

Annual Report 2022

Report on non-financial information of the PZU Group and PZU SA in 2022





This report has been preparedaccording to the guidelines of International Integrated Reporting Council (IIRC)



and Global Reporting Initiative (GRI).





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Reporting approach and methodology

[GRI 2-2]

In accordance with the requirements of the Accounting Act, the report on the PZU Group's non-financial information in 2022 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 2022.

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.

Legend of iconographics used in the report:



insurance



health



investments



banking



innovations



best practices in PZU and PZU Życie



best practices in subsidiaries

[GRI XXX-X]

GRI Standards

[UoR]

requirements of the Accounting Act

[IIRC]

International Integrated Reporting Council - IIRC







materiality matrix





Letter from the CEO

[GRI 2-22]



Beata Kozłowska-Chyła, Ph.D. Hab

President of the PZU Management Board

Dear Sir or Madam,

For the past three years, we have been operating in a volatile and dynamic environment, facing challenges on a global scale that we had not experienced before. The COVID-19 pandemic, the full-scale war in Ukraine, the energy and food crises, and the consequent inflation rise, with central banks tightening monetary policies, and the increasingly urgent need to respond to climate, demographic and technological challenges – all this affect the operating conditions of our business and the Polish economy as a whole, the lives of our employees, clients and all Polish people.

There is no doubt in my mind that the nexus of these risks should provide an additional impetus to accelerate the implementation of sustainable development principles. Crisis events have highlighted the importance of such matters as energy transition towards alternatives to imported fossil fuels, shortening supply chains, excellent employer-employee relations and social empathy. They also confirmed the validity of the goals we set in the PZU Group's "Balanced Growth" ESG Strategy for 2021-2024. The broad implementation of nonfinancial criteria in business: environmental impact, social

responsibility and corporate governance, is an economically and socially rational response to today's most important

We know that we can rise to these challenges by consciously taking responsibility for the environmental, social and economic impacts made by our organization. The PZU Group is today the largest financial conglomerate in Poland and Central and Eastern Europe. Thanks to our market position, our millions of clients and their trust in the PZU brand, we can significantly co-create market standards and influence social attitudes. This is why, when we launched our new four-year strategy, we clearly declared that we measured our success not only by the above-average financial results and ambitious business goals but also by the way we achieve them. We want to incorporate ESG factors as fully as possible at all management levels and in every field of the PZU Group's operations, and we want to encourage our stakeholders to do the same and help them along the way. The year 2022 was particularly important in this regard as it was the period for financial institutions to implement EU legislation on sustainable development.

Trusted Partner in green transformation

As an insurer, we find it crucial to support sustainable and responsible business that contributes to mitigating the negative effects of the climate change, including natural disasters, which cause massive damage. In this respect, we want climate neutrality to be achieved by our main companies by 2024; in the long term – by other entities in the Group, our suppliers and partners; and ultimately – also by our insurance and investment clients. In 2022, we reduced carbon emissions from PZU's and PZU Życie's own sources by 25.5 percent in total (location-based method). We also compensated for these part of the emissions we had failed to reduce in 2021 by purchasing certified offset credits, equivalent to 17,500 tonnes of CO2, via the UN platform. As much as 85 percent of the electricity contracted and purchased by PZU and 68 percent in the case of PZU Życie came from renewable sources, with RES accounting for 100 percent in locations covered by direct contracts with energy providers. Last September, we completed the relocation of over 4,500 employees to the state-of-the-art headquarters, PZU Park in Warsaw, which - thanks to the eco-friendly materials and technologies reduces the carbon footprint by more than 2,500 tonnes per year.

We are effectively building a position as a Trusted Partner in green transformation of the Polish economy. With the investments made in 2022, we have increased our support in this area to nearly PLN 720 million in total, of which PLN 420 million is a financial commitment to wind farm projects. We encourage our individual and corporate clients to join the transformation process also by introducing innovative eco products and services - from special insurance for RES installations and EV cars to funds enabling investments in shares of the world's leading renewable energy companies.

We create better quality of life for all

We are actively involved in solving major social problems. Actions taken to improve the quality of life of Poles in terms of financial security and health are of strategic importance to us. To this end, we are expanding our insurance offering: health, pension, bank and investment offers, for families, seniors, or for employers who want to take proper care of employees and their loved ones. We are successfully developing our prevention programs to reduce the post-pandemic "health gap" and promote a healthy lifestyle and prevention. Dobra Drużyna PZU (Good Team PZU) may serve as an example. The program supports children and young people in developing

their sporting passions. More than a total of 45,000 young athletes from 352 sport clubs, teams, unions, academies and associations were beneficiaries of the program in 2022 alone. We also sponsor outstanding athletes, who are idols and inspire our compatriots to be active as well as promote Poland in the world – like today's best tennis player, Iga Świątek. We also take satisfaction knowing that the PZU Group has contributed significantly to the leap in popularity of amputee soccer, a sport that activates and restores joy to children and adults with disabilities. The symbolic crowning moment of our extensive cooperation with the Amp Futbol Poland association was when a PZU Amp Futbol Ekstraklasa player won the prestigious FIFA award for the most beautiful goal in the world

In the face of the Russian aggression against Ukraine, the PZU Group has actively joined the nationwide campaign to help our neighbors affected by the war. In addition to the material and financial assistance we have given to refugees, reception centers at the border or hospitals in Ukraine, and apart from providing health care to Ukrainians, we have initiated an outof-the-box action using our insurance expertise. In the two months after the war had broken out, PZU, taking on the cost of premiums, issued more than 54,000 30-day third-party liability policies for cars of Ukrainian refugees entering Poland who had not managed to purchase mandatory insurance.

Modern, responsibly-managed organization

We also want to be a leader in the efficiency and transparency of our business and management model. Pursuing our strategy, we create the highest standards in relations with all our stakeholders. We consistently build our corporate culture and operational processes around the customer and their expectations, as evidenced by numerous national and international awards for the PZU Group's CX (customer experience) efforts. The quality of our investor relations is proven by the fact that PZU is regularly one of the leaders in the annual ranking of WSE companies best communicating with individual and institutional investors, co-created by the Chamber of Brokerage Houses.

We place great importance on developing excellent relationships with our employees. We create a diverse and inclusive work environment, providing equal opportunities for development and encouraging every employee to take advantage of them, as well as paying the same for the same work. We have authored many development programs, which inspire, help to stay abreast of the latest knowledge, and facilitate upskilling or retraining; however, we are equally concerned with the well-being of our employees, especially their physical and mental health, and family relationships. An important decision, which we made as early as in the spring of 2021, was to move eventually to the hybrid working

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INSURANCE | HEALTH | INVESTMENTS | BANKING



model. We achieved this last year with relocating to the new headquarters, fully ergonomic and adapted to the new expectations of our employees.

Our achievements in the area of sustainable development are recognized and appreciated. The improvement in the quality of ESG risk management is evidenced by the rating results as presented in this report, as well as by numerous awards and recognitions. To provide an example, in the latest edition of the well-known 2022 Responsible Companies Ranking, PZU took third place, the highest among state-owned companies. We also ranked second, and first in the financial sector, in last year's CCA survey assessing the climate awareness of WSE companies.

It is my great pleasure to present this report, which has been prepared with the utmost care and in accordance with the recognized standards and best practices applicable to nonfinancial reporting; the report also incorporates information requirements as set out in the new EU legislation. I hope that after reading this report, you will be convinced that the PZU Group is among the leaders in the actual implementation of the sustainable development principles and sets trends for the entire financial sector, and you will be inspired to take your own steps in this direction.

Respectfully

Beata Kozłowska-Chyła, Ph.D. Hab. President of the PZU Management Board

- 1.1. Scale of operations and impact
- 1.2. Balanced Growth
- 1.3. PZU in ESG rankings
- 1.4. Calendar of the most important events in 2022
- 1.5. Selected awards and distinctions



1.1. Scale of operations and impact

[GRI 2-1, 2-6]

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. 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 2022 total PLN 436.1 billion.



also part of the WIG ESG (sustainability) index.

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, TUW 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).



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.

Architecture of PZU Group brands (the "corporate umbrella" model)

the dominating PZU corporate brand





insurance



investments



health

PZU family brands







insurance

independent brands







insurance





financial employee

independent brands, banking segment







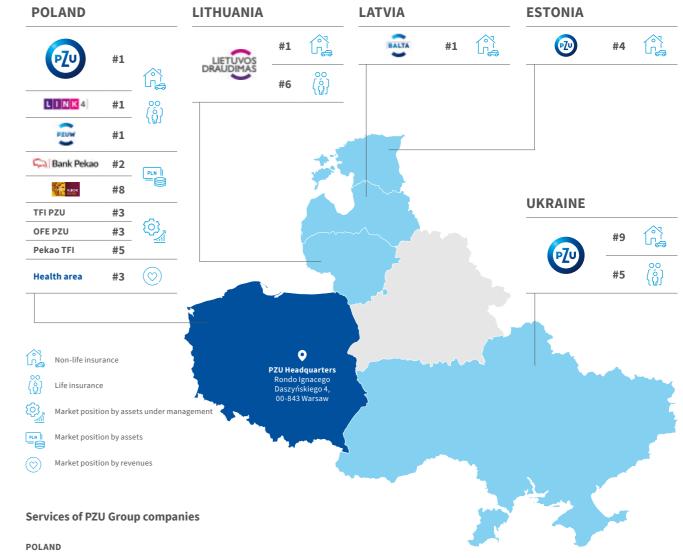
banking



investments

[GRI 2-1, 2-6]

Markets on which the PZU Group operates



Non-life insurance

- Powszechny Zakład Ubezpieczeń SA (PZU)
- LINK4 Towarzystwo Ubezpieczeń SA (LINK4)
- Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych (TUW PZUW)

Life insurance

• Powszechny Zakład Ubezpieczeń na Życie SA (PZU Życie)

Medical services

• PZU Zdrowie Group

Banking services

- Bank Pekao and Pekao Bank Hipoteczny
- Alior Bank

Management of pension funds

• Powszechne Towarzystwo Emerytalne PZU SA (PTE PZU)

$Creation, representing \ and \ management \ of \ mutual \ funds$

- Towarzystwo Funduszy Inwestycyjnych PZU SA (TFI PZU)
- Pekao TFIAlior TFI

Financial employee benefits

PZU Cash

LITHUANIA (Lietuvos Draudimas AB also has a branch in ESTONII)

Non-life insurance

Lietuvos Draudimas AB

Life insurance

• UAB PZU Lietuva Gyvybes Draudimas (PZU Litwa Życie)

LATVIA

Non-life insurance

AAS BALTA

UKRAINE

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Non-life insurance

PrJSC IC PZU Ukraine

Life insurance

• PrJSC IC PZU Ukraine Life Insurance

¹⁾ Continuous brand monitoring, CAWI, nat-rep 18-55, data for 2022

²⁾ Share of respondents from the target group declaring brand awareness after its recognition from a list

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 TUW PZUW. Visually, however, their logos are similar to the corporate brand.

