out audits and issues recommendations for various companies aimed at improving their safety in terms of assets, downtimes, human safety and the environment. It also runs the [PRO Risk](#) prevention program section S page 172.

LINK4 in collaboration with Skywarn Poland (Polish Storm Hunters) has given clients holding real estate insurance access to a weather alert system. Clients receive a text message containing a warning and a website link where they can read about how to protect themselves against the adverse consequences of various weather events.

1.4. Disclosure under Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088 (“Taxonomy”)

According to Article 8 of the Taxonomy, every company that is required to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU of the European Parliament and of the Council⁷, will be required to include in its non-financial statement or consolidated non-financial statement information on how and to what extent its business relates to economic activity that qualifies as sustainable.

According to Article 10 of Delegated Regulation 2021/2178 of the European Parliament and of the Council⁸ (“Delegated Act”) stating more precisely Article 8 of the Taxonomy in the context of financial companies doing their reporting, they are obligated to present the following disclosures in 2022 in respect of 2021:

- Quantitative disclosures
 - exposures to business activities not eligible to participate in the system and business activities eligible to participate in the system stated as a percentage share of total assets;
 - exposures referred to in Article 7 sections 1 and 2 of the Delegated Act stated as a percentage share of total assets;
 - exposures referred to in Article 7 section 3 of the Delegated Act stated as a percentage share of total assets;
- Qualitative information referred to in Attachment XI to the Delegated Act..

Additionally, as an insurance undertaking PZU is obligated to disclose the percentage share of its business activities in insurance other than life insurance that is eligible to participate in the system and business activities in insurance other than life insurance not eligible to participate in the system.

⁷ Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC

⁸ Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation

1.4.1. Quantitative disclosures

Indicators pertaining to investment policy:

PZU	
1. Exposures to business activities eligible to participate in the system stated as a percentage share of total assets	1.2%
2. Exposures to business activities not eligible to participate in the system stated as a percentage share of total assets	4.5%
3. Exposures to central governments, central banks and supernational issuers and derivatives stated as a percentage share of total assets	28.3%
4. Exposures to business entities not subject to the reporting obligation of publishing non-financial information stated as a percentage share of total assets	15.0%
Assets (PLN million)	44,466

PZU Group	
1. Exposures to business activities eligible to participate in the system stated as a percentage share of total assets	0.5%
2. Exposures to business activities not eligible to participate in the system stated as a percentage share of total assets	2.1%
3. Exposures to central governments, central banks and supernational issuers and derivatives stated as a percentage share of total assets	29.7%
4. Exposures to business entities not subject to the obligation of publishing non-financial information stated as a percentage share of total assets	27.9%
Assets (PLN million)	402,476

Insurance activity ratios:

- percentage share of business activities in insurance other than life insurance that is eligible to participate in the system

2021	Insurance activity in insurance other than life insurance and reinsurance that is eligible to participate in the system
PZU	50.2%
PZU Group	53.5%

- percentage share of business activities in insurance other than life insurance that is not eligible to participate in the system

2021	Insurance activity in insurance other than life insurance and reinsurance that is not eligible to participate in the system
PZU	49.8%
PZU Group	46.5%

1.4.2. Qualitative disclosures

Item 1 in Attachment XI: contextual information pertaining to quantitative indicators, including the scope of assets and activities covered by the key performance indicators, information regarding data sources and limitations

The standalone and consolidated indicators were developed in accordance with the regulations set forth in the Delegated Act and in Delegated Regulation 2021/2139⁹ (“Delegated Regulation”), and by using the recommendations set forth in the supplementary documents “FAQs: How should financial and non-financial undertakings report Taxonomy-eligible economic activities and assets in accordance with the Taxonomy Regulation Article 8 Disclosures Delegated Act?” published by the European Commission in December 2021 (Q&A part 1) and “Draft Commission notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets” published by the European Commission in February 2020 (Q&A part 2). The regulations and clarifications pertaining to insurance undertakings were applied in standalone and consolidated indicators alike. In particular, since the PZU Group is a mixed group (it consists of financial companies and non-financial companies) and conducts diversified activity according to Q.4. Q&A part 1, the taxonomic disclosures

⁹ Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives

have been construed from the vantage point of an insurance undertaking.

In accordance with the guidelines cited above, the indicators were calculated on the basis of the standards used in financial statements, namely to calculate the standalone indicators the Polish Accounting Standards were applied and to calculate the consolidated indicators the International Financial Reporting Standards were applied.

Consolidated indicators refer to the financial companies belonging to the PZU Group, where the scope of consolidation is identical to the one used in the consolidated financial statements in accordance with the guidelines cited above.

The standalone and consolidated indicators are divided into two groups according to the Delegated Act: (a) investment policy indicators and (b) insurance activity indicators.

Indicators pertaining to investment policy

Indicators 1-4 are investment policy indicators. According to motive (10) of the Delegated Act the first group of indicators should pertain to the investment policy of insurance and reinsurance undertakings in terms of the accumulated assets originating from the insurance activity they conduct; these indicators should demonstrate the percentage share of assets invested in activities complying with the system in all assets held.

“Exposure” therefore is in the case of a standalone indicator applicable to PZU understood as the entirety of the funds originating from insurance activity. In a balance sheet sense, this is the sum total of investments save for investments in subordinated entities. The “look through” approach has been used, i.e. in the event of investments in investment funds the investments of the investment funds in which PZU holds participation units have been analyzed. The sum total of the investments for which the “look through” approach has been used is higher than the value of the participation units in these funds carried in the financial statements - the difference follows chiefly from the settlements of these investment funds.

The term “exposure” (for the purposes of PZU’s consolidated indicator) incorporates the distinct nature of the activity and business conducted as part of the PZU Group. In particular, this is significant in insurance activity related to investing money for investment and banking purposes related to lending activity. The following approach has been adopted for the purposes of calculating the consolidated indicators:

- in the case of the PZU Group net of banking activity - “exposure” is understood to mean investment financial assets at their net carrying amount save for investments in life insurance where the policyholders bear the risk and own and investment properties;
- in the case of the PZU Group’s banking activity - “exposure” is understood to mean credit, lease, factoring receivables, corporate bonds and equity interests at their net carrying amount.

For both the standalone and consolidated non-banking activities ratio, the look through approach was applied to most of the exposures defined above, but this was not possible for approximately 2% of the exposures for the standalone ratio and 3% of the consolidated ratio. These exposures have been classified in indicator 4. **Indicators pertaining to investment activity do not constitute obligatory disclosures, but rather estimates.** For they are not based on companies’ disclosures to which PZU and the PZU Group have exposure on account of the absence of such information – companies forming the subject of an investment are obligated to produce information on whether and to what extent their activities are eligible to be included in the system at a later date.

For the purposes of calculating indicator 1, activity that is eligible to be in the system has been estimated for the “exposure” to companies subject to the obligation of publishing non-financial data according to Directive 2013/34 on the basis of the business activity codes (NACE), on the basis of publicly available data, deeming those companies to be eligible to participate in the system if their principal business activity code (NACE) means the business activity described in the delegated acts adopted pursuant to article 10 section 3, article 11 section 3, article 12 section 2, article 13 section 2, article 14 section 2 and article 15 section 2 of Regulation (EU) 2020/852, regardless of whether such business activity satisfies any or all technical eligibility criteria specified in those delegated acts.

Environmental impact

For the purposes of calculating indicator 2, exposure is the value of investments in companies subject to the obligation of publishing non-financial data according to Directive 2013/34 if the principal business activity code (NACE) does not fall within the business activity described in the delegated acts adopted pursuant to article 10 section 3, article 11 section 3, article 12 section 2, article 13 section 2, article 14 section 2 and article 15 section 2 of Regulation (EU) 2020/852, regardless of whether such business activity satisfies any or all technical eligibility criteria specified in those delegated acts.

Indicator 3 is the percentage share of the exposure to central governments, central banks and supranational issuers in total assets.

The analysis for the calculation of indicators 1 and 2 and the decisions on eligibility or the lack thereof of companies for participation in the system were made solely for the companies covered by Article 19a and 29a of Directive 2013/34/EU; exposures to companies not subject to non-financial reporting according to this directive have been listed separately as indicator 4.

Indicator 4 is the percentage share of an exposure to businesses that are not subject to the obligation of publishing non-financial information according to Article 19a or 29a of Directive 2013/34/EU in total assets.

Indicators pertaining to insurance activity

Indicators 5-6 pertain to insurance activity. According to motive (10) of the Delegated Act, the second group of indicators for insurance undertakings should specify what percentage share of overall activity in the scope of insurance other than life insurance is activity in the scope of insurance other than life insurance related to adaptation to climate change, run in accordance with the Delegated Regulation. "Activity in a scope of insurance other than life insurance" is understood to mean gross written premium on non-life insurance (Group II) in accordance with attachment X of the Delegated Act. In turn, "activity in a scope of insurance other than life insurance associated with adaptation to climate change run in accordance with the Delegated Regulation means the gross written premium originating from the performance of the following non-life insurance services related to insuring the climate risk specified in appendix A to attachment II (i.e.

according to attachment II section 10.1 of the Delegated Regulation):

- medical service expense insurance;
- income protection insurance;
- employee insurance;
- motor vehicle third party liability insurance;
- other motor insurance;
- marine, aviation and transport insurance;
- insurance against fire and other damage to property;
- assistance insurance.

To determine the percentage of activity eligible for participation in the system and calculate the indicators in a manner providing complete information the PZU Group has reviewed all insurance products belonging to Class II to draw up a product classification and separate those that provide insurance cover in the event the climate risks enumerated in appendix A to attachment II of the Delegated Regulation occur. Those products that belong to one of eight lines of business enumerated in the Delegated Regulation and cited above and that cover at least one of the 28 risks enumerated in the appendix, considered to belong to the groups of constant or acute risks related to temperature, wind, water or earth are deemed to be products that are eligible to participate in the system. All risks products were also deemed to be eligible to participate in the system. Then, by using management systems information pertaining to the gross written premium by category was assigned. A similar estimate was drafted for inward reinsurance premiums; those inward reinsurance premiums were deemed to be eligible to participate in the system that refer to products that would be deemed to be eligible to participate in the system.

To depict the picture of the PZU Group as fully as possible in accordance with the Taxonomy, the indicators were calculated in two approaches: the standalone approach for PZU and the consolidated approach for the entire PZU Group, i.e. for all PZU Group companies that do business in non-life insurance: PZU, LINK4, TUW PZUW, Lietuvos Draudimas, PZU Branch in Estonia, AAS Balta and PrJSC IC PZU Ukraine. In both cases gross written premium is understood to refer to direct and indirect business. The sum total of gross written premium for non-life insurance that is included in the denominator of both

indicators complies with the values carried in the financial statements for 2021 (gross written premium for PZU) and the consolidated financial statements for 2021 (for the PZU Group).

Item 3 in attachment XI:

Description of compliance with Regulation (EU) 2020/852 in a financial company's business strategy, product design processes and cooperation with clients and business partners.

III. Description of compliance with Regulation (EU) 2020/852 in a financial company's business strategy

The PZU Group Strategy in 2021-2024 "Potential and Growth" incorporates sustainable development factors indicating that the measure of the PZU Group's success is embodied not just by its financial performance but above all by generating that performance in a sustainable manner.

For the first time in history PZU SA and PZU Życie SA also adopted the ESG Strategy "Balanced Growth" in 2021-2024 defining the approach to management, expected performance and the future prospects in a manner that reflects the financial, social, environmental and managerial context in PZU's business.

The PZU Group's ambitions related to sustainable development have been specified in three pillars directly relating to the three ESG factors:

- ##Trusted Partner in green transformation (E)
- #Better quality of life (S)
- #Responsible organization (G)

One of the benefits ensuing from adopting both strategies is the ability to prepare PZU effectively to implement new legal regulations pertaining to ESG, including the Taxonomy. The taxonomy has been directly cited in the ESG Strategy "Balanced Growth as one of the regulatory components pertaining to sustainable development on which the activities of both companies will be predicated. The strategies have not described the objectives referring directly to the Taxonomy; however, the Taxonomy has been noted as the regulatory basis for the further operation of the companies.

The PZU Group places great emphasis on reducing the adverse impact exerted by its business activity on the

climate and environment and is also striving to anticipate the impact of climate change on its business. It supports the sustainable transition of the economy relying on business analyses, domestic and international legal regulations and the guidelines of institutions such as the UN, EU and the Organization for Economic Cooperation and Development.

Discharging the obligations stemming from the Taxonomy is rooted in the first - environmental pillar of the ESG Strategy: #Trusted Partner in green transformation. We appreciate that it is necessary to switch to a low emission economy to stop climate change. We want to partner with firms and businesses that are undergoing energy transition and that is why we have planned to pursue key activities in the following areas:

- product area (PZU Group developing an insurance offer supporting energy and climate transition),
- investment area (responsible investor supporting sustainable transition),
- operating activity (green organization operating on the basis of sustainable decision-making and governance processes).

IV. Product design processes – in 2021 PZU SA created new product solutions taking into consideration evolving environmental needs

The PZU Group appreciates that it is necessary to switch to a low emission economy to stop climate change. That is why it is expanding the offer for businesses investing in renewable energy sources and marketing products that will support decarbonization: among others, low emission transport, environmentally-friendly photovoltaic installations, heat pumps, small and large wind farms and services facilitating support for clients pursuing decarbonization.

1. In 2021 PZU SA rolled out two new insurance products on the market for corporate clients – **PZU Wind Power** and **PZU Solar Power**. These products protect wind power plants and photovoltaic installations in the event of a failure, damage or destruction. These policies also give clients protection against civil liability and loss of profit caused by material damages. The entire wind farm is insurance under PZU Wind Power, including the gondola, tower, foundations, cabling, accompanying equipment. The insurance under



the PZU Solar Power product spans the entire photovoltaic installation, including the panels, structure, internal cabling, inverters and accompanying equipment. Detailed information: www.pzu.pl/dla-firm-i-pracownikow/majatek-firmy-i-oc/majatek/pzu-energia-wiatru-i-pzu-energia-slonca

- The offer of **PZU Advisor** is an offer targeting commercial undertakings in the SME segment whose purpose is to protect the assets of these companies. The insurance cover protects the following installations and devices:
 - photovoltaic installations, including photovoltaic farms;
 - wind farms (windmills);
 - biogas-fired plants – devices for generating gas energy from biomass;
 - sewage treatment plants.

The insurance also covers third party property used by a given company to render services and may be purchased by firms that install photovoltaic panels for retail customers. The offering for SMEs also includes third party liability insurance for damage to the natural environment (covering the costs of removing, e.g. substances leaked into the soil). Detailed information: www.pzu.pl/dla-firm-i-pracownikow/majatek-firmy-i-oc/majatek/pzu-doradca

- PZU Eko Energia** – is a product that protects devices generating energy from renewable sources and also protects owners of photovoltaic installations against the risk of power failures or lower effectiveness in electricity production. This product targets the owners of households, small and medium-sized enterprises and agricultural farms that use photovoltaic cells, solar thermal collectors or heat pumps to produce energy for their own needs. This insurance is available in three options: Detailed information: www.pzu.pl/dla-ciebie-i-rodziny/majatek-podroze-oc/dom-i-mieszkanie/eko-energia
- PZU offers a **new scope of motor own damage insurance for the owners of electrical vehicles** that covers damages to chargers, including a wallbox and charging wires and the battery. It is a fleet offer for corporate clients. Detailed information: www.media.pzu.pl/informacje-prasowe/szczegoly/PZU_rozszerzyl_ubezpieczenie_AC_dla_pojazdow_elektrycznych

- Insurance offering for sectors exposed to the highest climate risk** (e.g. the agriculture industry), which entails protection against the result of acts of fate such as flooding or minor flooding, cyclone, storms, snow fall or hail and torrential rain. Additionally, the environmental guarantee is a form of protection for companies whose activities may exert an adverse impact on the environment (e.g. chemical plants).
- As part of its **insurance for loss of profit**, PZU protects businesses whose profits decline, for instance, as a result of damage to their assets caused by natural catastrophes (such as fire, flood, cyclone or other random events). Additionally, extended clauses are in place for commercial undertakings holding third party liability insurance that covers damage to the environment losses (extending the scope of third party liability insurance for damages arising in connection with the release of hazardous substances into the air, water or soil; extending the scope of liability to include damage to the environment). Detailed information: www.pzu.pl/dla-firm-i-pracownikow/majatek-firmy-i-oc/majatek/ubezpieczenie-utraty-zysku.

V. Cooperation with suppliers and business partners

Sustainable development issues are also important in relations with the PZU Group's clients and have been defined in the business strategy.

The PZU Group supports environmental protection initiatives. It also wants to support entities that are undergoing an energy transition by taking the following into account:

- financial market participants – the PZU Group is extending the offering of mutual funds to include ESG funds, it is developing a long-term strategy to develop its sustainable portfolio and it is consistently expanding its investments in the green sectors;
- retail clients – the PZU Group is developing its sustainable insurance offer customized to their individual needs;
- corporate clients – the PZU Group supports entities undertaking measures conducive to sustainable energy transition;
- non-governmental organizations – the PZU Group wants to be a partner in social, economic and climate activities.

2. Direct environmental impact

“Financial results and their pace of growth are obvious measures of business success. The change that we make entails strategic advancement of the sustainable development path for our company. We support the Polish economy in its green energy transition journey, thus creating a better and safer future.”



Joanna Gorczyca, Director of the Sustainable Development Department, PZU and PZU Życie

PZU Group policies [Accounting Act]

[GRI 103-2]

In The Global Risk Report 2022 mentioned above 4 environmental risks were cited on the top 10 risks with the greatest probability of occurrence. PZU is aware of their gravity and is undertaking efforts to counteract them. Accordingly, companies have the greatest influence over their own activity; similarly, PZU's first environment and climate commitments pertain to curtailing the adverse impact exerted by its own business. Measurements of greenhouse gases that were launched in 2020 indicate that one of the most important sources thereof in PZU is electricity. That is why one of the commitments in the ESG Strategy is achieving climate neutrality in our own business by 2024. PZU has decided to commit to buy the bulk of its energy from renewable sources, curtail other emissions and whenever that is not possible offset them.

Area-specific risk: Reputation risk and compliance risk in connection with direct environmental impact

Approach to management: The PZU Group monitors the consumption of natural resources (energy, fuel, water, paper) and takes efforts to curtail their consumption. The Management Board Environmental Protection Plenipotentiary has been appointed to take measures to mitigate the direct environmental footprint of the PZU Group and procure compliance with the applicable laws.

Key regulations: PZU Group's Environmental Policy, PZU Green Standard

The key document regarding environmental impact is the PZU Group's Environmental Policy adopted in 2021. Additionally, the PZU Group's "Green PZU" standard has been in operation in the organization since 2018. It was rolled out to ensure legal and more complete care for reducing the adverse environmental impact in direct business. The PZU Group's environmental standard defines the key assumptions pertaining to its governance approach to environmental issues. This document refers to the principles of sustainable development, adhering to the level of environmental protection, applying the principle of prudence and prediction of the possible adverse impacts of actions and partnership – the requirement for all PZU Group entities to take joint environmental protection actions.

Implementing suitable procedures and governance systems allows the PZU Group to meet all the environmental formal and legal requirements. The specially appointed Management Board Environmental Protection Plenipotentiary looks after consistency in environmental protection management in the PZU Group.

All of the international insurance companies have implemented the PZU Group's "Green PZU" standard, thereby taking into consideration the public interests and aspects related to environmental protection in their action strategies. They also have formalized environmental protection policies describing environmental protection principles and defining the framework within which each one of the companies is required to adhere to these principles and thus achieve the intended objectives. They have also rolled out their policy pertaining to the PZU Group's sustainable development.

POLMEDIC Radom was implemented in the medical centers of the PZU Zdrowie branch and the ISO 14001 Environment Management System was certified. Additionally, selected subsidiaries and branches of PZU Zdrowie implemented and certified their Quality Governance System ISO 9001:2015. They also have in place a waste management procedure which defines, in particular, the rules for dealing with hazardous medical waste in all medical centers.



In the Pekao Group there is a duty of care for natural resources that rests on the shoulders of all bank employees. That is also why the pertinent provisions dealing with respecting the natural environment have been defined in the “Code of Conduct in the Pekao Group”.

Armatura Kraków has adopted a comprehensive “Quality Policy” which covers, among other issues, the principles for reducing the company’s adverse environmental impact. KFA’s Strategy in 2021-2025 includes environmental objectives. Activities supporting their execution include, among others, investments in a photovoltaic farm and implementing innovating and ergonomic product solutions, such as already implemented tap with the water filtration function and the launched R&D project co-financed by the European Union from the European Regional Development Fund under Measure 1.1 “R&D projects of enterprises”, Sub-measure 1.1.1 “Industrial research and development work implemented by enterprises” of the Smart Growth Operational Programme 2014-2020. The Project implemented in the framework of the competition held by the National Center for Research and Development 1/1.1.1/2021 POIR Quick Path for developing an innovative and energy-efficient heater.

In addition to the adoption of various documents, the Group also makes efforts to minimize adverse environmental impact in its day-to-day business.

Direct environmental footprint of the Group:

- water consumption
- energy consumption
- paper consumption
- waste generation
- air pollution emissions



The Real Estate Department’s ecological plan:



- curtailing the consumption of utilities;
- conducting rational waste management;
- installing air conditioning with an ecological refrigerant;
- preferring environmental and social aspects when choosing space for rent.

Activities in the administration area aimed at reducing adverse environmental impact:

- curtailing the consumption of office supplies,
- reducing the volume of hard-copy documentation;
- recycling of used assets;
- collaboration in the area of asset disposal with companies that have adopted the highest environmental protection standards;
- environmentally friendly activities in the car fleet management policy;
- conducting rational waste management;
- running educational campaigns among employees in terms of pro-environmental behaviors.

The program is a form of an environmental management system providing for the regular deployment of environmentally friendly solutions to the PZU Group’s operations.

[GRI 307-1]

In 2021, the PZU Group recorded no breaches of any environmental laws or regulations and incurred no environmental penalties.

2.1. Energy consumption

Energy consumption edged up slightly by 2.3% in 2021 in the PZU Group’s major companies, i.e. PZU and PZU Życie. The total consumption of energy purchased and produced, representing 53% of total energy consumption dipped by 2.1%. This was chiefly caused by the pandemic and the resulting reduction of the use of properties by the Group companies, and a number of efforts focused on reduction of raw material and energy consumption, and thermal modernization of the properties, modernization of heat sources and replacement of lighting. In turn, fuel consumption edged up 7.7% y/y, especially natural gas and petrol.

[GRI 302-1]

PZU and PZU Życie’s total consumption of energy from non-renewable fuels

Table A'	PZU		PZU Życie	
	2020	2021	2020	2021
Natural gas [GJ] ¹	20.624	24.083	10.305	11.089
Heating oil [GJ] ²	2.451	2.173	338	419
Petrol [GJ] ³	55.186	58.297	19.355	19.617
Diesel oil [GJ] ⁴	270	1.281	118	28
Total consumption [GJ]	78.531	85.835	30.115	31.153

¹ Calorific value of natural gas at 36.54 MJ/m³ in 2021 and 2020

² Calorific value of heating oil at 43 MJ/kg in 2021 and 2020

³ Calorific value of petrol at 44.3 MJ/kg in 2021 and 2020

⁴ Calorific value of Diesel oil at 43 MJ/kg in 2021 and 2020 rok

[GRI 302-1]

Total consumption of energy purchased in PZU and PZU Życie

Table B'	PZU		PZU Życie	
	2020	2021	2020	2021
Electricity [GJ]	51.063	47.994	14.555	14.758
- including energy from renewable sources	42.361	39.729	9.056	9.364
- share in electricity (%)	83%	83%	62%	63%
- including energy from non-renewable sources	8.702	8.265	5.499	5.394
Thermal energy [GJ]	50.741	50.706	19.634	19.738
Total consumption [GJ]	101,804	98.700	34.189	34.496

[GRI 302-1]

PZU and PZU Życie’s total consumption of energy from non-renewable fuels and purchased energy

Table A' + B'	PZU		PZU Życie	
	2020	2021	2020	2021
Total energy consumption (GJ)	180.336	184.536	64.304	65.649

Environmental impact

Electricity from renewable sources

In 2021, 83% of the electricity contracted and purchased by PZU and 63% of the electricity purchased by PZU Życie came from renewable sources (RES¹). In locations covered by direct contracts with energy companies, 100% of the purchased electricity originated from renewable sources.

Additionally, in 2021, in 5 properties PZU and PZU Życie installed photovoltaic panels – their total power was 75.48 kWp².

The use of electricity from RES, in addition to the economic aspect, has an important impact on climate protection through reduction of CO2 and other greenhouse gas emissions. It leads to reduction of scope 2 emissions through reducing the demand for energy and, as a consequence, reduction of the use of fossil fuels for production of energy from high-emission sources. The cost savings regarding the electricity consumed for 25 properties in which photovoltaic panels were installed are in the range of 22%.