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.

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

[GRI 2-6] [G4-FS14]



Among all the insurers operating in Poland PZU offers its clients the largest sales and service network.

It includes: 409 branches in Poland, including 189 in small towns and communities, 9.5 thousand tied agents and agencies, 3.7 thousand multiagencies, over 1 thousand insurance brokers and electronic distribution channels. When it comes to bancassurance and strategic partnership programs, PZU collaborates with 13 banks and 23 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 704 agents, 20 multiagencies and 459 brokers. PZU also cooperates with 5 banks and 12

strategic partners. In Ukraine insurance products are distributed through nearly 392 agents and in collaboration with 26 multiagencies, 38 brokers and 11 banks.



The PZU Group cooperates with close to 2,200 partner centers in health in over 600 towns and cities in Poland.

At the same time, it has been consistently developing the PZU Zdrowie's proprietary network of almost 130 medical centers. among others in Warsaw, Gdańsk, Poznań, Katowice, Wrocław, Kraków, Czestochowa, Radom, Płock and Opole. The PZU Group works with more than 9,000 pharmacies (about 70% of the market).



The PZU Group's clients in Poland have access to Bank Pekao's distribution network (597 branches) and Alior Bank's distribution network (534 branches).

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

The group, one of the largest employers in PL, employs 37.9 thousands people (FTE).

1.2. 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 thanks to doing business with an eye to environmental conservation while showing 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.

As the PZU Group strives to be a sustainable and responsible organization, it includes important social and climate challenges in its strategy. 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 response to the changing environment, PZU adopted the ESG Strategy "Balanced Growth" for 2021-2024, which has become an integral part of the business strategy. This document lays out the organization's ambitions in environmental protection, corporate social responsibility 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.

1.3. PZU in ESG rankings

In December 2022, in an environmental rating conducted by CDP, PZU received a grade of C (grading scale from highest: A/A-, B/B-, C/C-, D/D-) and thus recorded an increase from the D grade obtained in 2020 and 2021. The average grade in 2022 in the financial services area was "B-", in

Europe "B", and globally "C". Additional information: www. cdp.net/en



PZU received 38/100 points in the Corporate Sustainability Assessment issued by **S&P Global**. This score is 2 points lower compared to 2021 and 17 points higher compared to 2020. In 2022, PZU performed in the 45 percentile in the insurance sector in the S&P Global Corporate Sustainability Assessment, meaning

CDP

DISCLOSER

45% of companies reached an equal or lower ESG Score (score date: 23 September 2022).

Year 2022: in FTSE Russel's 2022 ESG ranking, PZU received a score of 3.4 (on a scale of 0 to 5, with 5 being the highest rating). In the insurance sector, PZU ranked in the 55th percentile.



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In addition, FTSE Russell (the trading name of FTSE International Limited and the Frank Russell Company) confirmed that PZU has been independently assessed in accordance with the FTSE4Good criteria and has met the requirements for inclusion in the FTSE4Good Index Series. Created by global index provider FTSE Russell, the FTSE4Good Index Series aims to measure the performance of companies demonstrating strong environmental, social and corporate governance (ESG) practices. The FTSE4Good indexes are used by many market participants to create and evaluate responsible investment funds and other products. Information about FTSE4Good Index Series, FTSE Russell: www.ftserussell.com/products/ indices/ftse4good

Year 2021: in FTSE Russel's 2021 ESG ranking, PZU received a score of 3.3 (on a scale of 0 to 5, with 5 being the highest rating). In the insurance sector, PZU ranked in the 41th percentile.



In 2022, PZU was rated BBB (on a scale of AAA to CCC) by MSCI ESG Ratings.3

CCC B BB MIN A AA AAA MSCI ESG Research

provides MSCI ESG Ratings

for global public and some private companies on a scale from AAA (leading) to CCC (deficient) according to exposure to industry-specific ESG risks and the ability to manage those risks compared to similar companies. Additional information: www.msci.com/documents/1296102/15233886/MSCI-ESG-Ratings-Brochure-cbr-en.pdf/7fb1ae78-6825-63cd-5b84f4a411171d34



In December 2022, Sustainalytics gave PZU an ESG risk rating of 18.6. This rating signifies a low risk of material financial impact related to ESG factors.4



In August 2021, PZU scored 37 points out of 100 in the ESG Assessment conducted by Moody's ESG Solutions, 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).

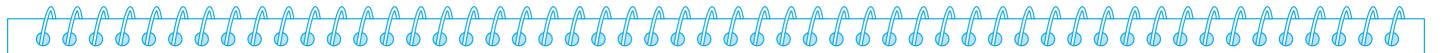
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1.4. Calendar of the most important events in 2022



JANUARY

PZU joined the III. Edition of the UNEP/GRID Warsaw Climate Leadership Program.

FEBRUARY

• PZU joined the Partnership for the Implementation of the Sustainable Development Goals of the Ministry of Economic Development and Technology.

MARCH

- PZU has joined the Partnership for the Implementation of Environmental Sustainable Development Goals "Together for the Environment" – an initiative launched on September 15, 2016 in Warsaw by the UNEP/GRID-Warsaw Center, in cooperation with the United Nations Environment Programme.
- PZU has expanded its suite of solutions for corporate fleet customers with a state-of-the-art fleet and safety management system, PZU iFlota

APRIL

- PZU has signed a financing agreement for four new wind farms in Pruszcz, Markowice, Wyszki and Piaski.
- PZU cyber-security and IT specialists took part in the largest international cyber-security exercise "Locked Shields 2022", which is organized by NATO. The Polish-Lithuanian team with their participation took 2nd place.

MAY

• PZU has joined the partnership of the United Nations Global Compact, the world's largest initiative bringing together sustainable business

JUNE

• The move of PZU's headquarters to the Generation Park Y skyscraper at 4 Daszyńskiego Roundabout in Warsaw has begun. The building received the prestigious Prime Property Prize 2021 in the "Green Building" category.

JULY

• A charity match "Iga Świątek and friends for Ukraine" was held in Krakow's TAURON Arena to raise funds to help children and teenagers affected by the war in Ukraine. The event raised PLN 2.5 million. The main sponsor of the match was PZU, which has been involved in aid since the beginning of the war in Ukraine.

AUGUST

 PZU has launched the "A minute for Skin" skin cancer prevention program. The medically certified SkinVision app, which uses artificial intelligence, allows users to check skin nevi. All it takes is a simple smartphone to take a picture and learn about skin cancer risk assessment in a matter of tens of seconds.

SEPTEMBER

• PZU has implemented the AiHome home mobility application. The application uses cuttingedge technology to support PZU employees in valuing household movable property, including in particular brown goods and white goods.

OCTOBER

• The publication of the "Report on the Health of Poles. Diagnosis after the COVID-19 pandemic", which was initiated by TUW PZUW under the substantive auspices of its Scientific Council.

NOVEMBER

• PZU branches were the first in the insurance industry in Poland to receive the international OK SENIOR® Quality Seal Certificate.

DECEMBER

 PZU, in cooperation with VivaDrive, has created the iFlota EV system, which will provide comprehensive and expert assistance in reducing CO2 emissions in the fleet.



1.5. Selected awards and distinctions

Digitization to serve the client better

PZU, for the second year in a row, won awards at the International Customer Experience Awards 2022. In 2022, it received silver in the "CX Team of the Year - B2C" category, and bronze in the "Best CX Innovation – Enterprises over 5,000 employees" category;

PZU was voted one of the most digitally friendly consumer brands by consumers, ranking first among insurers in the Polish market and seventh among brands from all industries in the "Digital Friendly Brand Index" report;

PZU received an honorable mention in the Technology Supporting CC Operations category of the Polish Contact Center Awards;

PZU has been named an EMEA finalist in The Digital Insurer international competition for its AI (Artificial Intelligence in Claims Handling) Assistant project;

In 2022, PZU received the Digital Republic award for 2021 for its overall work in implementing artificial intelligence in the handling of motor vehicle claims;

PZU Group has won two statuettes in the global "The Efma-Accenture Innovation In Insurance Awards 2022" competition. The golden statuette was awarded to the certified medical solution - "Skin Cancer Prevention with Artificial Intelligence", while silver was awarded to the project "Agro Lab" – a modern tool for appraisers handling agricultural damage;

PZU was among the most innovative companies that are changing reality in Poland. The SkinVision application, which supports the diagnosis and early detection of skin cancer, was recognized in the 12th edition of the "Wprost Innovators 2022" competition;

The "A minute for Skin" project has been named a finalist in the 2022 CIONET Digital Excellence Awards;

In the tenth edition of the e-Commerce Poland Awards, organized by the Chamber of Electronic Economy, the winner in the "Best online insurer" category was mojePZU. This year's edition went down in history as the record-breaking in terms of the number of entries and the most closely fought battle for victory. The statuettes went to companies and brands distinguished by their vision, innovative thinking and e-business successes.

Employer

As part of the Employer Branding Excellence Awards 2022, PZU received a distinction for its online campaign, "For Professionals. For You" were continued. The main idea of the competition is to reward and showcase the best employer branding practices in Poland;

PZU received an emblem and a special award as part of the "Friendly Workplace 2022" program conducted by the editors of the MarkaPracodawcy.pl portal. This recognized PZU's various initiatives to create a friendly and development- and knowledge-sharing-oriented work environment;

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

In the Powers of HyperAutomation competition in the area of Intelligent Assistants, PZU received a distinction for its Chatbot HR project;

LINK4 was awarded the title of Best Employer by "Gazeta Finansowa" for the second consecutive year. The company was recognized for its attention to the continuous development of its employees, through numerous training courses and workshops, as well as for its high level of comfort at work;

LINK4 has become a winner of the "Trustworthy Employer" competition. The purpose of the "Trustworthy Employer" initiative is to reward and promote companies that implement innovative employee policy projects. LINK4 received the distinction in the "Development and Digitalization" category, and was recognized for implementing modern technologies that not only improve the quality of services, but also achieve a higher comfort level:

LINK4 has received the "Investor in Human Capital" certificate, which is awarded to companies that implement personnel policies that are appreciated by employees. The award is determined by the employees' opinion of the employer;

AAS BALTA the best employer in the Baltics in the Kincentric Best Employers Baltics 2021 survey.