Thanks to the purchase of electricity with certificates of origin by PZU and PZU Życie, its share in total energy consumption

¹RES - total resources used for production of electricity and heat whose long-term use does not cause a significant deficit or which are renewed over a short time. These sources include: wind power, solar radiation power, geothermal power, hydropower, wave power, tidal power, salt gradient and flow power, power obtained from biomass, biogas and biofuels

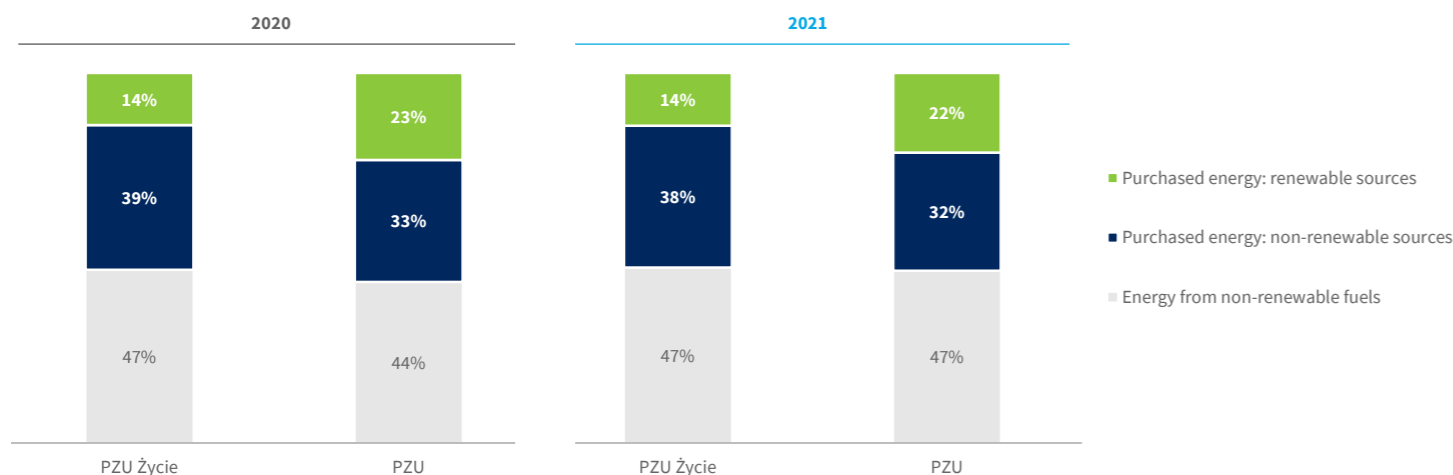
²kWp - defines the efficiency that can be achieved by photovoltaic panels if they work in standard measurement conditions – how much electricity (1 kWh) the given panel or the whole photovoltaic installation is able to produce.

(energy purchased, produced and energy from fuels) by these companies amounted to 22% and 14%, respectively. In the years to come, further use of RES and increase in the share of green energy, subject to its availability in the market, is planned.

In 2021, consumption of energy, both produced and purchased, increased by 0.6% in the entire PZU Group. The key drivers of the consumption growth included: higher consumption of natural gas (+20% y/y) and consumption of thermal energy (+2% y/y), while the key offsetting factor was the decreasing consumption of diesel fuel and gasoline. In the second year of the coronavirus pandemic, after the hard lockdown period in 2020 and with absence thereof for the most part of 2021, utilization of space and fleet in most Group companies stabilized or was growing, which caused a slight increase in the consumption of energy purchased and energy from fuels. On the other hand, the companies continued to focus on optimizing and reducing their consumption of fuel, electricity and thermal energy. The consumption of electricity was driven by a dynamic development of the PZU Zdrowie Group, with an increasing number of health care centers, a significantly higher utilization of the centers and longer working hours in 2021 as compared to 2020.

The conversion of fuels into energy for all Group companies is based on the calorific values published by KOBIZE (National Centre for Emissions Management).

The share of renewable sources in total energy consumption at PZU and PZU Życie



[GRI 302-1]

PZU Group's total consumption of energy from non-renewable fuels

Table A	2020	2021
Natural gas [GJ] ¹	144,208	172,811
Heating oil [GJ] ²	13,554	16,304
Petrol [GJ] ³	174,859	172,764
Diesel oil [GJ] ⁴	46,954	16,119
Total consumption [GJ]	379,574	377,999

[GRI 302-1]

PZU Group's total consumption of purchased and produced energy

Table B	2020	2021
Electricity [GJ]	418,405	415,719
Thermal energy [GJ]	490,591 ¹	502,710
Total consumption [GJ]	908,996	918,429

¹ Consumption of thermal energy for 2020 was adjusted by 277,231 GJ after the Bank Pekao Group started estimating its consumption

[GRI 302-1]

PZU Group's total consumption of energy from non-renewable fuels and purchased and produced energy

Table A + B	2020	2021
Total energy consumption (GJ)	1,288,570	1,296,427

[GRI 302-4]

Energy savings

In 2021, the PZU and PZU Życie Real Estate Department continued its endeavors focused on reducing the consumption of heat and electricity, the emissions of gases in real properties owned or used by PZU and PZU Życie. Completed activities:

- thermal modernization of 4 PZU and PZU Życie properties was carried out;
- power compensators were installed in 4 properties;
- the contracted power in 1 property was reduced;
- internal LED lighting was installed in 55 properties;
- 7 image walls with LED lighting were installed;
- the heating installation or heating source in 1 property was modernized and modified and thermal power in 5 properties was reduced;
- 6 depleted heating boilers were replaced with modern and highly efficient devices, which conserve electricity and heat, offer an option to adjust their operation to weather conditions (through weather controllers) and reduce emission of gases to the atmosphere;

- 18 air conditioning devices using the environmentally friendly refrigerant R32 were installed.
- 5 photovoltaic installations with the total capacity of 75.48 kWp was installed.

In 2021, Bank Pekao continued to implement environment-friendly solutions, with special focus on those which limit electricity consumption and reduce the negative impact on the environment. These include primarily:

- implementation of the energy-saving LED lighting technology;
- optimization of energy consumption (reduction of the so-called contracted power);
- replacement of obsolete UPS devices with new ones with higher maximum efficiency;
- liquidation of redundant back-up power supply;
- installation of air conditioning systems with improved indicators, with special focus on solutions in the highest energy efficiency classes;

Environmental impact

- replacement of air conditioning systems using refrigerants that have adverse impact on the environment with devices using a mix of environment-friendly gases;
- analyses leading to installation of devices compensating the reactive power (leading to elimination of unnecessary energy expenditures);
- switching electronic devices in the evening to standby mode.

In comprehensive modernizations of its properties the Bank uses modern solutions, e.g. energy-saving LED lighting systems or faucet aerators, leading to reduction of water consumption.

Company cars in the Bank's fleet are gradually replaced with models that emit less exhaust gases. Currently, the Bank is in the process of replacing a significant portion (approx. 75%) of its fleet with new cars, which meet the Euro 6DG emission standard.

Alior Bank has implemented a number of electricity saving initiatives. Shared space in the head offices (corridors, bathrooms, kitchens) have been equipped with movement and presence sensors, which turn the light on and off automatically. The system also operates in some of the premises at the head office in Warsaw as well as in branches adapted to the new branch format. In 2021, as a result of the changed structure of the fleet and increased percentage of gas-fueled cars, the consumption of diesel fuel fell significantly. LPG offers much lower CO2 emissions and contains no benzene or lead and does not produce any particulates, thus significantly reducing the amount of pollution emitted into the atmosphere.

Armatura Kraków has implemented solutions to reduce the consumption of gas. By using new double-channel thermoregulators to shorten the casting cycle of heaters by 15%, it was able to reduce gas consumption in the preheating furnaces of the casting machines by 15%, which translated into savings of 1,013.9 m³ of gas in 2021. A permanent shortening of the machine's casting cycle by 4% through an upgrade of casting molds resulted in saving 71.9 m³ of gas used in the preheating furnace in 2021.

In an effort to increase the share of energy from renewable sources, Armatura Kraków signed an agreement with Kompania Solarna Sp. z o.o. and commenced the work on building a photovoltaic farm with the capacity of nearly 1,800,000 Wp by the end of 2022. This will allow it to obtain energy from renewable sources and reduce its carbon footprint.

In addition, Armatura Kraków obtained white certificates from ERA, which confirm the modernizations aiming at improving the energy efficiency and resulting in energy savings. The value of the obtained Energy Efficiency Certificate 705.641 toe, i.e. 29,544 GJ on average per annum over no less than the next 7 years. The project was completed in October 2020, with the resulting benefits becoming fully visible in 2021, and will have a positive environmental impact for years to come. This will translate into CO2e emission reductions by 1.6 thousand tons CO2 going forward.

2.2. Carbon footprint of the PZU Group

In its strategy for 2021-2024, the PZU Group declared that it would be an active participant of energy transition and by 2024 it plans to fully utilize energy from renewable sources and offset emissions from own sources. Within the time horizon of the strategy, PZU and PZU Życie should become climate-neutral in scope 1 and 2.

In order to monitor this commitment, the PZU Group has been measuring its direct and indirect emissions since 2018. Every year, the measurement process is improved and its scope extended. The calculation of 2020 and 2021 emissions was for the first time subject to an independent review by a certified reviewer.

In 2021 the PZU Group continued multidirectional measures aimed at reduction of its emissions in scope 1 and 2, among others through purchase of energy from renewable sources, installing own installations for renewable energy production (photovoltaic panels) and purchase of energy from suppliers characterized by lower emission rates.

According to the commitment stated in the ESG Strategy, in 2021, PZU SA and PZU Życie SA for the first time offset the CO2 emissions to which they contributed in 2020. The offset

was made by purchasing Carbon Dioxide Units (JDW) offered by State Forests. Overall, the Companies purchased enough Carbon Dioxide Units to offset nearly 17 thousand tons of CO2 and the funds from their purchase – as indicated – will be used by State Forests to plant a forest in areas damaged by a cyclone in 2017. The 2021 emissions are expected to be offset in 2022. JDW were not included in the verification.

The PZU Group was placed on the list of climate leaders for the second time – the ranking of Polish companies with the biggest reduction of greenhouse gases (GHG) organized by “Forbes Polska” and Statista, company specializing in market and consumer data. The aim of the ranking is to distinguish companies that are the most aware of their challenges regarding greenhouse gas emissions, showing at the same time respect for the environment.

Below are the data on the total direct and indirect emissions for the whole PZU Group and for the main insurance companies: PZU and PZU Życie. The calculations of the carbon footprint were made in accordance with the international GHG Protocol Corporate Accounting and Reporting Standard. 2018 was selected as the base year. To illustrate the impact of these measures on the Group's total emissions, the data on scope 2 (indirect emissions) are enriched by a calculation of the emissions using the market-based method, which more fully reflects the impact of the actions taken, thanks to the use of emission rates specific to respective electricity sellers.

Emissions (scope 1) 2021 vs. 2020

Total direct emissions in scope 1 in the PZU Group reached 25.1 thousand tons of CO2e, compared to 25.8 thousand tons of CO2e in 2020, down 2.7% (-0.7 thousand tons y/y). The slower decrease as compared to 2020 was caused by a stable or higher utilization of the companies' properties and fleets, which increased consumption of fuel. Fuel emissions declined 2.6% y/y (-0.6 thous. tons of CO2e, with a noticeable decrease in emissions from combustion of gasoline and diesel fuel and an increase in emission from natural gas and heating oil. The latter were adversely affected by low temperatures in early 2021. Numerous initiatives aiming to reduce scope 1 emissions were continued; among others the installations were modernized and heating boilers replaced. In PZU, PZU Życie and both PZU Group banks, the cars in the own fleet were replaced with models producing lower emissions. Additionally, already in previous years PZU and PZU Życie began installing air conditioning devices containing new environmentally friendly refrigerant R32 which has a third of the GWP (greenhouse effect potential) compared to standard refrigerants. In 2021, 18 such air conditioning devices were installed. As a result, refrigerant-related emissions fell in 2021 by 4.6% (-56 tons y/y).

Emissions (scope 1) 2021 vs. 2018

Total scope 1 emissions dropped 20.1% relative to the base year (2018), including emissions associated with refrigerant leakages were 40.5% lower, despite including additional PZU Group companies in the reporting in 2020³, and emissions

³ emissions in the base year were not converted for consolidation as the adopted materiality criteria were not satisfied

[GRI 305-1]

Total direct emissions (scope 1) in the PZU Group

CO2e ¹ (in tons)	2018				2020				2021			
	Grupa PZU	PZU	PZU Życie	Other companies	Grupa PZU	PZU	PZU Życie	Other companies	Grupa PZU	PZU	PZU Życie	Other companies
Total	31,400	9,229	2,322	19,849	25,793	5,416	2,122	18,255	25,097	6,144	2,092	16,861
Refrigerants	1,945	1,919	26	-	1,213	249	177	787	1,157	515	86	556
Fuels ²	29,454	7,310	2,295	19,849	24,580	5,167	1,945	17,468	23,940	5,629	2,006	16,305

¹ CO2e - carbon dioxide equivalent, universal unit used for measurement of greenhouse gas emissions which reflects their different global warming factor. It defines the concentration of carbon dioxide whose emission into the atmosphere would have identical impact as the concentration of a comparable greenhouse gas.

² The PZU Group collects data on the consumption of the following fuels: petrol, Diesel oil, natural gas and heating oil

associated with fuels dropped by 18.7% compared to the base year. As in the report for previous years, the calculations were made for the facilities where consumptions are measured. In the case of consumption of natural gas by PZU and PZU Życie (total), they pertain to approx. 90% of the surface of the properties used by these companies.

Compared with the previously reported Scope 2 data, both 2020 and 2018 (base year) were adjusted due to the fact that the Bank Pekao Group started the measurement of heat consumption and its estimation where it is not measured. This change translated to an adjustment of the Group's Scope 2 emissions **by 26.8 thous. tons in 2020 and 34.0 thous. tons in 2018** but did not cause recalculation of emissions for PZU or PZU Życie. The base year calculations were revised because the change in the energy consumption methodology in the Pekao Group resulted in identification of additional emissions, whose size proved to be material and required the revision.

Emissions (scope 2 – market-based) 2021 vs. 2020

Market-based indirect scope 2 emissions reached 101.9 thousand tons of CO2e in 2021 compared to 106.5 thousand tons in 2020, which signifies a decrease by 3.9% y/y (-4.6 thous. tons). Electricity-related emissions dropped by 9.7% (-5.8 thous. tons), while those related to thermal energy increased by 2.5% (+1.1 thous. tons).

The decrease in electricity-related emissions was associated mainly with the electricity purchased (which contributed

-5.4 thous. tons), and more specifically: the fact that PZU and PZU Życie purchased certified energy from lower-emission suppliers, Poland's declining emission ratio and lower consumption of electricity in the Group (contribution of -0.4 thous. tons).

Emissions associated with heat increased by 2.5% (+1.1 thousand tons y/y), mainly in connection with the higher use of thermal energy in Poland.

Additionally, the above trends were driven by the reduction initiatives undertaken by the Group in the area of own properties and such efforts as, for example, thermal modernizations, installation of power compensators, replacement of lighting with energy-saving solutions, and optimization of energy consumption through reduction of contracted power. Consumption of electricity and heat remained lower due to the fact that the epidemic regime was still in effect in Poland and remote and/or hybrid forms of working continued; in the case of PZU Health Group, the utilization of facilities increased significantly in 2021 relative to 2020 when strict lockdowns were in effect.

Emissions (scope 2 – market-based) 2021 vs. 2018

Total scope 2 emissions calculated using the market-based method dropped 39.6% relative to the base year (2018), including emissions associated with supply of heat were 24.8% lower, and emissions associated with electricity dropped by 48.5% compared to the base year. As in the 2019 report, the

calculations were made for the facilities where consumptions are measured. In the case of PZU and PZU Życie (total) they pertain to approx. 90% of the surface of the properties used by these companies for electricity consumption and approx. 80% for heat consumption.

Emissions (scope 2 – location-based) 2021 vs. 2020

Location-based indirect scope 2 emissions reached 121.7 thousand tons of CO2e in 2021 compared to 123.9 thousand tons in 2020, which signifies a decrease by 1.8% y/y (-2.2 thousand tons). The decrease is less pronounced than in the case of the market-based method, because the location-based method does not take into account certificates of origin or differences in the emission rates of individual suppliers.

The reduction of scope 2 emissions measured with the location-based method was attributable to reduced emissions associated with the lower consumption of electricity (-3.3 thousand tons CO2e) and increased emissions related to the higher consumption of thermal energy (+1.1 thousand tons CO2e). In the case of electricity, lower emission levels resulted, to a greater extent, from Poland's lower emission ratios (contribution of -2.8 thous. tons) than from lower energy consumption (contribution of -0.5 thous. tons).

Emissions (scope 2 – location-based) 2021 vs. 2018

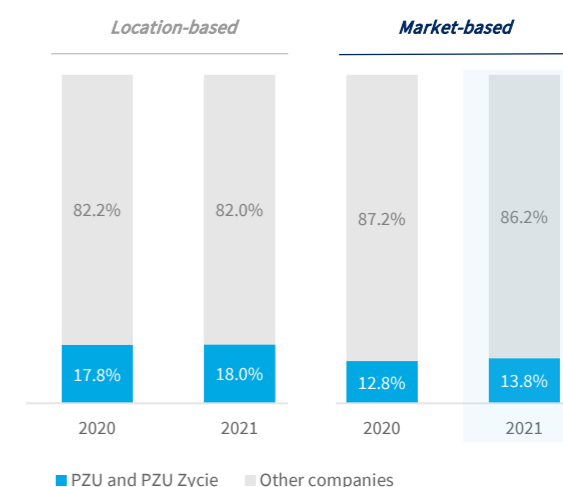
Total scope 2 emissions calculated using the location-based method dropped 22.0% relative to the base year (2018), including emissions associated with supply of heat were 24.8% lower, and emissions associated with electricity dropped by

20.1% compared to the base year. The base year was adjusted by 34.0 thousand tons CO2e, as described above.

Emissions 2021 (scope) – location-based vs. market-based

Comparing the results obtained using the location-based and the market-based method, one can see the management approach to selection of suppliers due to emission rates and purchase of energy from renewable sources. In PZU and PZU Życie, total scope 2 emissions (calculated using the market-based method) in 2021 stood at 9.3 thousand tons CO2e, which is two times lower than the result achieved without taking into account the emission rates of the suppliers and the energy from RES (location-based). The share of PZU and PZU Życie in the Group's total scope 1 and 2 emissions (calculated using the market-based method) was 13.8% in 2021.

The share of PZU and PZU Życie in the Group's emissions of greenhouse gas (Scope 1 and 2)



[GRI 305-2]

Total indirect emissions (scope 2) in the PZU Group – market-based method

CO2e (in tons)	2018				2020				2021			
	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies
Total	168,573	21,760	7,324	139,490	106,543	6,535	2,930	97,077	101,900	6,390	2,882	92,628
Supplied thermal energy	63,665	8,755	3,789	51,122	46,755	4,897	1,895	39,964	47,904	4,893	1,905	41,106
Supplied electricity – market-based	104,908	13,005	3,535	88,368	59,788	1,639	1,036	57,114	53,996	1,497	977	51,522

[GRI 305-2]

Total indirect emissions (scope 2) in the PZU Group – location-based method

CO2e (w tonach)	2018				2020				2021			
	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies
Total	156,091	21,098	7,109	127,884	123,881	14,512	4,636	104,734	121,709	13,586	4,578	103,545
Supplied thermal energy	63,665	8,755	3,789	51,121	46,755	4,897	1,895	39,964	47,904	4,893	1,905	41,106
Supplied electricity – location-based	92,426	12,343	3,320	76,763	77,126	9,615	2,741	64,770	73,804	8,693	2,673	62,439

Emissions (scope 3) 2021 vs. 2020

Scope 3 (indirect) emissions in categories⁴ 1, 3, 5 and 6 (listed in the table above) by the PZU Group reached 24.5 thousand tons of CO₂e compared to 18.1 thousand tons in 2020 (+35.3% y/y or +6.4 thousand tons). The increase occurred predominantly in emissions related to energy and fuels in the value chain and resulted mainly from increased emission ratios, as published by DEFRA (for electricity from 0.11 to 0.17 kg CO₂e/kWh), since the fuel consumption levels were similar. Also emissions associated with purchased raw materials and services (in particular with the consumption of paper) were lower.

Emissions (scope 3) 2021 vs. 2018

Scope 3 (indirect) emissions in selected categories dropped by 1.8%, or 436 tons relative to the base year (2018). The largest contributor to the change was the decrease in emissions related to the purchased raw materials and services (paper, water, waste treatment). The increase versus the base year resulted mainly from emissions associated with energy and fuels not covered by scope 1 and 2.

⁴in the accordance with the GHG Protocol methodology <https://ghgprotocol.org/>

[GRI 305-3]

Total other indirect emissions (scope 3) in the PZU Group

CO ₂ e (in tons)	2018				2020				2021			
	Grupa PZU	PZU	PZU Życie	Pozostałe spółki	Grupa PZU	PZU	PZU Życie	Pozostałe spółki	Grupa PZU	PZU	PZU Życie	Pozostałe spółki
Total	24,936	4,372	1,293	19,270	18,102	1,734	708	15,660	24,500	2,022	850	21,628
Emissions associated with energy and fuels not covered by scope 1 and 2	22,944	3,977	1,130	17,836	16,758	1,562	627	14,569	23,721	1,904	777	21,041
Raw materials and services purchased (paper, water, sewage treatment)	1,736	202	99	1,434	1,281	142	72	1,067	743	104	64	575
Waste generated as a result of the operations	2	1	1	-	5	3	2	-	7	5	2	-
Business travel (airplane, train, taxi)	255	192	63	-	59	27	8	24	29	9	7	12

Calculation methodology

For the calculation of emissions in accordance with the GHG Protocol standard, for fuels, electricity (consumed in Poland), emission indicators or data from the National Center for Emissions Balancing and Management were used, while for heat (consumed in Poland) the indicator of the Energy Regulatory Office was used (based on the publication "Heating Energy in Numbers 2019"). The emission indicators for electricity consumed in foreign companies for 2021 were obtained from data published by the European Environment Agency (in previous years from the International Energy Agency), while those for heat energy were obtained from the UK Government's Department of the Environment, Food and Rural Affairs (DEFRA) database. For scope 2 emissions calculated according to the location-based method, average emission ratios for the respective countries were used. The indicators for electricity from a specific supplier (market-based method) came from the websites of energy sellers (among others Enea, Energa, PGE, Innogy Polska, Tauron Sprzedaż, Tauron Sprzedaż GZE, Tauron Polska Energia, PKN Orlen, ENGIE Zielona Energia).

The emission indicators for energy in the scope of WTT (well to tank) (scope 3), business trips, purchased raw materials and services, waste management and GWP for refrigerants were obtained from the DEFRA database. No biogenic greenhouse gas emissions were identified.

The following data sources were used: data on fuel, electricity and heat consumption came from the invoices for the facilities where the consumption is measured (on the basis of invoices in PZU and PZU Życie; this pertained to electricity in over 90% facilities, for natural gas in over 90% facilities and for heat in over 80% facilities). Consumption of raw materials, refrigerants, waste volumes and business travel was determined on the basis of internal registers. Data that are not collected from the remaining companies were marked in the table with a dash.

The greenhouse gas described in the emission indicators for fuels, electricity and heat in Poland is CO₂. The other indicators included CO₂, CH₄ and N₂O emissions as well as refrigerant gases. The volume of emissions released by each company was consolidated at the PZU Group level according to the operational control criterion.

Below are presented the greenhouse gas emissions taking into account the consolidated assets and number of employees.

As a result of the actions taken to reduce emission rates, reduce energy and fuel consumption and emission rates in Poland, the intensity of scope 1 and 2 emissions using the market-based method per employee dropped from 4.79 in the base year and 3.32 in 2020 to 3.28 tons CO₂e in 2021. Emissions per million zloty of consolidated assets dropped from 0.61 in the base year and 0.35 in 2019 to 0.32 tons CO₂e in 2020.

[GRI 305-5]

Reduction of greenhouse gas emissions

The PZU Group, in particular PZU and PZU Życie, reduced emissions by 9.9 thousand tons CO₂e in 2021 through purchase of energy with certificates of origin. The reduction was recorded in scope 2 and calculated as the sum of products of the purchased electricity from individual suppliers multiplied by appropriate emission indicators shown for these sellers.

PZU and PZU Życie took actions aimed at reducing scope 1 greenhouse gas emissions associated with combustion of fuels. To this effect, in 2021, the companies expanded their fleet by 32 hybrid cars. It is estimates that this will translate into reduction of the annual CO₂e emissions by 56 tons⁵ in 2022. As a result of replacing outdated gas boilers and thermomodernisation of buildings, the reduction of CO₂ emissions is estimated at 42 tonnes of CO₂ in 2021.

⁵For the needs of measuring CO₂e emissions, the fuel consumption (liters) was adopted and then CO₂e converted to kg.