Bank Pekao was awarded Best Quality Employer for the second time, for exemplary respect for labor laws, concern for safety and working conditions, and implementation of innovative HR solutions.

Business

PZU took first place in the Institution of the Year poll – it was awarded the title of Best Insurer in Poland. PZU leads the

ranking in the category of best service quality in outlets and in the category of best service quality in remote channels;

In the "Friendly Insurance Company 2022" contest of the "Gazeta Bankowa" monthly magazine, the PZU Group won in all three award categories. PZU Życie won in the life insurance category, while PZU won in the other two categories of automobile insurance and non-life insurance. At the same time, a special award was given in the "Insurance Manager of the Year 2022" competition, which was given to PZU CEO, Beata Kozłowska-Chyła, Ph.D. Hab;

PZU and PZU Życie remain among the Super Ethical Companies. Both companies won the titles of Super Ethical Company for their efforts to build and strengthen an organizational culture based on ethics and principles of corporate social responsibility, distinguishing themselves from other companies in Poland. The competition is organized by the editors of Puls Biznesu, and its substantive partner is the auditing firm PwC. Winners are selected on the basis of analysis and verification of issues related to compliance management and ethics in the organization.

TUW Polski Zakład Ubezpieczeń Wzajemnych took first place in the Insurance Star Ranking. It was rated the highest among mutual insurance companies by the editors of "Dziennik Gazeta Prawna";

The inPZU Prudential Investment index fund received the Alpha 2022 award in the Polish Treasury securities category. This is a distinction awarded by Analizy Online the best investment funds on the Polish market for regularly generating above-average rates of return in relation to the risk incurred. The award nomination and honorable mention in the competition also went to PZU Sejf+ fund, which invests in short-term bonds;

LINK4's third-party motor insurance package took first place in the car insurance ranking prepared by "Gazeta Bankowa". The editors considered the scope and benefits of a policy extended with assistance;

The committee of the Customer Laurel Competition has recognized LINK4 as the Top Brand in 2022 in the direct motor insurance segment. In addition, LINK4 was awarded the gold Customer Laurel in the quality of individual client service in the insurance industry;

LINK4 was among the winners of the Economic Awards, winning first place in the Customer Friendly Company category. The award was given by the Union of Entrepreneurs and Employers. The competition committee appreciated LINK4 for the systematic introduction of pro-customer

solutions, such as the ability to track the status of a claim in real time, choose a repair shop or calculate compensation on their own:

PZU Zdrowie ranked third in Forbes magazine's "Top 200 Best Polish Brands" in the "medical centers" category;

PZU Zdrowie took second place in the "Top Brand 2022" ranking by Press magazine and PSMM Monitoring & More in the "networks – medical care" category;

Bank Pekao has been awarded the 2022 Golden Customer Laurel for the highest quality of e-banking services. Clients appreciated the superior quality of service in the Pekao24 online service and the PeoPay application;

In the Stars of Banking ranking organized by the editors of Dziennik Gazeta Prawna, Bank Pekao took first place in the "Growth" category;

In the 12th edition of the CEE Investment Awards organized by EuropaProperty.com. Bank Pekao has been named Central and Eastern Europe's best bank for financial support of the real estate market;

Alior Bank during the 7th edition of the "Institution of the Year" competition received 6 awards in categories: "Best service in remote channels", "Best service in a branch", "Best online banking", "Best mobile app", "Best bank for businesses", "Best remote account opening process". In addition, 23 branches of the bank were awarded the title: "Best Banking Facility in Poland":

Alior Bank took second place in the 13th edition of the "Golden Banker" poll in the categories: "Credit Card", "Cash Credit' and 'Personal Account", and received a special "Safe Bank -Best Practices" award for the security of electronic banking systems. In addition, the competition's chapter awarded Alior Bank a distinction in the "Safe Bank – Best Practices" category. The award in the area of cyber security was given to Alior Bank for the third time in a row;

Alior ranked first in the "Small and Medium Commercial Banks" category of the Techno Business Leader competition organized by Gazeta Bankowa;

Alior Bank has been named the winner of the Celent Model Bank Awards 2022 in the "Customer Service" category. The committee recognized the organization for its implementation of the InfoNina voicebot and speech analysis platform

Alior Bank has won the top prize at the Retail Banker International Global Awards in the "Best Banking Use of AI"

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category. The jury singled out InfoNin's voicebot and speech analysis platform.

In the "Golden Banker" ranking, Bank Pekao's Przekorzystne Account took first place in the personal account category.

Bank Pekao has won the title of Best Investment Bank in Poland awarded by Global Finance magazine. The award is based on criteria such as the number and size of completed ECM, SCM and M&A transactions, advisory and structuring capabilities, post-trade services (trading and secondary market pricing), product innovation and reputation in the market.

Social impact

PZU received an honorable mention in the CSR category for the "Good Team of PZU" project in the Institution of the Year ranking, prepared by the mojebankowanie.pl portal;

PZU took third place in the 16th edition of the Ranking of Responsible Companies in both the overall and industry rankings: "banking, financial and insurance sectors";

Alior Bank, in the 12th edition of the "Trustworthy Employer" plebiscite, received a special award for its special commitment to Ukraine and for being a leader in the financial sector in providing systemic assistance to refugees;

LINK4 was listed in the H&M Index 500 – a list of companies that have social responsibility written into their DNA and can be trusted. In addition, among the 50 most interesting CSR projects, the editorial board singled out LINK4's assistance to Ukraine.

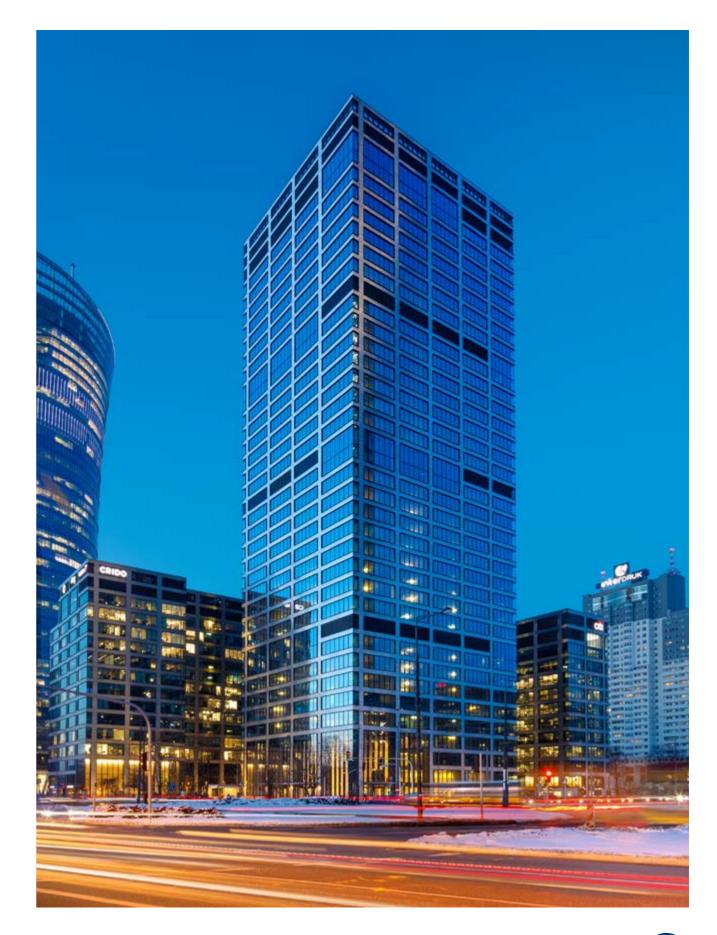
Other selected awards:

PZU was honored with the Polish Radio Economic Award, taking first place in the 6th edition of the ranking in the "Good Management" category;

PZU was runner-up in the CCA's Corporate Climate Awareness Survey conducted by the Reporting Standards Foundation, the Association of Listed Companies and Bureau Veritas Polska, in cooperation with Materiality PZU;

Both PZU and LINK4 received a distinction awarded to financial institutions that mediate with their clients at the Mediation Center of the Arbitration Court at the FSC and promote the idea of mediation and amicable resolution of disputes with their service recipients;

In "The Best Annual Report 2021" competition organized by the Institute of Accountancy and Taxes, which recognizes issuers' annual reports for their value in use by shareholders and investors. PZU received "The best of the best" special award for the fourth time, as well as a special award for the best integrated report in the "Banks and Financial Institutions" category.



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BUSINESS



Poland's best insurer ranked "Institution of the Year 2022"



PZU and PZU Życie winners of the competition "Friendly Insurance Company 2022" Gazeta Bankowa



PZU and PZU Życie: remain among the Super Ethical Companies



PZU TFI: Alpha 2022 statuette for inPZU Prudent Investments

BUSINESS



LINK4:







LINK4:



insurance segment for the quality of individual customer

service in the insurance industry

LINK4: Top Brand in 2022 in the direct motor First place in the ranking of car insurance prepared by "Gazeta Bankowa" for the and the Golden Laurel Customer Award package of motor third-party liability insurance

Winner of the Economic Awards of the Association of Entrepreneurs and Employers. First place in the Customer Friendly Company category

Alior Bank:

First place in the category "Small and medium commercial banks" in the competition Techno Business Leader organized by Gazeta Bankowa

BUSINESS





Second place in the categories: "Cash loan", "Credit card", "Personal account" in the category personal account in the and honorable mention in the category "Safe bank - best practices" in the Golden





Bank Pekao: The Convertible Account - First place

Golden Banker poll



Bank Pekao:

The best bank in Europe Central and market in the competition of the EuropaProperty.com portal



The titles of "Market Leader in Poland Eastern Europe supporting Real estate 2022" and "Best Services in Poland 2022" in the competition of the international magazine Euromoney in the edition "Best Trade Finance Survey 2021"



Bank Pekao:

Best Investment Bank in Poland according to Global Finance magazine according to Global Finance magazine



Bank Pekao:

Best Bank in Trade Finance in Poland



TUW PZUW:



First place in the Ranking of Insurance First place among insurers on the Polish Stars of Mutual Insurance Companies market and seventh place among brands awarded by "Dziennik Gazeta Prawna" of all industries in the Digital Friendly Brand Index report

INNOVATIONS



PZU:

Gold and silver statuettes in "The Efma-Accenture Innovation In Insurance Awards 2022," for the "Minute for Skin" and "AgroLab" projects, respectively



PZU: WPROST Innovator 2022

For the "Minute for Skin" prevention program



PZU:

"Minute for Skin" project a finalist in the CIONET Digital Excellence Awards 2022 competition

CSR



PZU:

EMEA finalist in The Digital Insurer international competition for its Al (Artificial Intelligence in Claims Handling) Assistant project

INNOVATIONS



Honorable mention in the Technology Supporting CC Operations category of the Polish Contact Center Awards



PZU:

Distinction of the Digital Republic for



Distinction in the CSR category for the Special award for special commitment Institution of the Year



project "Good Team PZU" in the ranking to Ukraine and being a leader in the financial sector in providing systemic aid to refugees

HR

HR



P7II:

Emblem and special award Friendly Workplace



PZU:

Honorable mention for the online in the Employer Branding Excellence Awards 2022



PZU:

Certificate "HR Highest Quality 2022" campaign - "For Professionals. For You" awarded by the Polish Human Resources Management Association (PSZK)



IR

Bank Pekao: Best Quality Employer 2022

CX





LINK4:

by "Gazeta Finansowa"



PZU:

Certificate "Investor in Human Capital" The title of Best Employer 2022 awarded Silver and bronze in the international competition International Customer **Experience Awards**



PZU:

The Best Annual Report 2021 "The Best of the Best" (fourth time)

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- Approach to management [IIRC] [GRI 2-9]
- Ethics [GRI 2-23]
- Human rights [GRI 2-23, 2-25]
- Cooperation with business partners [IIRC]
- Risk management [IIRC]
- Value Creation Model [IIRC] GRI [2-12]
- Strategy [IIRC] [GRI 2-22]











[IIRC] [GRI 2-9]

2.1. Approach to management

2.1.1. Conglomerate - framework of operation of PZU Group companies

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 PZU Group adopted the allocation of responsibilities and the methods for discharging the duties (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, including:

- 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 the obligation to introduce 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 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.

[2-13] [IIRC]

2.1.2. Corporate Governance Rules



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. On 29 June 2022, the PZU Shareholder Meeting adopted a resolution on their adoption for application. The Best Practices of WSE Listed Companies 2021 are a collection of corporate governance rules and rules of conduct that affect how public companies interact with their market environment.

2.1.3. Governing and supervisory bodies of PZU and PZU Życie

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 corporate body;

- **objective** the Shareholder Meeting adopts decisions regarding PZU's organization and operation;
- regulations it operates on the basis of the Commercial Company Code, PZU's Articles of Association and the Rules and Regulations of the PZU Shareholder Meeting; resolutions are adopted by an absolute majority of votes, except in special cases provided for in the relevant laws.

[GRI 2-9, 2-10, 2-11, 2-12]

Supervisory Board

- **objective** the Supervisory Board continually supervises PZU's operations;
- regulations its organization and operation are laid down in the Commercial Company Code, PZU's Articles of Association and PZU Supervisory Board's Rules and Regulations;
- composition seven to eleven Members with relevant competences to serve as the supervisory body; Supervisory Board members do not hold high-level positions in the organization;
- appointment Supervisory Board members are appointed by the Shareholder Meeting for a joint term of office which lasts three consecutive full financial years;
- nomination and selection process Supervisory Board candidates are assessed in terms of their suitability for the Supervisory Board and the PZU SA Audit Committee. adopted by the Shareholder Meeting. The candidate verification process is carried out based on the following criteria: competence, trustworthiness, including reputation

and credibility, independence of the Supervisory Board Member, independence of judgment, including the absence of conflicts of interest and devoting sufficient time to serve as a Supervisory Board Member.

A candidate for a Member of the Supervisory Board should have a relevant educational background, particularly in insurance, banking or finance, economics, law, accounting, auditing, management, mathematics, physics, computer science, administration, financial regulation, information technology and quantitative methods. It is important that the person being assesses has specific professional credentials, in particular the credentials of an actuary, auditor, investment advisor, legal counsel or attorney. The assessment of suitability also takes into account the diversity policy adopted by the Shareholder Meeting for Members of PZU bodies;

• **supervision** – the powers of the Supervisory Board include continuous supervision over the ongoing operations and development of PZU in all areas of its business, also in terms of identification and management of the impact that the organization has on the economy, environment and people. The Supervisory Board may delegate its Members to fulfill specific supervising activities on their own; appoint temporary or standing committees of the Supervisory Board composed of Supervisory Board Members to perform certain supervisory activities (Supervisory Board committee). In order to perform its obligations, the Supervisory Board may inspect all Company documentation, revise the Company's property and request that the Management Board, commercial proxy [prokurent] and persons hired by the Company under employment agreement or performing work for the Company on a regular basis under a specific-work agreement, service agreement or another, similar agreement, compile or provide any and all information, documents, statements or explanations regarding the Company, in particular its operations and property. Such request may also relate to information, statements or explanations regarding affiliates and subsidiaries that such a body or person is in possession of.

Supervisory Board - suitability assessment

Supervisory Board Members undergo suitability assessment regularly – at least once a year. The assessment is conducted by the Shareholder Meeting on the basis of the report submitted by the Supervisory Board. The periodic individual suitability assessment of Supervisory Board Members comprises verification based on the following criteria:

- competence;
- guarantee, including reputation and reliability;

- independence of the Supervisory Board Member;
- independent judgment, including no conflict of interest, and sufficient time dedication to the position of the Supervisory Board Member.

The suitability assessment result may be:

- positive;
- · positive with recommendation;
- · negative.

If the suitability assessment is positive with recommendation, some remedies will be indicated to be implemented by the Member within a specified time. Relevant remedies may include, in particular: taking actions to minimize conflict of interest, organizing training for individual Supervisory Board Members or the entire Supervisory Board, in order to ensure appropriate individual and collective suitability.

If the individual suitability assessment of a Supervisory Board Member is negative, the Shareholder Meeting takes necessary actions to ensure individual suitability, in particular it may issue recommendations on training for some or all Supervisory Board Members, or remove a given Member from the Supervisory Board.

At present, all Members of the Supervisory Board had a positive suitability assessment.

[GRI 2-12, 2-18]

PZU Supervisory Board's activity in 2022

In 2022, the Supervisory Board held 17 meetings, at which it adopted 174 resolutions. It also adopted 9 resolutions between meetings by written procedure. These resolutions pertained to all the areas of the PZU's business and were consistent with the scope of oversight functions defined by the requirements of the generally binding law, the Insurance and Reinsurance Activity Act of 11 September 2015, KNF's recommendations, corporate governance rules and the ones described in PZU's Articles of Association and the Supervisory Board Rules and Regulations.

At its meetings held in 2022, the Supervisory Board regularly reviewed and evaluated the performance of both the PZU Group and its distinct business divisions in relation to the financial plan. The Supervisory Board also discussed and accepted other legally-required detailed reports on various areas of the PZU's business, including, among others, regular reports on risk, compliance, audit and IT security. On top of that, the Supervisory Board monitored the execution of the PZU Group Strategy for 2021–2024 on an ongoing basis. In connection with the amendments to the Commercial Company Code, the Supervisory Board adopted a resolution on establishing rules for the provision of information by the Management Board of PZU on the main areas of the company's

[GRI 2-

Supervisory Board of PZU and PZU Życie as at 31 December 2022¹

PZU	PZU Życie	
Robert Jastrzębski Supervisory Board Chair, independent Member	Beata Kozłowska-Chyła Supervisory Board Chair	
Paweł Górecki Supervisory Board Deputy Chair, independent Member	Piotr Głod Supervisory Board Deputy Chair	
Robert Śnitko Supervisory Board Secretary, independent Member	Marcin Szuba Supervisory Board Secretary	
Marcin Chludziński Supervisory Board Member, independent Member	Marta Bekus-Majewska Supervisory Board Member	
Agata Górnicka Supervisory Board Member, independent Member	Beata Bieńkowska Supervisory Board Member	
Elżbieta Mączyńska-Ziemacka independent Supervisory Board Member	Norbert Dworak Supervisory Board Member	
Krzysztof Opolski Supervisory Board Member, independent Member	Marcin Kowalczyk Supervisory Board Member	
Radosław Sierpiński Supervisory Board Member	Kamil Kowaleczko Supervisory Board Member	
Piotr Wachowiak independent Supervisory Board Member	Joanna Szandorowska Supervisory Board Member	
Józef Wierzbowski independent Supervisory Board Member		
Maciej Zaborowski independent Supervisory Board Member		
operations as referred to in Article 3801. The Board received		

operations, as referred to in Article 3801. The Board received information on the subject of resolutions adopted by PZU's Management Board and significant events in the conduct of the company's affairs, particularly in the operational, investment and personnel areas, including with regard to subsidiaries, which fulfilled its obligations under Article 380¹ of the Commercial Company Code.

In addition, the Board also received information on the measures implemented by PZU in connection with the COVID-19 pandemic, as well as information on the activities of Ukrainian PZU Group companies and the assistance provided to Ukraine in connection with the ongoing armed conflict in that country.

The Supervisory Board meetings in 2022 were held in the hybrid form – some Supervisory Board Members participated in the meetings on site and some remotely.