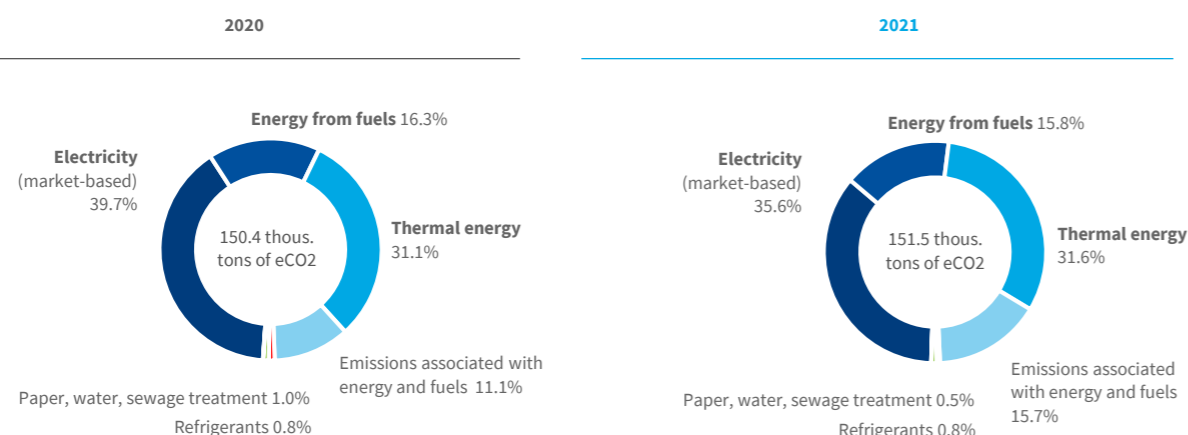
[GRI 305-4]

Intensity of greenhouse gas emissions

	2018	2020	2021
Number of employees	41,742	39,857	38,666
Consolidated assets (PLN million)	328,554	378,974	402,129
Emissions (scope 1 and 2 using the market-based method) per employee (tons CO ₂ e / employee)	4.79	3.32	3.28
Emissions (scope 1 and 2 using the market-based method) per million of consolidated assets (tons CO ₂ e / 1 million of consolidated assets)	0.61	0.35	0.32



Total CO2 emissions (Scope 1, 2 and 3) in PZU Capital Group by emissions sources



In 2022, actions will be continued that will contribute to further reduction of indirect emissions:

- development of the sustainable business travel model,
- use of the services of transport companies with electric and hybrid fleets,
- cooperation with hotels that offer high environmental standards. A list of features of “sustainable hotels” was prepared, setting out the environmental standards that a hotel should meet. They will be used as an eligibility factor for the next tender procedure for hotels, with which PZU will sign master agreements.

According to the commitment made in the ESG Strategy, PZU SA and PZU Życie SA carried out the first offset of the CO2 emissions to which they contributed in 2020. The offset was made by purchasing Carbon Dioxide Units (JDW) offered by State Forests. Overall, the Companies purchased enough Carbon Dioxide Units to offset nearly 17 thousand tons of CO2 and the funds from their purchase – as indicated – will be used by State Forests to plant a forest in areas damaged by a cyclone in 2017. In the fall of 2021, State Forests and PZU volunteers planted the first 3,000 saplings. The cooperation with State Forest is a response to the fact that PZU’s largest direct environmental impact occurs where it conducts business activity and where its clients and partners operate. This is why the Company decided to carry out a local offsetting of the emissions, which is facilitated by State Forests. The offset of CO2 emissions confirms that PZU implements its strategic declaration and strives towards carbon neutrality. The 2021 emissions are planned to be offset in 2022.

2.3. Consumption of raw materials

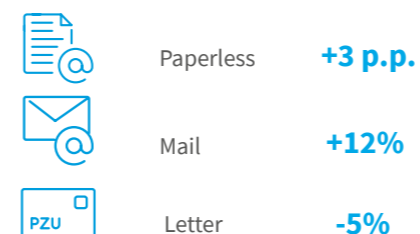
Curtailing the consumption of raw materials

PZU and PZU Życie systematically reduce the purchase and consumption of office supplies, including paper, constantly reducing the number of printers used. In 2021, only the environment-friendly paper with lower basis weight, i.e. Discovery Eco-Efficient 70 g/m2 holding the “FSC mix” and “EU Ecolabel” certificates – was purchased and used. The change of paper type to a thinner one leads to an over 8% reduction of the weight of the paper consumed, as compared to paper with a standard grammage of 80g/m2. Additionally, the Discovery paper is produced from the Tasmanian Blue Gum eucalyptus tree which, thanks to a different fiber structure, makes it possible to reach a ca. 37% reduction of the wood used in relation to the commonly used trees, such as maritime pine or paper birch. In 2021, 55% of the insurance forms in terms of the weight are prepared on certified paper – this result is for both companies (52% in PZU SA and 61% in PZU Życie). In 2022, the commitment to have at least 50% of the insurance forms in terms of the weight prepared on certified paper, will be continued. All new printing devices have the Blue Angel certificate are equipped with an automatic two-sided printing (duplex) module – wherever the specific nature of work permits two-sided printing, it is set as the default printing option.

PZU strives to increase the volume of electronic mailing. PZU has over 4.3 million mandatory insurance clients who

receive renewal correspondence every year. It may be sent in a traditional letter, by e-mail or in the mojePZU application. O At the end of 2021, the number of clients receiving electronic renewal letters from PZU increased by 120 thousand (y/y).

In 2021 (December to January)



In 2021, almost PLN 1.7 million renewal letters were sent electronically rather than on paper. It is almost 200 thousand more than in 2020. Further curtailment of the consumption of paper in the coming years relies on an increase in the number of mojePZU accounts. A new account of a mandatory insurance client means that the next renewal will be delivered electronically.

Alior Bank introduced restrictions regarding document printout through optimizing the printing process. The use of company printers is possible only after the employee logs into the device, which prevents incidental printouts and improves the management of paper and toner consumption. Additionally, printers are set by default to double-side printing. The number of branches in the environmentally-friendly format using materials and products from local suppliers increased. Most of such products are recycled. When designing the new facilities, special emphasis was placed on increasing access to daylight to reduce electricity consumption, and the LED lighting provides the ability to adjust the intensity of the lighting to the time of day.

[GRI 301-1]

Total consumption of raw materials at PZU and PZU Życie

	PZU		PZU Życie	
	2020	2021	2020	2021
Paper [t]	133	119	71	78

In Q4 2020, Armatura Kraków replaced radiator packaging from full boxes to the so called “sides”. This effort brought savings in the range of 43 tons of paper per year, which is nearly 26% of the annual consumption. In 2021, the company continued to develop this practice, implementing it for additional radiator models. Armatura Kraków regularly carries out activities to reduce waste and consumption of water, energy and gas and its and adverse impact on the environment.

In 2021, Armatura Kraków implemented a central printing system, which improved control and security; it also reduced printing at the company level by approximately 30%. The main features of the implemented system are: improved security

[GRI 301-1]

Total consumption of raw materials in the PZU Group

PZU Group	2020	2021
Paper [t]	1,261	850

Paper consumption at PZU and PZU Życie

Year	Paper in tons	Reduction
2017	290	-
2018	277	4.6%
2019	276	0.3%
2020	204	26.1%
2021	197	3.4%

through implementation of a card-based authentication, and printouts in any printer connected to the system. Control over printouts through authentication has enabled monitoring and reporting on this area. .

TOW “SOS Service Ukraine” implemented partly electronic document flow to minimize paper consumption. In 2021, 65% of internal documents were moved to the electronic workflow system and 45% of documents exchanged with external partners were moved onto electronic media. Actions were taken to reuse paper and recycle used paper. An agreement was signed with a company which supplies the offices with special boxes for collection and processing of paper.

In addition to reduction of raw material consumption and reduction of greenhouse gas emissions, the PZU Group takes actions reducing the number of printing devices used:

- withdrawal of printers with the least usage;
- printing via shared multi-function devices;
- introduction of printer sharing in the branches where the desk layout allows for that.


Reduction of the number of printers at PZU and PZU Życie

- PZU and PZU Życie apply a sustainable and responsible approach to disposal and reuse of assets following the “5 R” principle. This principle encourages us to use resources responsibly, renew and repair older things to extend the time of their operation.
- Reduce;
- Reuse;
- Recycle (segregate and recycle);
- Recover (especially energy from waste);
- Renew.


The companies cooperate with firms offering the highest waste management standards, confirmed by pertinent environmental certificates. PZU and PZU Życie undertook to increase the share of recycling in the total number of liquidated assets from 33% at the end of 2018 to 39% at the end of 2020 (in 2021, this percentage was 34.1% - as a result of the pandemic and the limitation of the asset liquidation process. In 2022, the share of recycling in the total number of

DOBRA PRAKTYKA

Phase-out of paper archives



At the end of 2021, PZU branches ceased to print out paper Individual Continuation (IC) insurance policies for archiving in the Central Archive of the PZU Group. The client will still receive a signed policy in the traditional form, but there will be no such document in PZU.



The phase-out of policy printouts has an economic aspect, but the environmental effect is more important. Given the scale of its business, the phase-out of paper archives will save approximately 1,500 trees.

liquidated assets should increase again). This ratio is achieved by promoting the sale of assets to employees, external clients or by donating them. Additionally, collections of used mobile phones are held regularly and the devices are sold to a specialized company (recycling).

Reduction of the number of printers at PZU and PZU Życie

Year	Number of printing devices in use at the end of the calendar year	Reduction
2017	5,000	-
2018	4,750	5.0%
2019	4,600	3.2%
2020	4,540	1.3%
2021	4,420	2.6%

The volume of used mobile phones and modems to be recycled and sold to company employees is as follows:

- 2018 – 2,602 pcs.
- 2019 – 2,030 pcs.
- 2020 – over 3,000 pcs.
- 2021 – 1,703 pcs.

In connection with a change of the headquarters, the company plans to sell the assets that will not be moved to other units to employees. We plan to recycle/reuse 85%-90% of furniture at the KBC location (of which 75%-80% to be sold to employees and 25%-20% to be donated) and 50-70% of furniture at the Tower location (50%/50% sales to employees/donations). Employees will also be able to buy white goods, such as coffee makers, refrigerators, dishwashers, microwave ovens, LCD TVs, large format LCD displays/monitors, shredders, projectors, small unregistered items, such as reproductions, small office equipment, lamps, etc.



As part of waste management, the Bank regularly hands over paper documentation, computer media, furniture, and white and brown goods for specialized disposal. The products are recycled and prepared for reuse

as raw materials or alternative fuel. When ordering new white and brown goods, the company takes into account the service involving collection and disposal of old goods.

Curtailing the consumption of water

Water saving activities are associated largely with distribution of potable water. Since 2018, PZU has been implementing a change in the distribution of water in big plastic bottles to a more sustainable system. Installation of water dispensers using water from the water supply system, use of running water filters or consumption of water directly from the tap in places where water is good to drink, not only optimizes the use of water but also reduces the number of plastic bottles on the market, reduces carbon emissions by eliminating transport and reduces the energy and raw materials needed to manufacture plastic bottles.

[GRI 303-5]

Total consumption of water separately for PZU and PZU Życie

	PZU		PZU Życie	
	2020	2021	2020	2021
Water [m3]	37,483	37,397	16,201	14,311

Planned reduction in the number of water dispensers and big water bottles*

Year (end)	Number of dispensers using big water bottles	Number of big water bottles	Change in the number of dispensers (y/y)
2018	1,145	4,665	-
2019	916	3,732	-20.0%
2020	733	2,986	-20.0%
2021	738***	3,533***	+0.7%
2022**	40	163	-94.6%

* In PZU locations in which the technical conditions allow for that, running water dispensers are successively installed. In the dispensers water from the water supply system is treated in a multi-level filtration process, after which it can be collected as cold, room temperature or hot water. At the front-office we install dispensers without hot water.

** Due to the COVID-19 situation the agreement on the dispensers operated by EDEN (big plastic water bottles) was extended by eight months till the end of February 2022. This extension will also allow for organizing a single tender procedure for the network dispensers nationwide. A tender procedure for tap water dispensers was commenced in 2021. The procedure has been completed and the agreement for new dispenser has been signed. After the new agreement is implemented, the big bottle dispenser will remain only in the facilities where they cannot be connected to the water system due to technical or ownership reasons.

*** The increase in the number of big bottle dispensers by 5 units from 2020 is due to increased demand for water as employees returned to stationary work and tap dispenser failures. Starting on 1 April 2022, big bottle dispensers will be gradually replaced with tap water dispensers.

Environmental impact

[GRI 303-5]

Total consumption of water in the PZU Group

PZU Group	2020	2021
Water [m3]	291,322	271,704

2.4. Environmental education of employees

The PZU Group is one of the largest employers in Poland. It is aware that building responsible employee attitudes contributes also to reduction of the negative environmental impact. Regular activities are undertaken to encourage employees to save paper by reducing the number of printouts in PZU outlets throughout Poland (back-office): Stickers with the slogan “If you don’t have to, don’t print. Green PZU” encourage the reduction of printouts. The organization also limits printouts of posters and leaflets in internal communication. The promotion of the reduction of printouts will be continued in 2022. The company has planned communication and education campaigns promoting environmentally sound conduct: black and white and double-sided printouts, messages encouraging lower numbers of printouts, e.g.: do not copy – scan, this does not cost anything, use the print view – avoid poor printout formatting, hold paperless meetings – use a projector. Other planned campaigns include an educational campaign encouraging sustainable usage of hybrid and electric cars, posted on the driver’s portal of PZU’s intranet website, and information campaigns on the recycling of used cell phones. Additionally, each issue of the internal employee newsletter “My PZU” contains articles raising key environmental issues.

In 2021 an educational campaign was organized to coincide with the European Sustainability Week. For 5 consecutive days, employees received a dose of knowledge on the Intranet portal. Educational materials were read by more than 1,000 employees. The Sustainability Week was accompanied by a contest entitled “SDG (Sustainable Development Goals) Challenge 2021”, or how PZU may stimulate sustainable development?”, in which employees were encouraged to come up with innovative business ideas. The contest was carried out via the Idea Generator, a platform for the exchange of ideas and comments by PZU Group employees. In this edition of the contest, ideas were sought for business initiatives which

would support the execution of three selected Sustainable Development Goals.