[GRI 2-9, 2-10, 2-12]

Management Board

• tasks – the Management Board is the Company's statutory body responsible for conducting its affairs and representing it before third parties. It 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. It acts to integrate and develop the PZU Group and its entities. In its actions, the Management Board respects internal regulations of members of the PZU Group. As the statutory body, it exercises all the powers related to managing the Company, except for the powers reserved for the Scope and the Shareholder Meeting by the prevailing provisions of law and the Company Articles of Association;

- regulations 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;
- composition three to eight Members appointed for a joint term of office spanning three consecutive full financial years, who share between them the adequate knowledge, experience and skills to supervise PZU's operations, and in particular they collectively have relevant qualifications in terms of their knowledge of the insurance market and financial markets, business strategy and model, management system, financial and actuarial analysis, legal frameworks and requirements for the operation of PZU and corporate governance followed by the Company;
- representation two Management Board members acting jointly or one Management Board member acting with a commercial proxy;
- appointment Management Board Members, including its
 President, are appointed by the Supervisory Board after the
 recruitment procedure has been completed to verify and
 assess qualifications of the candidates and choose the best
 candidate. The assessment of the candidates primarily relies
 on verifying whether they meet the criteria provided for in
 the PZU Articles of Association and the prevailing provisions
 of law. Consideration is also given to the diversity policy
 adopted by the Shareholder Meeting for Members of PZU
 bodies:
- nomination and selection process Management Board candidates are assessed on the basis of the Management Board suitability rules adopted by the Shareholder Meeting. The candidate verification process is based on the following criteria: competence, guarantee (of reputation and reliability), independent judgment (including no conflict of interest) and sufficient time dedication to the position of the Management Board Member. A candidate for a Member of the Management Board should have a university degree, particularly in insurance, banking or finance, economics, law, accounting, auditing, management, mathematics, physics, computer science, administration, financial regulation, information technology and quantitative

methods. It is important that the person being assesses has specific professional credentials, in particular the credentials of an actuary, auditor, investment advisor, legal counsel or attorney. The assessment of suitability also takes into account the diversity policy adopted by the Shareholder Meeting for Members of PZU bodies;

[GRI 2-12]

 supervision – PZU Management Board Members exercise oversight with respect to processes within their areas, the scope of which is set out by the CEO in an order on organizational oversight performed in the Company by PZU Management Board Members and entrusting the functions of the Heads of Divisions. The document in detail regulates the responsibility of the respective Management Board Members for oversight with respect to individual PZU organizational structures.

[GRI 2-18]

Management Board - suitability assessment

The individual suitability assessment of Management Board Members is conducted by the Supervisory Board, as this is their appointing body. The assessment is separate for each Management Board Member, and it is not required to prepare a written report which comprises suggested results.

The periodic individual suitability assessment of Management Board Members comprises verification based on the following criteria:

- competence;
- guarantee, including reputation and reliability;
- independent judgment, including no conflict of interest, and sufficient time dedication to the position of the Management Board Member.

The analysis of the documentation required for the suitability assessment of Management Board Members is conducted by the Nomination and Compensation Committee of the Supervisory Board, which also submits to the Supervisory Board a proposal for the assessment of the individual suitability of each Management Board Member. Based on the submitted assessment proposals, the Supervisory Board makes the final suitability assessment.

The Management Board Member suitability assessment result may be:

- positive;
- positive with recommendation;
- negative.

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If the suitability assessment is positive with recommendation, some remedies will be indicated to be implemented by the Member within a specified time. Relevant remedies may include, in particular: taking actions to minimize conflict of

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The current compositions of the Supervisory Board of PZU and PZU Życie is available at www.pzu.pl

interest, organizing training for individual Management Board Members or the entire Management Board, in order to ensure appropriate individual and collective suitability.

If the individual suitability assessment of a Management Board Member is negative, the Supervisory Board takes necessary actions to ensure individual suitability, in particular it may issue recommendations on training for some or all Management Board Members, or remove a given Member from the Management Board.

The term of office of the PZU Management Board, encompassing the financial years 2020–2022, ended on 31 December 2022. On 16 December 2022, the PZU Supervisory Board appointed the Management Board for another term of office beginning 1 January 2023 and encompassing three full financial years 2023-2025. The individual and collective suitability assessments of PZU Management Board confirmed that both each Member of the Management Board and the Management Board as a whole have the appropriate knowledge and skills and meet all the suitability criteria necessary to perform their functions.

Management Board of PZU and PZU Życie as at 31 December 2022²

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

²⁾ The current compositions of the Management Board of PZU and PZU Życie is available at www pzu p

[GRI 2-11, 2-12, 2-13]

Group Directors

PZU and PZU Życie have a common management model, under which there are positions of PZU Group Directors. The rules for the creation and appointment and dismissal of these positions are set forth in the companies' organizational regulations.

According to the adopted model, persons serving as PZU Życie Management Board Members may simultaneously be employed as PZU Group Directors in PZU. Similarly, persons serving as Members of the PZU Management Board may be simultaneously employed as PZU Group Directors in PZU Życie. In the adopted model, PZU Group Directors in PZU / PZU Życie are responsible for the same structures and business areas for which they are responsible as PZU / PZU Życie Management Board Members.

PZU Group Directors at PZU who are Management Board Members of PZU Życie, and PZU Group Director at PZU Życie who are Management Board Members of PZU, and the senior management reporting directly to PZU and PZU Życie Management Board Members in line with their substantive scopes actively support the PZU and PZU Życie Management Boards in preparing the strategy, strategic objectives, including ESG goals, and any and all Company internal regulations.

The following persons served as PZU Group Directors in PZU in 2022:

- · Aleksandra Agatowska
- · Bartłomiej Litwińczuk
- Dorota Macieja
- Krzysztof Szypuła (from 4 February 2022 to 31 December 2022)
- Andrzej Jaworski (from 15 April 2022)

The following persons served as PZU Group Directors in PZU Życie in 2022:

- · Krzysztof Kozłowski
- Małgorzata Sadurska (from 15 April 2022)
- Piotr Nowak (from 28 April 2022)

Sylwia Matusiak took over the position of PZU Group Director in PZU on 1 January 2023.

Małgorzata Skibińska took over the position of PZU Group Director in PZU and PZU Życie on 1 February 2023.

[GRI 2-9]

Scopes of responsibility of Management Board Members

Name	Function in the PZU Group	Scope of responsibility (as at 31 December 2022)
Beata Kozłowska-Chyła	President of the PZU Management Board since 2 October 2020 / Acting President of the PZU Management Board from 12 March to 1 October 2020	internal audit, compliance, PZU Group strategy, strategic analysis, corporate communication, reinsurance
Aleksandra Agatowska	Member of the PZU Management Board from 24 October 2019 until 19 February 2020 / PZU Group Director at PZU from 25 March 2016 to 23 October 2019, and again since 20 February 2020 President of the PZU Życie Management Board since 15 February 2021 / Acting President of the PZU Życie Management Board from 19 February 2020 to 14 February 2021 / Member of the PZU Życie Management Boardfrom 25 March 2016	PZU and PZU Życie: client experience management PZU Życie: internal audit, compliance, PZU Group strategy, strategic analysis, corporate communication, reinsurance, support for customer service processes
Ernest Bejda	Member of the PZU Management Board since 4 May 2020 Member of the PZU Życie Management Board since 25 August 2021 / PZU Group Director at PZU Życie from 4 May 2020 to 24 August 2021	PZU and PZU Życie: security, purchasing, analysis and efficiency of processes, insurance operations, claims and benefits handling, assistance, remote customer service, digitization of processes, development of digital services and platforms, after-sales customer service
Małgorzata Kot	Member of the PZU Management Board since 10 September 2020 / Director of the PZU Group at PZU from 16 April to 9 September 2020 Member of the PZU Życie Management Board since 16 April 2020	PZU and PZU Życie: PZU branch network management, retail sales (channels: exclusive, multi-agency, brokerage), remote sales, retail distribution strategy, retail sales support, sales analysis PZU: retail sales (dealer channel) PZU Życie: agency sales, corporate sales
Krzysztof Kozłowski	PZU Management Board Member since 4 August 2021 PZU Group Director at PZU Życie since 4 August 2021	PZU and PZU Życie: corporate management, corporate governance in the PZU Group, administration, project management PZU: business development of the PZU Group
Tomasz Kulik	Member of the PZU Management Board since 14 October 2016 Member of the PZU Życie Management Board since 19 October 2016	PZU and PZU Życie: actuarial science, finance

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Name	Function in the PZU Group	Scope of responsibility (as at 31 December 2022)
Piotr Nowak	Member of the PZU Management Board since 28 April 2022 PZU Group Director at PZU Życie since 28 April 2022	PZU and PZU Życie: investment, IT, innovation
Maciej Rapkiewicz	Member of the PZU Management Board since 22 March 2016 Member of the PZU Życie Management Board since 25 May 2016	PZU and PZU Życie: risk
Małgorzata Sadurska	Member of the PZU Management Board from 13 June 2017 PZU Group Director at PZU Życie since 15 April 2022 / Member of the PZU Życie Management Board from 19 June 2017 to 14 April 2022	PZU and PZU Życie: assurbanking, bancassurance and strategic partnership programs, corporate business development, marketing, sponsorship, prevention PZU: corporate sales, corporate product management, analysis, underwriting and risk assessment of corporate insurance, financial risk insurance, corporate business services PZU Życie: protection banking products, investment products, investment product sales
Krzysztof Szypuła	PZU Group Director at PZU from 4 February 2022 to 31 December 2022 / Member of the PZU Management Board from 10 September 2020 to 4 February 2022 Member of the PZU Życie Management Board from 10 September 2020 to 31 December 2022	PZU and PZU Życie: health product management, strategic management of product offering, underwriting, actuarial tariff, CRM PZU: management of mass products and insurance programs PZU Życie: management of group and individual products
Andrzej Jaworski	Member of the PZU Życie Management Board since 15 April 2022 PZU Group Director at PZU since 15 April 2022	PZU and PZU Życie: health insurance
Bartłomiej Litwińczuk	Member of the PZU Życie Management Board since 19 August 2016 PZU Group Director at PZU since 19 August 2016	PZU and PZU Życie: HR, consulting and legal services
Dorota Macieja	Member of the PZU Życie Management Board since 15 March 2017 PZU Group Director at PZU since 15 March 2017	PZU and PZU Życie: sustainable development, customer communication, real estate

2.1.4. Management Board Committees of PZU and PZU Życie

Committees are collegial structures operating at the Central Office of PZU and the Central Office of PZU Życie. They are established and disbanded by the Management Board. Committees issue opinions and make decisions in matters regulations of a given committee.

In 2022, the following standing committees operated in PZU

- Actuarial, Operational and Model Risk 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 – collegial structure vested with the powers of a committee, with the purpose of oversight over the operation of the business continuity management system and implementation of tasks specified in the business continuity plan, and crisis situation management at PZU and PZU Życie. Furthermore, PZU has the ESG Committee, appointed in addition to standing committees, which handles topics for the entire PZU Group.

Management Board Members and PZU Group Directors participate in the work of standing committees.

within their area of operation defined in the rules and

and PZU Życie:

- PZU Pricing Committee (only at PZU)
- · Data Governance Committee;
- · Innovations Committee;
- Investment Committee
- · Cost Committee;

PZU Pricing Committee

To set out the pricing policy in line with the PZU strategy

- $\bullet \ \ determining \ pricing \ strategy \ and \ tactics \ by \ preparing \ guidelines \ for the \ PZU \ Central \ Office's \ organizational \ units \ responsible$ for pricing product groups or insurance products in terms of price rates and product profitability assumptions;
- monitoring pricing actions taken by the directors authorized by the Management Board;
- · monitoring main indicators of key insurance products, including profitability and claims ratio.
- adopting a position on other key issues that influence product profitability and tariff mechanisms.

Data Governance Committee

Purpose

To coordinate Data Governance processes at PZU and PZU Życie

- supervising the implementation of Guideline 8 specified in the "Guidelines on the Management of Information Technology and ICT Environment Security for Insurance and Reinsurance Undertakings" dated 16 December 2014, issued by the Polish Financial Supervision Authority;
- setting a Data Governance Strategy;
- · approving draft Data Governance Policy and recommending its adoption by the Management Board;
- · approving the draft Solvency II Data Quality Management Policy and recommending its adoption by the Management Board;
- controlling and enforcing the rules laid down in the Data Governance Policy and the Solvency II Data Quality Management Policy;
- · monitoring the level of data quality and the effectiveness of data quality process on the basis of annual reports by the Data Quality Coordinator;
- · issuing recommendations on the implementation of significant data quality improvement initiatives on the basis of the Data Governance Coordinator's recommendations; prioritizing them and specifying the source of funding;
- deciding disputes over data quality, as presented by the Data Governance Coordinator;
- accepting the assignment of departments and organizational units of PZU and PZU Życie to the function of Data Owner;
- deciding whether to deviate from the rules set forth in the Data Governance Policy and the Solvency II Data Quality Management Policy.

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Innovations Committee

Purpose

To coordinate and manage overall innovation at PZU and PZU Życie

Tasks

- reviewing and providing guidance for the PZU Group Innovation Strategy;
- identifying areas of innovation exploration;
- managing the portfolio of potential and ongoing innovations, in particular making decisions recognizing the subject
 of purchases as innovation and approving purchases in accordance with internal acts applicable at PZU and PZU Życie;
- approving rules and regulations of competitions and choosing winners of innovation competitions.

Investment Committee

Tasks

- · making investment decisions:
- a) on individual transactions to the extent specified in the Annex to the Investment Rules and Regulations;
- b) on individual transactions, regardless of the amount limits set forth in the Annex to the Investment Rules and Regulations, within the scope of its competence provided that the opinion of the Risk Department is negative.
- c) on the size of assets denominated in foreign currencies and on the foreign currency position;
- · reviewing investment decisions:
- a) opiniowanie transakcji powyżej 50 mln zł realizowanych w ramach funduszy TFI PZU, których PZU lub PZU Życie są jedynymi o reviewing transactions above PLN 50 million carried out within TFI PZU funds where PZU and/or PZU Życie are the only participants – upon the request of TFI PZU;
- b) reviewing investment decisions upon the request of the Management Board Member supervising the Investment Division;
- setting exposure limits by specifying credit limits and limits of concentration on a single entity or a group of entities up to and including PLN 600 million;
- deciding on risk acceptance in the area of financial insurance within the scope as specified in the Resolution of the PZU Management Board determining authorizations to accept risk in the area of financial insurance;
- deciding how to vote at a meeting of the investment fund participants or investors if the subject of such a meeting is the fund's investment
 decision, issuance of new investment certificates, issuance of bonds, establishment of additional investment limits, liquidation of the fund,
 merger of funds, or acquisition of the investment fund management by another company;
- reviewing voting instructions for meetings of shareholders, partners, bondholders, participants or investors of investment funds
 if the subject of such meetings is different than matters specified in the preceding point upon request of the President of the Management
 Board or the Management Board Member supervising the Head Office's organizational unit that exercises corporate governance
 over the entity in question.

Cost Committee

Purpose

To coordinate efforts to reduce PZU's and PZU Życie's costs, in particular fixed costs of insurance business, in line with PZU Group strategy

Tasks

- identifying areas of PZU's and PZU Życie's operations where cost reduction and savings can be achieved, in particular with regard to fixed costs;
- setting out the cost strategy by preparing guidelines for departments and organizational units;
- monitoring the level of costs in each area of PZU's and PZU Życie's operations;
- adopting a position on key cost reduction issues;
- cyclical monitoring of the effects of the cost optimization solutions as implemented and evaluating the achievement of goals set for the working teams:
- deciding whether to apply for special awards to members of working teams.

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Actuarial, Operational and Model Risk Committee

Scope

Taking actions in the area of actuarial, operational and model risk (the latter applies to the models covered by the Model Risk Management Policy at PZU and PZU Życie) as regards:

- acceptable sizes of risks;
- risk management principles and methodologies;
- management activities in the risk monitoring process.

Tasks

- reviewing draft internal rules, regulations or decisions submitted to the Management Board;
- · approving the model validation plan;
- accepting model validation results and validation recommendations;
- · approving key operational risk indicators;
- approving the operational risk self-assessment study report;
- issuing recommendations for the relevant departments and organizational units of PZU and PZU Życie regarding management activities in the following areas: model risk, significant operational risk incidents, actuarial risk, and return on actuarial risk capital;
- recommending relevant departments and organizational units of PZU and PZU Życie to take actions with regard to product profitability if it is below certain thresholds;
- approving key actuarial risk indicators;
- recommending reinsurance program assumptions to the Management Board;
- monitoring the implementation of the Management Board's decisions and the Committee's decisions regarding the scope of the Committee's activities, in particular through:
- a) monitoring mitigation activities for operational risks which have been rated at increased or higher level in the self-assessment study;
- b) being informed about the results of operational risk scenario analyses and monitoring risk mitigation activities as planned;
- c) being informed about the return on actuarial risk capital (Return on Risk Capital Report);
- d) being informed about PZU's and PZU Życie's product profitability.

PZU Group's Risk Committee

Purpose

To coordinate activities and supervise the risk management system and processes present in PZU, PZU Życie and PZU Group, in particular at the level of the financial conglomerate of the PZU Group (hereinafter "financial conglomerate").

Tasks

Scope of tasks:

- monitoring the level of capital adequacy of the PZU Group or its entities;
- supervising the risk management system of the PZU Group or its entities;
- supervising the management system and processes for the following risks:
- a) actuarial risk,
- b) market risk,
- c) credit risk,
- d) operational risk, with a focus on IT and security risk,
- e) compliance risk,
- f) other risks that may affect the solvency or reputation of the PZU Group or its entities

in terms of monitoring and assessing these risks as well as deciding whether they should be accepted or mitigated;

- · exercising supervision in the context of the PZU Group functioning as a financial conglomerate, in particular supervising:
- a) capital adequacy of the financial conglomerate and the strategy in this respect;
- b) area of intragroup transactions;
- c) area of risk concentration in the financial conglomerate;

- d) area of risk management and internal control;
- supervising the preparation of reports for regulatory authorities or other reports as stipulated by applicable laws and related to the scope of the Committee's tasks this supervision is exercised, in particular, through:
- a) providing the Management Board with opinions and recommendations on the risk strategies, policies and procedures;



- b) monitoring the size of risk appetite, and providing the Management Board with recommendations on the size of risk appetite, including on its changes;
- c) setting limits and recommending actions to mitigate risks;
- d) accepting quarterly risk reports;
- e) accepting the report on the intragroup transactions in the financial conglomerate before it is submitted to the regulatory authority;
- f) reviewing transactions and business initiatives that can affect the level of risk or solvency of the PZU Group or its entities;
- g) accepting the report on the significant risk concentration at the level of the financial conglomerate before it is submitted to the regulatory authority;
- h) Providing the Management Board with the opinion and recommendations on the following:
 - regulations ensuring the effectiveness of risk management and covering, in particular, necessary actions to be taken in regulated entities to measure, analyze and control risk at the financial conglomerate level,
 - rules of conduct regarding the preparation and development of relevant recovery and restructuring plans and arrangements, as the need may be,
 - capital adequacy procedures to determine and measure the risk level and identify the level of own funds or own resources appropriate for that risk,
 - information and accounting procedures to effectively identify and control intragroup transactions in the financial conglomerate and cases of significant risk concentration,
 - internal control procedures to ensure the effective acquisition and transmission of all data and information that may be relevant for the purposes of supplementary supervision,
 - PZU Group's corrective measures plan;
- i) reviewing corrective measures plans of the PZU Group's entities;
- j) accepting the ORSA report of the PZU Group, PZU and PZU Życie;
- k) accepting tress testing scenarios for purposes of ORSA or the PZU Group's corrective measures plan;
- l) accepting the capital adequacy report of the PZU Group, PZU and PZU Życie;
- m) monitoring and recommending the size of risk appetite (including its changes) for the PZU Group or its entities;
- n) reviewing action proposals in the area of capital management in the PZU Group or its entities;
- o) monitoring the risk level in the PZU Group's entities, taking into account stress tests and BION assessments;
- p) providing the PZU Group's entities with recommendations on risks and risk concentration.

Investment Risk Committee

Scope

Taking actions in the area of market risk, credit risk and concentrations regarding:

- acceptable sizes of risks,
- risk management principles and methodologies,

 $taking\ management\ actions\ in\ the\ process\ of\ risk\ management\ at\ the\ level\ of\ individual\ exposures,\ investment\ portfolios\ and\ financial\ insurance\ where\ the\ credit\ risk\ is\ present.$

Tasks

- reviewing draft resolutions or communications to be submitted to the Management Board;
- determining the distribution of the maximum allocation of the tolerance for the above risks among organizational structures and investment managing entities;
- approving documents regarding risk management principles and methodologies;
- deciding on the application of individual deviations from management principles and methodologies for the above risks;
- establishing rules for cyclical reporting and monitoring of credit and market risks of each PZU's and PZU Życie's portfolios;
- approving investment targets and guidelines or investment restrictions with regard to risk limits for PZU's and PZU Życie's organizational units and investment managing entities;
- specifying credit limits and limits of concentration on a single entity or a group of entities above PLN 600 million;
- setting limits and restrictions on exposure to each type of financial insurance;
- setting limits on exposure to the portfolios of loans and credits granted to bank clients as a result of cooperation in the field of bank credit insurance;
- · setting limits on the concentration of exposures to countries, sectors or industries and other aggregate exposures;
- monitoring the implementation of the Management Board's decisions and the Committee's decisions regarding the scope of the Committee's activities, in particular through endorsing reports on:

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- a) risks of PZU's and PZU Życie's exposures to foreign countries and to sectors and industries,
- b) risks of each PZU's and PZU Życie's investment portfolio,
- financial insurance portfolios where the credit risk is present.