- How can PZU prevent climate change and protect natural environment in Poland?
- Protecting and promoting human rights in a digital world - what actions can PZU take?
- “Sustainable Development” - How to engage PZU’s stakeholders in joint actions for sustainable development?

Based on specific criteria, the contest jury selected 10 best ideas, with the winning three receiving financial awards. The best ideas were handed over to business units for in-depth analysis.





V.

About this report

In this section:

1. Approach to reporting
2. Dialogue with the environment
3. GRI content index
4. Table of compliance with the Accounting Act
5. Taking into consideration the guidelines pertaining to disclosure of information on the climate
6. Verification Statement - Greenhouse Gas Emissions
7. Additional data

1. Approach to reporting

[GRI 102-50]

The PZU and the PZU Group's Integrated Report contains data for the period from 1 January 2021 to 31 December 2021. The information presented in this report is to help readers understand better, improve the results in respect of ESG strategy execution and cultivate long-term relations with key stakeholders.

[GRI 102-54]

This report has been prepared in accordance with the amended Accounting Act of 29 September 1994 and its requirements pertaining to non-financial reporting. This report is a report on non-financial information of the kind referred to in Article 49b of the Act. Substantive hints on defining the scope and content of this report were also provided by international guidelines and standards, among others, the international reporting standard of the Global Reporting Initiative (GRI Standards) - "Core" option (including the sector appendix to financial services), integrated reporting guidelines (International Integrated Reporting Council, IIRC), and guidelines of the European Commission on non-financial reporting with emphasis on reporting climate-related data and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The calculations of the carbon footprint in the climate area were made in accordance with the international GHG Protocol Corporate Accounting and Reporting Standard. This report also contains information regarding taxonomic disclosures according to the Commission Delegated Regulation (EU) 2021/2139 supplementing Regulation 2020/852 of the European Parliament and of the Council (EU). The facts concerning the PZU Group's carbon footprint in 2020 and 2021 presented in section IV.2. DIRECT ENVIRONMENTAL IMPACT have been checked by an independent external company doing business as Veritas Polska Sp. z o.o.

[GRI 102-45]

In accordance with the requirements of the Accounting Act, the report on the PZU Group's non-financial information in 2021 encompasses consolidated non-financial data pertaining to the PZU Group and its parent company PZU in line with the structure of the organization included in the Consolidated Financial Statements for the year ended 31 December 2021.

The data from PZU Życie, the Alior Bank Group, the Bank Pekao Group, LINK4, foreign entities (AAS Balta, AB Lietuvos Draudimas and PrJSC IC PZU Ukraine) and other consolidated companies in the Group are presented as information pertaining to the PZU Group. Moreover, Alior Bank and Bank Pekao have also published separate Group-level disclosures concerning their non-financial data.

The data published in the report span the year subject to reporting and the comparative period, i.e. the preceding year. To present the carbon footprint in accordance with the international GHG Protocol Corporate Accounting and Reporting Standard, 2018 has been treated as the base year.

[GRI 102-46], [IIRC]

In line with the approach stemming from the principle of materiality, the various pieces of non-financial information have been presented to the extent necessary to evaluate the development, performance and standing of the PZU Group. Relatively less space has been devoted to smaller entities whose impact on the overall depiction of the PZU Group is minor or simply marginal. When defining the substantive part of the report, in accordance with the international guidelines, a process comprising the following stages has been followed:

- Identification – after analyzing the internal documents and external publications pertaining to the Group and press information of the companies, and a review of industry reports pertaining to sustainable development practices and trends, 42 key issues in corporate responsibility and the business conducted were identified;
- Prioritization – at the turn of December 2021 and January 2022 the Group's stakeholders (retail investors, suppliers, clients, business partners, brokerage house analysts, representatives of non-governmental organizations and public institutions, representatives of central administration and Group employees ranging from senior management to lower levels – in total more than 100 people) took part in the survey concerning the significance of the issues included in the report on non-financial information. The survey results made it possible to establish priorities when selecting and determining the scope of the content presented in this report;
- Validation – PZU Group representatives participated in drawing up the final list of priority issues while identifying the significance of the areas from the view point of risk in doing business and executing the strategy.

[GRI 102-47], [GRI 103-1]

Topics identified as being significant

The findings of the questionnaire have been presented on the significance matrix below. The X axis presents the significance of topics from the governance perspective identified by the Management Board and senior managers. The Y axis presents topics selected by the Group's other stakeholders. Based on the results of the analysis of the survey, the identification

of key issues and their prioritization, 12 significant topics from 4 areas (environment, social commitment, responsible governance and employee issues) were defined.



I. Environment

- ① Company's response to the challenges related to climate change and reducing the adverse environmental impact, initiatives and environmentally-friendly measures undertaken;
- ⑦ Incorporating environmental aspects when designing new products, environmentally-friendly products;
- ⑩ Green office: initiatives, effects, internal ecological culture of employees.

II. Social commitment

- ⑪ Advancing an active and healthy lifestyle, preventive activity;
- ⑫ Prevention activities in safety and cooperation with rescue services;
- ⑬ Commitment to fighting the COVID-19 pandemic;
- ⑭ Impact exerted by products and services to enhance the quality of life (e.g. support for injured parties in accidents).

III. Responsible management

- ⑲ Plans and strategy for the future, incorporating sustainable development issues (ESG);
- ⑳ The PZU Group's business performance and market position.

IV. Employee issues

- ⑳ Headcount structure, equal pay, headcount turnover, conditions of employment and labor conditions;
- ㉑ Education and development of employees at various levels - offering development opportunities, training, education co-funding;
- ㉒ Initiatives aimed at prevention of discrimination and mobbing.

2. Dialogue with the environment

[GRI 102-40], [GRI 102-42], [GRI 102-43], [GRI 102-44]

The PZU Group engages in dialogue with stakeholders in a regular and transparent manner through various channels of communication. The stakeholder map has been presented

below with the stakeholders having been chosen on the basis of the extent of their involvement in the Group's operations and their materiality from the viewpoint of the business model. This list does not cover the activities of the Pekao Group or Alior Bank where different approaches to external relations are in place.

Group stakeholders	Approach taken to stakeholders' involvement	Degree of commitment	Key issues and problems
Employees	<ul style="list-style-type: none"> annual/quarterly talks; clear and measurable objectives to be achieved with a quarterly evaluation; internal meetings; internal portal / intranet; newsletter; boxes to clarify doubts; chats, discussion forums; trade unions; internal publications; information campaigns expanding knowledge about the organization; engagement survey; webinars with experts; transmission of quarterly earnings meetings with Management Board members; video materials shown in the Company's head office; whistleblowing system. 	high	<ul style="list-style-type: none"> listening to employees' opinions; affording development opportunities to employees; creating a satisfaction place of work; building understanding for strategy execution and performance; getting employees to participate in new initiatives; striking a work-life balance and well-being initiatives; health and prophylactic activities; remote work.
Clients	<ul style="list-style-type: none"> branches, agents' offices, health centers; website; internet portals and mojePZU, inPZU; customer needs survey; satisfaction surveys and opinion polls; product campaigns; participation in trade fairs, conferences and trade meetings; Client Council; financial and insurance education programs; Client Ombudsman; Health Ombudsman. 	high	<ul style="list-style-type: none"> listening to clients' opinions when designing business solutions; creating transparent terms and conditions in proposals and agreements, including plain language; offering high quality products and services aligned to clients' needs providing multiple access channels to products and services aligned to clients' preferences; incorporating climate issues when designing products.

Suppliers	<ul style="list-style-type: none"> meetings and negotiations with new and current suppliers; procurement platform zakupygrupy.pzu.pl; Code of CSR Best Practices for the PZU Group's Suppliers; audits of suppliers; list of PZU's Eligible Suppliers. 	high	<ul style="list-style-type: none"> transparent rules for selecting and cooperating with suppliers; supporting the Group's strategy execution and access to innovation; molding business standards – doing business in a responsible and sustainable manner; advancing ethical procurement practices..
Investors and shareholders, analysts and rating agencies	<ul style="list-style-type: none"> constant cooperation between the Investor Relations department and stakeholders (institutional investors, retail investors, analysts and capital market organizations); regular meetings (individual and group) during investor conferences, roadshows and in the company's head office (physical and on-line); meetings and conference calls with the Management Board; shareholder meetings; current reports; quarterly financial reports, tables and presentations of results, newsletters; company's website; on-line annual report; loyalty program for retail investors called My PZU Shares. 	high	<ul style="list-style-type: none"> ensuring transparency and rapid access to information regarding the PZU Group; building trust and value; distribution of earnings to shareholders.
Business partners: agents and brokers	<ul style="list-style-type: none"> annual, monthly and regular meetings with agents; satisfaction surveys and opinion polls; internal communication portal for agents; training and support programs in sales; Elite Agent Club. 	high	<ul style="list-style-type: none"> presentation of strategic plans; addressing ongoing cooperation issues to ensure mutual benefits.
Media	<ul style="list-style-type: none"> regular cooperation between the Corporate Communication Department and journalists; press releases; press conferences; expert and trade interviews; social media. 	medium	<ul style="list-style-type: none"> transparency of operation; easy and rapid access to information regarding the PZU Group; building insurance awareness; enriching the level of knowledge about financial products.
Local communities	<ul style="list-style-type: none"> ongoing direct communication; employee volunteerism; supporting local initiatives through the program www.pomocmoc.pl. 	medium	<ul style="list-style-type: none"> execution of sponsorship and prevention projects; supporting the development of communities; encouraging employees to take part in social and environmental campaigns.

Central administration and regulators (e.g. KNF, UOKiK, Warsaw Stock Exchange)	<ul style="list-style-type: none"> cooperation in debates and conferences; answering inquiries and incorporation of recommendations; legislative cooperation with the Polish Insurance Association 	<p>medium</p>	<ul style="list-style-type: none"> ensuring observance of requirements and regulations; supporting the creation of new standards on the market, including best practices.
Non-governmental organizations and public institutions	<ul style="list-style-type: none"> building partnerships and conducting a social diagnosis; joint planning, project execution and evaluation; involvement in initiatives and projects to advance sustainable development and corporate foundation standards; organization of joint conferences and seminars – activities benefiting the third sector and academic communities; sharing know-how (training). 	<p>medium</p>	<ul style="list-style-type: none"> implementation of educational and social programs promoting health, safety, social assistance, culture and protection of cultural heritage.

[GRI 102-13]

Participation in associations and industry organizations

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

- Polish Association of Listed Companies (SEG) – a self-governing organization of issuers that represents the interests of the companies listed on the Warsaw Stock Exchange. PZU has been a member since 2010;
- British Polish Chamber of Commerce – PZU has belonged to this business organization since 2016;
- Polish Insurance Association (PIU) – a self-governing organization of insurance undertakings to which all the insurance undertakings operating on the market belong; membership is compulsory;
- Insurance Indemnity Fund (IIF) - its members are domestic and foreign insurance companies that conduct insurance activity on the Polish market in the area of mandatory motor TPL insurance and mandatory TPL insurance for farmers, established in 1990.

- European Financial Marketing Association (EFMA) – an organization consisting of retail financial institutions in Europe: banks and insurers, the largest organization of its type in Europe;
- International Association of Agricultural Insurers – an international association to which the world’s leading insurers of agricultural production belong;
- Polish Motor Insurers’ Bureau (PBUK) – an organization of insurance undertakings that do business in Poland, membership in PBUK is compulsory;
- United Nations Environment Programme Finance Initiative (UNEP FI) – global partnership set up between the United Nations Environment Program (UNEP) and the financial sector;
- Geneva Association – an international insurance industry think tank;
- The Heart Corporate Club – brings together companies that want to build strong competences in innovation;


- Agreement for the Development of Offshore Wind Power in Poland and the Sector Agreement for the Development of the Hydrogen Economy - projects initiated by the Ministry of Climate and Environment;
- In 2021 Bank Pekao joined the initiative known as the United Nations Global Compact, and in that manner it confirmed its readiness to act for the benefit of Agenda 2030 and incorporate the 10 Principles of the UN Global Compact in its strategy while committing to embrace far-reaching objectives regarding social, economic and environment issues. Membership in the UN Global Compact means participating in the largest global platform of corporate sustainable development leaders who represent nearly every sector in the business community. PZU also plans to join this initiative in 2022.

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

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

BEST PRACTICE


Self-governing activities – strengthening protection for insurance market participants



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

BEST PRACTICE

Sustainable development



The PZU Group participates in dialogue on sustainable development and sustainable finance. A PZU representative chairs the Task Force on Sustainable Finance at the Polish Insurance Association (PIU). PZU also participates in the work of the Financial Market Development Council for Sustainable Finance and the Group for development of non-financial reporting at the Ministry of Finance. PZU also chairs the Natural Disaster Risk Management Team, one of whose tasks is to support the UKNF in defining climate change stress tests.