Sponsorship, Prevention and CSR Committee

Purpose

To ensure that PZU and PZU Życie properly conduct sponsorship, prevention and CSR activities, as well as to supervise these areas and ensure consistency of the activities

Tasks

- processing applications for sponsorship or prevention actions in accordance with the PZU's and PZU Życie's Sponsorship or Prevention Rules and Regulations;
- · specifying the substantive unit whose budget is used for a sponsorship or prevention action in question;
- accepting reports on sponsorship or prevention actions completed in a given year by PZU and PZU Życie;
- monitoring sponsorship and prevention actions, in particular those of the value equal to and exceeding PLN 1,000,000 gross separately for PZU or PZU Życie;
- deciding whether to deviate from the rules set forth in the
- Sponsorship or Prevention Rules and Regulations;
- laying down detailed rules and guidelines for the performance of prevention actions;
- setting out a model prevention clause to be applied in the insurance offering and accepting a prevention clause that deviates from the model one;
- · supervising the performance of CSR tasks.

Property Sales Committee

Purpose

To ensure proper implementation of the sales process of real property of PZU and PZU Życie

Tasks

- to issue recommendations and take decisions regarding the sale of real property within the scope provided for in the "Sales process of real property" adopted under a resolution of the Management Board;
- to take other decisions connected with the real property sales process.

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Procurement Committee

Purpose

To facilitate the goods and services supplier selection procedure and monitor cooperation with suppliers following the PZU Group's strategy

Tasks

- to take decisions regarding handling procurement demands or the final shape of the description of the subject matter of the procurement, upon the request of the Purchasing Department, in the event that such description may not be agreed upon between the Purchasing Department and the ordering unit or project;
- to recommend additional activities or provide additional information by the ordering unit, project of the Purchasing Department, within the specified time limit, provided that such activities are required to take the decision on the final form of the demand;
- to decide whether to initiate the renegotiation process regarding terms and conditions of a contract which is in force at that time or whether to terminate a contract, upon a justified request of the Purchasing Department, in the absence of an agreement between the Purchasing Department and a business owner of a given matter;
- to control certain purchasing projects implemented without the Purchasing Department, or to order the Purchasing Department to conduct such a control:
- to decide not to invite a tenderer to join the purchasing procedure, or to suspend or limit cooperation with a supplier;
- to decide to exclude a tenderer in the course of the process of selecting suppliers in the event referred to in the Goods and Services Supplier Selection Procedure or the Goods and Services Supplier Selection Procedure under the New Procurement Model.



Asset and Liability Management Committee

Tasks

- to issue opinions on decisions regarding the strategic structure of deposits to ensure that PZU and PZU Życie have an appropriate level of security, financial liquidity, profitability and investment portfolio quality, and to provide recommendations for management boards or organizational structures of PZU and PZU Życie, including:
- a) issuing opinions on and recommending an investment strategy,
- b) recommending levels of technical rates,
- c) recommending actions aimed at increasing own funds or securing liquidity;
- · taking decisions on:
- a) principles of managing the Company's financial liquidity,
- b) investment objectives and guidelines or investment limits and benchmarks for organizational units of PZU and PZU Życie and entities managing deposits within the PZU Group,
- c) matching assets to liabilities and the binding asset structure,
- d) regulations on sustainable development in terms of investment activities, including:
 - approving model asset allocation for a given year and deviation limits under the investment strategy approved by the Management Board,
 - approving investment objectives and guidelines or investment limits and benchmarks of organizational structures of PZU and PZU Życie and entities managing deposits,
 - imposing limitations on decisions taken by the Management Board member supervising the Investment Division,
 - approving methodologies, rules or policies pertaining to liquidity management,
 - approving rules for matching assets to liabilities, and methodologies for matching assets to liabilities,
 - approving methodologies and rules or politics pertaining to sustainable development in terms of investment activities.

Initiatives Management Committee

Purpose

to supervise and determine directions of action in terms of managing initiatives within the PZU and PZU Życie

Tasks

In particular:

- approving the distribution of the budget allocated for projects in the main business areas;
- approving the allocation of IT capacity, allocated for the implementation of Initiatives for a given fiscal year, for project activities and ongoing operations of PZU and PZU Życie, taking into consideration dedicate areas and Business Architect Councils (BAC – teams determining priorities of operations, who implement initiatives within dedicated areas and allocated IT capacity);
 Other tasks:
- approving rules for initiative prioritization;
- approving rules for cooperation within IT capacity management;
- · prioritization of implemented projects and taking deciding on IT capacity allocation in terms of the determined priorities;
- taking directed decisions related to IT capacity and division of IT capacity within the ongoing operations of PZU and PZU Życie;
- taking directed decisions related to amending the budget distribution allocated to projects;
- · deciding on the creation, change and liquidation of dedicated areas and BACs together with their allocated IT capacity;
- taking directed decision on the implementation of new projects in the event that this implementation impacts the adopted IT capacity distribution, time schedule of the initiative or the adopted project budget distribution;

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- receiving information on the use of the budget allocated for projects and taking directed decisions in this regard;
- receiving information on the use of IT capacity allocated for initiatives in a given financial year.

Crisis Management Team

Purpose

- to supervise the operation of the business continuity management system of PZU and PZU Życie;
- to manage the crisis situation at PZU and PZU Życie

Tasks

The tasks within the supervision of the business continuity management system:

- ongoing supervision over the business continuity management system at PZU and PZU Życie, and issuing recommendations pertaining to tasks and directions of development in this regard;
- accepting tasks and directions for development of the business continuity management system during regular meetings of the Team, or in the circulation mode by way of a written decision of acceptance provided by e-mail by Team members.

Tasks within crisis management:

- assessing, analyzing and forecasting results of occurring events, in particular financial losses, non-financial losses or the impact on the operation of PZU and PZU Życie;
- monitoring the external and internal environment of PZU and PZU Życie, taking decisions to manage the crisis situation, and supervising and coordinating works related to implementation of such decisions;
- ensuring resources and funds, including financial ones, to implemented the developed solutions;
- cooperating or providing assistance in measures aimed at limiting consequences of undesirable events in other PZU Group entities, having consulted their managing bodies;
- maintaining ongoing communication within PZU and PZU Życie, including the Management Board, other PZU Group entities, and the PZU Group spokesperson, in terms of external information campaigns.

Below are represented functions discharged by Management Board Members and PZU Group Directors in standing committees as at the end of 2022.

Name	Contribution to the work of the committees (as at 31 December 2022)
Beata Kozłowska-Chyła President of the PZU Management Board	Head of the Crisis Management Team Committee Deputy Chair: PZU Group's Risk Committee Committee Member: Investment Risk Committee, Initiatives Management Committee
Aleksandra Agatowska President of the PZU Życie Management Board / PZU Group Director at PZU	Deputy Head of the Crisis Management Team Committee Member: PZU Group's Risk Committee, Investment Risk Committee, Asset and Liability Management Committee, Initiatives Management Committee
Ernest Bejda Member of the PZU Management Board / Member of the PZU Życie Management Board	Member of the Crisis Management Team for Security Committee Chair: Procurement Committee Committee Deputy Chair: Actuarial, Operational and Model Risk Committee Committee Member: Data Governance Committee, Investment Committee, PZU Group's Risk Committee, Investment Risk Committee, Sponsorship, Prevention and CSR Committee, Property Sales Committee, Asset and Liability Management Committee, Initiatives Management Committee
Małgorzata Kot Member of the PZU Management Board / Member of the PZU Życie Management Board	Committee Member: PZU Pricing Committee, Procurement Committee, Initiatives Management Committee
Krzysztof Kozłowski Member of the PZU Management Board / PZU Group Director in PZU Życie	Member of the Crisis Management Team for Corporate and Administration Committee Member: Innovations Committee, PZU Group's Risk Committee, Investment Risk Committee, Initiatives Management Committee





Name	Contribution to the work of the committees (as at 31 December 2022)
Tomasz Kulik Member of the PZU Management Board / Member of the PZU Życie Management Board	Member of the Crisis Management Team for Finance Committee Chair: Data Governance Committee, Cost Committee, Asset and Liability Management Committee Committee Deputy Chair: PZU Pricing Committee, Investment Committee, Procurement Committee Committee Member: Actuarial, Operational and Model Risk Committee, PZU Group's Risk Committee, PZU Group's Risk Committee, Investment Risk Committee, Property Sales Committee, Initiatives Management Committee
Piotr Nowak Member of the PZU Management Board / PZU Group Director in PZU Życie	Member of the Crisis Management Team for IT Committee Chair: Innovations Committee, Innovations Committee, Initiatives Management Committee Committee Deputy Chair: Data Governance Committee, Investment Risk Committee, Asset and Liability Management Committee Committee Member: Actuarial, Operational and Model Risk Committee, PZU Group's Risk Committee, Procurement Committee
Maciej Rapkiewicz Member of the PZU Management Board / Member of the PZU Życie Management Board	Committee Chair: Actuarial, Operational and Model Risk Committee, PZU Group's Risk Committee, Investment Risk Committee Committee Member: Data Governance Committee, Investment Committee, Asset and Liability Management Committee
Małgorzata Sadurska Member of the PZU Management Board / PZU Group Director in PZU Życie	Member of the Crisis Management Team for Contacts with Strategic Partners Committee Member: PZU Pricing Committee, Data Governance Committee, Investment Committee, Actuarial, Operational and Model Risk Committee, PZU Group's Risk Committee, Investment Risk Committee, PZU Group's Risk Committee
Krzysztof Szypuła Member of the PZU Życie Management Board / PZU Group Director at PZU	Committee Chair: PZU Pricing Committee Committee Member: Data Governance Committee, Innovations Committee, Actuarial, Operational and Model Risk Committee, Asset and Liability Management Committee, Initiatives Management Committee
Andrzej Jaworski Member of the PZU Życie Management Board / PZU Group Director in PZU	-
Bartłomiej Litwińczuk Member of the PZU Życie Management Board / PZU Group Director in PZU	Member of the Crisis Management Team for Legal and HR Committee Member: Actuarial, Operational and Model Risk Committee, PZU Group's Risk Committee
Dorota Macieja Member of the PZU Życie Management Board / PZU Group Director in PZU	Crisis Management Team for Real Property Committee Chair: Property Sales Committee

2.1.5. Supervisory Board **Committees of PZU**

The committees of the Supervisory Board, during their regular meetings in 2022, discussed in detail the most important issues in the company's various business areas, which, in accordance with applicable regulations, require approval by the Supervisory Board, and provided the Supervisory Board with information on the committee's work, as required by the Commercial Company Code, as amended by the Act of 9 February 2022, amending the Commercial Company Code and certain other acts.