4. GRI content index

[102-55]

GRI Standard number	Number of the indicator	Indicator	Page number
Reporting assumptions and bases			
GRI 101		Reporting assumptions and bases	220
Profile indicators			
Organization profile			
GRI 102	102-1	Nazwa organizacji	12
GRI 102	102-2	Description of the organization's activity, primary brands, products, and/or services	12
GRI 102	102-3	Location of organization's headquarters	PZU Head Office Warsaw, al. Jana Pawła II 24
GRI 102	102-4	Location of operating activities	13
GRI 102	102-5	Ownership and legal form	28
GRI 102	102-6	Markets served	13
GRI 102	102-7	Scale of the organization	13
GRI 102	102-8	Information on employees and other workers	98, 239
GRI 102	102-9	Description of the supply chain	156
GRI 102	102-10	Significant changes during the reporting period regarding size, structure, form of ownership and value chain	<p>The following changes transpired in the structure of the PZU Group in 2021 up to the date of publication of these financial statements:</p> <ul style="list-style-type: none"> On 3 January 2021, Idea Bank was acquired by Bank Pekao following the decision of the Bank Guarantee Fund (BFG) on a resolution. The resolution instrument applied by the Bank Guarantee Fund against Idea Bank involved the take-over by Bank Pekao, with the effect specified in Article 176(1) of the BFG Act, of Idea Bank's enterprise, comprising its overall rights and liabilities as at the end of the date of initiation of the resolution, i.e. as at 31 December 2020, excluding specific property rights and liabilities specified in the BFG's decision. On 7 January 2021, CORSHAM sp. z o.o. sold all the shares it held in PayPo sp. z o.o.;

GRI Standard number	Number of the indicator	Indicator	Page number
			<ul style="list-style-type: none"> On 31 March 2021, Bank Pekao purchased 210,641 shares representing 38.33% of capital and 38.33% votes at the Shareholder Meeting of Krajowy Integrator Płatności SA, with its registered office in Poznań On 15 April 2021, the change pertaining to NewCommerce Services sp. z o.o., of which Alior Leasing sp. z o.o. became the sole shareholder, was registered in the National Court Register; On 20 May 2021, the liquidation of PZU Finance AB commenced; On 31 May 2021, PZU Zdrowie S.A. merged with Polmedic sp. z o.o.; all assets of Polmedic sp. z o.o. were taken over by PZU Zdrowie S.A. and Polmedic sp. z o.o. ceased to exist. The activity conducted previously by Polmedic sp. z o.o. will be continued by PZU Zdrowie S.A. through its branch "PZU Zdrowie S.A. Polmedic Medical Center Branch in Radom"; On 31 May 2021, Bonus-Diagnosta Sp. z o.o. purchased 100% shares in NZOZ Grupa Medical Sp. z o.o. with its registered office in Bydgoszcz; On 1 July 2021, a merger was entered in the National Court Register involving the transfer of all assets of the acquired company NewCommerce Services sp. z o.o. to the acquiring company Serwis Ubezpieczeniowy sp. z o.o. (merger by acquisition); On 20 July 2021, Pekao Leasing sp. z o.o. purchased 100 shares in PEUF sp. z o.o., which represented 100% in the company's capital and votes; On 29 September 2021, Harberton sp. z o.o. in liquidation was deleted from the National Court Register;

GRI Standard number	Number of the indicator	Indicator	Page number
			<ul style="list-style-type: none"> On 29 October 2021, the title to 100% of shares in the capital and 100% of votes at the shareholder meeting of Dom Inwestycyjny Xelion sp. z o.o. was transferred to Quercus Agent Transferowy sp. z o.o.; On 2 November 2021, Bonus Diagnosta sp. z o.o. and NZOZ Grupa Medical sp. z o.o. merged, as a result of which NZOZ Grupa Medical ceased to exist; Under the share purchase agreements executed in 2021 (in March, the acquisition of 21 AAS BALTA shares representing 0.0004% of the capital and votes at the company's shareholder meeting; in September, the acquisition of 169 AAS BALTA shares representing 0.0036% of the capital and votes at the company's shareholder meeting; in December 2021, the acquisition of 52 AAS BALTA shares representing 0.0011% of the capital and votes at the company's shareholder meeting), PZU SA as at the end of December 2021 held 4,728,063 shares in AAS BALTA representing 99.99998% of the company's capital and votes at the shareholder meeting (with 1 minority shareholder remaining with 1 AAS BALTA share); As a result of the deal struck in January 2022, in the shareholder structure of PZU SA's related party, PRJSC IC PZU Ukraine, as at the end of January 2022 compared to the end of 2021, changes occurred resulting in the following current shareholding structure of PRJSC IC PZU Ukraine: -PZU SA – 90.994354%; -PZU Życie – 0.003967%; -PrJSC IC PZU Ukraine Life Insurance – 9.001678%; On January 5, 2022, the Trade Register struck Aquaform RO SRL off the register. The company has been liquidated with effect from 20 January 2022. On March 17, 2022 PZU signed preliminary agreement to acquire 100% of shares in Towarzystwo Funduszy Inwestycyjnych Energia Spółka Akcyjna ("TFI Energia") from Polska Grupa Energetyczna Spółka Akcyjna. The transaction is planned to be finalized in mid-year, after obtaining the approvals of the Polish Financial Supervision Authority and the Office of Competition and Consumer Protection. After the transaction is completed, TFI Energia will be a subsidiary of PZU, subject to consolidation..

GRI Standard number	Number of the indicator	Indicator	Page number
GRI 102	102-11	Precautionary Principle or approachi	35, 48
GRI 102	102-12	External initiatives, externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	64, 181
GRI 102	102-13	Membership in associations and organizations	181
Strategy			
GRI 102	102-14	Statement of senior management	8
GRI 102	102-15	Description of key impacts, opportunities and risks	42, 54, 60, 68, 78, 84, 182
Ethics and integrity			
GRI 102	102-16	Organization's values, code of ethics, principles and norms of behavior	24
GRI 102	102-17	Mechanisms for advice and concerns about ethics; internal and external mechanisms making it possible to obtain advice regarding the behaviors in ethical and legal issues and issues associated with the organization's integrityi	58
Organizational governance			
GRI 102	102-18	Governance structure of the organization including committees of the highest governance body	24, 28
GRI 102	102-20	Executive-level responsibility for environmental, social and corporate governance topics	60
Stakeholder engagement			
GRI 102	102-40	List of stakeholder groups engaged by the reporting organization	222
GRI 102	102-41	Employees subject to collective bargaining agreements	116
GRI 102	102-42	Basis for identification and selection of stakeholders engaged by the organization	222
GRI 102	102-43	Approach to stakeholder engagement, including the frequency of engagement	222

GRI Standard number	Number of the indicator	Indicator	Page number
GRI 102	102-44	Key issues and concerns raised by stakeholders and the organization's response, also by reporting them	222
Reporting practice			
GRI 102	102-45	Entities included in the consolidated financial statements	220
GRI 102	102-46	Process of defining the contents of the report and topic boundaries	220
GRI 102	102-47	Identified key topics	227
GRI 102	102-48	Restatements of information, explanation of the effect of any adjustments to the information contained in previous reports as well as the reasons for their inclusion and their impact (e.g., mergers, acquisitions, change of year/reference period, nature of business, measurement methods)	W porównaniu do poprzednio raportowanych danych w zakresie 2, zarówno 2020 rok jak i 2018 rok (rok bazowy) zostały skorygowane ze względu na rozpoczęcie przez Grupę Banku Pekao pomiarów i oszacowania zużycia ciepła w obiektach gdzie zużycia są nieopomiarowane. Ta zmiana przełożyła się na korektę emisji Grupy w zakresie 2 o 26,8 tys. ton dla 2020 roku i 34,0 tys. ton dla 2018 roku, natomiast nie spowodowała rekalkulacji emisji dla PZU ani PZU Życie. O rewizji kalkulacji dla roku bazowego zdecydowało to, iż zmiana w metodyce mierzenia zużycia energii w Grupie Pekao skutkowałą identyfikacją dodatkowych emisji w wartości, która przekroczyła poziom istotności dla którego konieczna jest rewizja
GRI 102	102-49	Changes in reporting	There were no significant changes from the previous report concerning the scope and extent of the report
GRI 102	102-50	Reporting period	From 1 January 2021 to 31 December 2021
GRI 102	102-51	Date of publication of the last report	The last report was published 25 March 2021 and pertained 2020 data..
GRI 102	102-52	Reporting cycle	Annual
GRI 102	102-53	Contact details	Piotr Wiśniewski Investor Relations Manager daniefinansowe@pzu.pl

GRI Standard number	Number of the indicator	Indicator	Page number
GRI 102	102-54	Claims of reporting in accordance with the GRI Standards, specification of whether the report has been prepared in accordance with the GRI Standard in the Core or Comprehensive version	This report has been prepared in accordance with the GRI Standards: Core option
GRI 102	102-55	GRI content index	226
GRI 102	102-56	External assurance, the policy and the current policy concerning third party verification of the report	The report is not subject to third party verification. The 2020 and 2021 emissions calculations themselves were independently verified for the first time by a certified verifier.
Approach to management			
GRI 103	103-1	Explanation of the material topic and its Boundary	42, 48, 77, 221
GRI 103	103-2	Approach to management and its components	24, 29, 35, 43, 48, 54, 65, 68, 77, 98, 106, 109, 112, 113, 117, 124, 127, 130, 141, 156, 161, 163, 174, 201
GRI 103	103-3	Ewaluacja podejścia do zarządzania	24, 34, 42, 48, 65, 68, 77, 117, 124, 127, 163, 174
Thematic indicators:			
Economic topics:			
Economic performance			
GRI 201	201-1	Direct economic value generated and distributed (taking into account revenues, operating expenses, employee salaries, subsidies and other investments for communities, retained profits and disbursements for capital owners and state institutions)	80
Combating corruption			
GRI 205	205-1	Operations assessed for risks related to corruption	49
GRI 205	205-2	Communication and training on anticorruption policies and procedures in the organization	50
GRI 205	205-3	Confirmed cases of corruption and actions taken	51
Violating the rules of free competition			
GRI 206	206-1	Legal steps taken against the organization for anti-competitive behavior, anti-trust, and monopoly practices	145

GRI Standard number	Number of the indicator	Indicator	Page number
Tax transparency			
GRI 207	207-1	Approach to tax	77
GRI 207	207-2	Tax governance, control, and risk management	77
GRI 207	207-3	Stakeholder engagement and management of concerns related to tax	77
GRI 207	207-4	Country-by-country reporting	78
Environmental topics			
Materials			
GRI 301	301-1	Raw materials/materials used by weight and volume	213
Energy			
GRI 302	302-1	Energy consumption by the organization, taking into account the types of raw materials	203, 205
GRI 302	302-4	Reduction of consumption of energy	205
Compliance with environmental regulations			
GRI 303	303-5	Total water consumption by source	211
Emissions			
GRI 305	305-1	Total direct (Scope 1) gas emissions	207
GRI 305	305-2	Total energy indirect (Scope 2) greenhouse gas emissions	208, 209
GRI 305	305-3	Other indirect (Scope 3) greenhouse gas emissions	210
GRI 305	305-4	GHG emissions intensity	211
GRI 305	305-5	Reduction GHG emissions	211
Compliance with environmental regulations			
GRI 307	307-1	Cash value of penalties and total number of non-financial sanctions for non-compliance with the law and/or regulations on environmental protection	202

GRI Standard number	Number of the indicator	Indicator	Page number
Social topics			
Employment			
GRI 401	401-1	New employee hires and employee turnover	231
Occupational safety and health			
GRI 403	403-2	Rate for injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	115
Education and training			
GRI 404	404-1	Average number of hours of training per year per employee	119
GRI 404	404-2	Managerial skill development and continuing education programs supporting continuity of employment of employees and transition assistance programs	120
GRI 404	404-3	Percentage of employees receiving regular performance and career development reviews, by gender and employment category	120
Diversity and equal opportunity			
GRI 405	405-1	Composition of supervisory bodies and employees broken down into employee groups by gender, age and other diversity factors	241
GRI 405	405-2	Ratio of basic salary and remuneration of women to men	107
Counteracting discrimination			
GRI 406	406-1	Incidents of discrimination and corrective actions taken	112, 113
Marketing and labeling products and services			
GRI 417	417-1	Internal requirements for product and service information and labeling	143, 145
GRI 417	417-2	Incidents of non-compliance with regulations and voluntary codes for product and service information labeling	143, 145

GRI 417	417-3	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	143, 145
Client privacy protection			
GRI 418	418-1	Substantiated complaints regarding breaches of client privacy and data loss	47
Compliance with social and economic regulations			
GRI 419	419-1	Non-compliance with laws and regulations in the social and economic area	138
Sector-specific aspect: local communities			
G4-FS14		Initiatives undertaken to improve access to financial services for disfavored persons	96
G4-FS15		Policies for the fair design and sale of financial products and services	141
G4-FS16		Initiatives to enhance financial literacy by type of beneficiary	124

4. Table of compliance with the Accounting Act

Requirements of the Accounting Act regarding disclosure of nonfinancial data	Has the requirement of the Act been satisfied	Chapter
Description of the business model of the entity and key performance indicators	YES	Section II. 3. Value creation model [IIRC]
Description of management of the risks identified as material	YES	Section II. 3.1 Risk management [IIRC]
Description of due diligence policies and procedures and indicators associated with the activity of the entity with regard to counteracting corruption	YES	Section II. 3.1.2. Counteracting corruption
Description of due diligence policies and procedures and indicators associated with the activity of the entity with regard to observing human rights	YES	Section III. 1. Respect for human rights and diversity
Description of due diligence policies and procedures and indicators associated with topics important for relations with consumers/clients and quality	YES	Section III. 3. Client at the center of attention
Description of due diligence policies and procedures and indicators associated with the activity of the entity with regard to employee issues	YES	Section III. 2. Employer of first choice
Description of due diligence policies and procedures and indicators associated with the activity of the entity with regard to natural environment	YES	Section IV. Environmental impact
Description of due diligence policies and procedures and indicators associated with the activity of the entity with regard to social issues	YES	Section III. 5. PZU Group's social commitment

5. Taking into consideration the guidelines pertaining to disclosure of climate information

In 2019, the European Commission published Guidelines on non-financial reporting, providing for the disclosure of detailed climate-related data (2019/C 209/01) (European Commission Guidelines), which are expected to encourage enterprises to report in detail data on the impact of their business model on the climate.

The European Commission Guidelines are not legally binding yet, but their application is already recommended by the European Securities and Markets Authority. Additionally, the Financial Stability Board has set up the Task Force on Climate-related Financial Disclosures (TCFD) which, through its activities, incentivizes financial institutions and non-financial enterprises to disclose information on climate-related risks and opportunities. The PZU Group implements the European Commission guidelines on non-financial information, itemizing the reporting of climate-related data and recommendations for banks and insurance undertakings specified in Annex I and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

	Guidelines pertaining to disclosure of climaterelated information	Chapter
Description of climate-related risks	<p>Process of identification and assessment of climaterelated risks in the short- and long-term perspective and specification how the company defines the shortand long-term perspective.</p> <p>Key climate-related risks that the company has identified in the short- and long-term perspective in the entire value chain and all assumptions made as part of the risk identification process.</p> <p>The climate-related risk management process together with specification of who this process has been integrated with overall risk management in the organization.</p>	<p>Section IV. 1.2. Climate change research</p> <p>Section IV. 1.3.1. PZU Group activities addressing climate and environmental risks: curtailing greenhouse gas emissions</p> <p>Section IV. 1.3.2. The PZU Group's efforts to adapt to climate change and prevent environmental risks: gaining a better grasp of risk factors</p>
Non-financial performance indicators	Direct emissions Scope 1 and Scope 2, Selected GRI indicators	Section IV. 2.2. Carbon footprint of the PZU Group

	Guidelines pertaining to disclosure of climaterelated information	Chapter
Business Model	Description of the business model, impact of climaterelated risks and opportunities on the business model, strategy and financial plans	Section II. 3. Value creation model [IIRC]
	Positive and negative impact of the organization on the climate	Section IV. 1.3.1. PZU Group activities addressing climate and environmental risks: curtailing greenhouse gas emissions
	Climate scenarios: resilience of the company's business model and strategy considering the different climate-related scenarios	Section IV. 1.2. Climate change research
Policies and due diligence processes	Description of the company's climate policies, including approach to mitigating climate changes or adaptation.	Section IV. 2. Direct environmental impact
	Climate-related objectives set by the company: all target greenhouse gas emissions and how they relate to national and international plans (in particular the Paris Agreement).	Section IV. 1.1. PZU Group's ESG Strategy regarding the environment and the climate
	Role of the management staff in the process of risk assessment and climate risk management.	Section IV. 1.2. Climate change research
Rezultaty stosowania polityk i procedur	As above.	Section IV. 2. Direct environmental impact



6. Verification Statement - Greenhouse Gas Emissions



VERIFICATION STATEMENT

GREENHOUSE GAS EMISSIONS

Introduction and objectives of work

BUREAU VERITAS Polska Sp. z o. o. (Bureau Veritas) has been engaged by Powszechny Zakład Ubezpieczeń SA (PZU) to conduct an independent verification at a limited assurance level of the greenhouse gas (GHG) emissions reported by PZU for the reported period of 1 January 2020 to 31 December 2021. This Verification Statement applies to the related information included within the scope of work described below.

The determination of the GHG emissions is the sole responsibility of PZU. Bureau Veritas was not involved in determining the GHG emissions. Our sole responsibility was to provide independent verification on the accuracy of the GHG emissions reported, and on the underlying systems and processes used to collect, analyze and review the information.

Boundaries of the reporting company GHG emissions covered by the verification:

- Grupa PZU Poland

Data verified:

Scopes	2020	2021
Scope 1 [tCO ₂ e]	25 794	25 096
Scope 2 location-based [t CO ₂ e]	123 881	121 709
Scope 2 market-based [t CO ₂ e]	106 543	101 900
Scope 3 [t CO ₂ e]	18 103	24 500

Data and information supporting the Scope 1, 2 and 3 GHG emissions assertion were historical in nature.

Period covered by GHG emissions verification:

1 January 2020 to 31 December 2021

Reporting Protocols against which verification was conducted:

- World Resources Institute and World Business Council for Sustainable Development, Greenhouse Gas Protocol. A Corporate Accounting and Reporting Standard REVISED EDITION, March 2004 (scope 1);
- World Resources Institute and World Business Council for Sustainable Development, GHG Protocol Scope 2 Guidance. An amendment to the GHG Protocol Corporate Standard, 2015; and
- World Resources Institute and World Business Council for Sustainable Development, Greenhouse Gas Protocol. Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Supplement to the GHG Protocol Corporate Accounting and Reporting Standard, September 2011.

GHG Verification Protocols used to conduct the verification:

- ISO 14064-3: Greenhouse gases -- Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions

Level of Assurance:

- Limited

Verification Methodology:

- Interviews with relevant personnel;
- Review of documentation, statements and other information provided by PZU;
- Review of PZU data and information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions; and
- Audit of samples of data used by PZU to determine GHG emissions.

Assurance Opinion:

Based on the results of our verification process, Bureau Veritas found no evidence that the GHG emissions shown above:

- is not materially correct;
- is not a fair representation of the GHG emissions data and information; and
- is not prepared in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard.

It is our opinion that PZU has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of GHG emissions for the stated period and boundaries.

Statement of Independence, Impartiality and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 190 years history.

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

Bureau Veritas operates a certified¹ Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applies a Code of Ethics, which meets the requirements of the TIC Council², cross the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities.

BUREAU VERITAS POLSKA Sp. z o. o.

Warsaw, 10th March 2022

Witold Dżugan

Member of the Board

Stawomir Krakowiak

Lead GHG Verifier

¹ Certificate of Registration No. 44 100 160145 issued by TUV NORD CERT GmbH

² TIC Council Compliance Code EDITION 1 December 2018

7. Additional data

[GRI 102-8]

Total number of employees by gender (converted into FTEs):

	Number of employees					
	2020			2021		
	Women	Men	Total	Women	Men	Total
Total	26,654	13,202	39,857	25,772	12,894	38,666

Total number of employees by contract type (converted into FTEs):

	Number of employees					
	2020			2021		
	Women	Men	Total	Women	Men	Total
fixed-term	3,282	1,804	5,086	2,993	1,579	4,571
indefinite-term	23,372	11,398	34,770	22,779	11,315	34,095
Total	26,654	13,202	39,857	25,772	12,894	38,666

Total number of employees by age group (converted into FTEs):

	Number of employees					
	2020			2021		
	Women	Men	Total	Women	Men	Total
<30 years old	3,324	1,963	5,287	3,048	1,740	4,787
30–50 years old	17,437	8,883	26,320	16,954	8,753	25,707
>50 years old	5,893	2,357	8,250	5,770	2,401	8,171
Total	26,654	13,202	39,857	25,772	12,894	38,666

Total number of employees by form of employment: full-time vs. part-time (converted into persons)¹:

	Number of employees					
	2020			2021		
	Women	Men	Total	Women	Men	Total
full-time	25,674	12,743	38,417	24,916	12,475	37,391
part-time	1,906	1,348	3,254	1,809	1,494	3,303
Total	27,580	14,091	41,671	26,725	13,969	40,694

Total number of employees by contract type (converted into FTEs)²:

	Number of employees					
	2020			2021		
	Women	Men	Total	Women	Men	Total
Management Board members	36	105	141	33	111	144
Managers	2,842	2,342	5,184	2,781	2,350	5,131
Others	24,738	11,739	36,477	23,953	11,574	35,527
Total	27,616	14,186	41,802	26,767	14,035	40,802

Total number of employees by age group (converted into FTEs)³:

	Number of employees					
	2020			2021		
	Women	Men	Total	Women	Men	Total
Agents (insurance companies)	422	147	569	300	93	393
Employed on the basis of civil law agreements (work product and mandate agreement)	5,195	2,431	7,626	5,579	2,663	8,242
Employed under an internship agreement	1	1	2	0	2	2
Self-employed	1,006	939	1,945	571	541	1,112
Total	6 624	3 518	10 142	6 450	3 299	9 749

^{1,2,3} Data of PZU SA and PZU Życie counted together, i.e. a person employed in two companies at the same time is not doubled

[GRI 405-1]

Composition of supervisory bodies and employees broken down into employee groups by gender, age and other diversity factors converted into FTEs:

Pracownicy wg kategorii wiekowej i różnorodności	Percentage of employees in each category in relation to the total number of employees in PZU			
	2020		2021	
	Women	Men	Women	Men
<30 years old	58.2%	41.8%	60.4%	39.6%
30–50 years old	60.2%	39.8%	60.2%	39.8%
>50 years old	49.9%	50.1%	50.6%	49.4%
Total by gender	58.1%	41.9%	58.4%	41.6%
Foreigners*	0.1%	0.1%	0.2%	0.1%

*respectively, the percentage of women (foreigners) to the total number of women in PZU and the percentage of men (foreigners) to the total number of men in PZU

Pracownicy wg kategorii wiekowej i różnorodności	Percentage of employees in each category in relation to the total number of employees in PZU Życie			
	2020		2021	
	Women	Men	Women	Men
<30 years old	63.8%	36.2%	66.1%	33.9%
30–50 years old	68.4%	31.6%	68.3%	31.7%
>50 years old	71.0%	29.0%	70.7%	29.3%
Total by gender	68.4%	31.6%	68.5%	31.5%
Foreigners*	0.0%	0.1%	0.1%	0.1%

*respectively, the percentage of women (foreigners) to the total number of women in PZU Życie and the percentage of men (foreigners) to the total number of men in PZU Życie

Pracownicy wg struktury zatrudnienia	Percentage of employees in each category in relation to the total number of employees in PZU			
	2020		2021	
	Women	Men	Women	Men
Management positions	53.8%	46.2%	54.3%	45.7%
Other employees	58.9%	41.1%	59.2%	40.8%
Total by gender	58.1%	41.9%	58.4%	41.6%

Pracownicy wg struktury zatrudnienia	Percentage of employees in each category in relation to the total number of employees in PZU Życie			
	2020		2021	
	Women	Men	Women	Men
Management positions	58.5%	41.5%	57.7%	42.3%
Other employees	70.3%	29.7%	70.6%	29.4%
Total by gender	68.4%	31.6%	68.5%	31.5%

Total number of employees by age	Percentage of employees in each category in relation to the total number of employees in PZU					
	2020			2021		
	<30 years old	30–50 years old	>50 years old	<30 years old	30–50 years old	>50 years old
Management positions	1.4%	83.6%	15.1%	1.4%	81.2%	17.4%
Other employees	13.7%	68.0%	18.3%	12.4%	68.6%	18.9%

Total number of employees by age	Percentage of employees in each category in relation to the total number of employees in PZU Życie					
	2020			2021		
	<30 years old	30–50 years old	>50 years old	<30 years old	30–50 years old	>50 years old
Management positions	1.8%	82.4%	15.7%	1.4%	81.8%	16.7%
Other employees	12.8%	70.3%	16.9%	11.3%	70.6%	18.1%



This Non-financial Report of the PZU Group and PZU SA for 2021 has 244 subsequently numbered pages

Signatures of PZU Management Board Members

Beata Kozłowska-Chyła – President of the Management Board

Tomasz Kulik – Management Board Member

Ernest Bejda – Management Board Member

Maciej Rapkiewicz – Management Board Member

Małgorzata Kot – Management Board Member

Małgorzata Sadurska – Management Board Member

Krzysztof Kozłowski – Management Board Member;

Warsaw 23 March 2022