Audit Committee

The Audit Committee was appointed by a Supervisory Board resolution of 3 June 2008.

The Audit Committee includes at least three members. At least one Member of the Audit Committee should be qualified in accounting or auditing. Furthermore, the majority of the Audit Committee Members, including the chairperson, should meet the independence criteria set forth in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (independent Member) concerning, without limitation, professional or family ties, especially to managers or supervisors of PZU or PZU Group entities. The detailed tasks and terms and conditions of appointing Members of the Audit Committee and its operation are specified in a resolution of the Supervisory Board which takes into account the relevant competencies and experience of candidates for Members of the Committee.

The Audit Committee is an advisory and consultative body to the Supervisory Board. It 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 PZU, whereby the requested activities may be performed by an internal unit or external

PZU takes into consideration the Best practices for public interest entities pertaining to the appointment, composition and operation of the audit committee as published by the Office of the Polish Financial Supervision Authority on 24 December 2019.

The scope of the Audit Committee's activities comprises:

- · monitoring the PZU's financial reporting process,
- · monitoring the effectiveness of internal control, internal audit and risk management systems, including as regards financial reporting;
- monitoring the performance of financial audit activities in PZU, in particular conducting the audit by the audit firm, taking into account the findings and conclusions of the Polish Audit Supervision Agency following from an inspection carried out in the audit firm;
- · assessing the independence of the statutory auditor and the audit firm;
- · providing advice and issuing opinions within the scope of the Supervisory Board's powers relating to the activities specified in the four items above and to the extent permitted by the prevailing provisions of law and the PZU's internal regulations;
- presenting a recommendation regarding the selection of an audit firm to perform the audit and review of the financial statements to the Supervisory Board;
- controlling and monitoring the independence of the statutory auditor and the audit firm, including giving consent to the audit firm conducting the audit, its related

Composition of the Audit Committee in 2022	Composition of the Audit Committee		
	1 January 2022	23 November 2022	31 December 2022
Position			
Chairman	Krzysztof Opolski	Krzysztof Opolski	Krzysztof Opolski
Member	Marcin Chludziński	Marcin Chludziński	Marcin Chludziński
Member	Robert Śnitko	Robert Śnitko	Robert Śnitko
Member	Maciej Zaborowski	Piotr Wachowiak	Piotr Wachowiak
Member	-	Maciej Zaborowski	Maciej Zaborowski

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entities and by a Member of the audit firm's network to provide permitted services in PZU or entities from the PZU Group, upon assessing the threats and safeguards of the independence of the statutory auditor and the audit firm and verification of the compensation limit for the provided

- · informing the Supervisory Board of the results of the audit and review and explaining how the audit has contributed to reliability of the financial reporting in PZU and the PZU Group, and the role of the Committee in the audit process;
- developing a policy for the selection of an audit firm to perform the audit;
- developing a policy for provision of permitted services by the audit firm conducting the audit, its related entities and by a member of the audit firm's network;
- defining a procedure for the selection of an audit firm;
- · submitting recommendations aimed at ensuring the reliability of the financial reporting process in PZU;
- supervising the compliance function;
- monitoring introduction of changes in PZU in connection with the recommendations issued by the key statutory auditor, Internal Audit Department (with regard to preparation of financial statements), Supervisory Board or the Committee;
- carrying out other tasks following from generally prevailing provisions of law or entrusted by the Supervisory Board.

The year 2022 also saw several changes in the composition of the Audit Committee: On 23 November 2022, Piotr Wachowiak was appointed to the Audit Committee.

Knowledge, skills and experience of Audit Committee members including the way in which they were acquired

All Members of the Audit Committee have made a declaration of independence within the meaning of Article 129(3) of the Act on Statutory Auditors, Audit Firms and Public Supervision, and of having knowledge and skills in the industry in which PZU operates.

Krzysztof Opolski, Marcin Chludziński, Robert Śnitko and Piotr Wachowiak were designated as Members holding qualifications in accounting or auditing financial statements.

The Members of the Audit Committee collectively have knowledge and skills in the insurance industry, which derive, among other things, from their education, work experience and functions held.

Krzysztof Opolski, a Member of PZU's Supervisory Board since 24 May 2019, is a professor, doctor of economics. Former long-term head of the Department of Banking, Finance and Accounting the Faculty of Economics of the University of Warsaw. In 2009–2010 he was the head of strategic advisors to the President of the National Bank of Poland. He has many years of experience on managerial and supervisory positions in commercial law companies. He was a Supervisory Board member at Bank Handlowy w Warszawie SA, AXA Polska SA and Centrum Giełdowe SA.

Marcin Chludziński, Member of the PZU Supervisory Board from 7 January 2016, graduated from the Social Policy Institute at the University of Warsaw. Completed MBA studies at the Institute of Economics of the Polish Academy of Sciences. He has many years of experience on managerial and supervisory positions in commercial law companies.

Robert Śnitko, PZU Supervisory Board Member since 12 April 2017, has the title of PhD in economics at the Warsaw School of Economics, is an university teacher and Member of the International Institute for Strategic Studies. Graduate of the London School of Economics and Political Science, University of London, School of Oriental and African Studies, University of London and Faculty of Economics at the Radom Technical University.

Piotr Wachowiak, a Member of PZU's Supervisory Board since 1 September 2022, is a doctor of economics. Graduate of the Main School of Planning and Statistics at the Faculty of Domestic Trade. Currently a Rector of the Warsaw School of Economics and Director of the Institute of Management. Also serves as: Vice-Chairman of the Committee on Organization and Management Sciences of the Polish Academy of Sciences, Vice-Chairman of the Conference of Rectors of Economic Universities and Chairman of the Conference of Rectors of Warsaw Universities.

Maciej Zaborowski, PZU Supervisory Board Member since 7 January 2016, advocate and judge of the State Tribunal. Graduate of the Faculty of Law and Administration at the University of Warsaw, Center for American Law Studies and Leadership Academy for Poland. He is also an expert of the Ministry of Justice, lecturer of advocate training at the Bar Association in Warsaw and permanent mediator of the Arbitration Court at the General Counsel to the Republic of Poland. He has experience on supervisory positions in commercial law companies.

Activity of the Audit Committee in 2022

In 2022, the Audit Committee held 13 meetings.

Key issues addressed by the Audit Committee in 2022 covered the discussions on:

the risk report for Q4 2021 and for Q1-3 2022;

- the report on the use of the limit and concentration thresholds in the PZU financial conglomerate as at the end of 2021 and the first three quarters of 2022;
- the results of PZU's and PZU Group's own risk and solvency assessment;
- the annual report on the Internal Audit Department's activity in 2021;
- the findings of external inspections conducted in PZU in
- the report on the Internal Audit Department's activity in Q4 2021 and Q1-3 2022;
- the draft audit plan for 2022;
- the Financial Plan of PZU and the PZU Group for 2022;
- the Financial Plan of PZU and the PZU Group for 2023 according to IFRS 4;
- the results of PZU and the PZU Group for 2021, the H1 2022 and Q1 and Q3 2022;
- the additional report for the Audit Committee;
- the draft PZU Supervisory Board report on its assessment of PZU's financial statements for the year ended 31 December 2021, the consolidated financial statements of the PZU Group for the year ended 31 December 2021, the Management Board report on the activity of the PZU Group and PZU in 2021 and the Management Board's motion to distribute PZU SA's net profit for the year ended 31 December 2021;

In 2022, the Committee made recommendations to the Supervisory Board on:

- amending a policy for the selection of an audit firm to perform the audit;
- amending a procedure for the selection of an audit firm;
- selecting the audit firm PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. to audit and review the financial statements and audit the solvency and financial standing reports of PZU and PZU Group for the five financial years 2024–2028, with an option to extend the agreement for two more financial years 2029-2030;
- approving the PZU Group's risk management strategy;
- assessing the solvency and financial standing report of PZU for the year ended 31 December 2021;
- assessing the solvency and financial standing report of the PZU Group for the year ended 31 December 2021;;

made the assessment of:

- PZU's financial statements and the PZU Group's consolidated financial statements for the year ended 31 December 2021, and the Management Board's report on the activity of the PZU Group and PZU in 2020, with the report on non-financial information;
- the PZU Management Board's motion to the Shareholder Meeting to distribute PZU's net profit for the year ended 31 December 2021;

and accepted the Audit Committee's report on its activity in

The Audit Committee adopted resolutions on the acceptance of the permitted services to be provided by PZU's auditor, KPMG Audyt sp. z o.o. sp. k., to PZU Group entities. Based on an analysis of representations submitted by representatives of the entity performing the audit - KPMG Audit, the Committee made a positive assessment of the independence of the statutory auditor and the audit firm and confirmed that the auditor and PZU comply with the regulatory requirements concerning the rotation of the key statutory auditor and the audit firm performing audits of the standalone and consolidated financial statements and standalone and consolidated annual consolidated solvency and financial condition reports of PZU and the PZU Group.

Nomination and Compensation Committee

The Nomination and Compensation Committee was appointed by a Supervisory Board resolution of 12 May 2010.

The Supervisory Board determines the number of Committee members and appoints them from among its own members. The Committee includes at least one independent member.

The Nomination and Compensation Committee is an advisory and consultative body to the Supervisory Board. It is appointed to improve the effectiveness of the Supervisory Board's supervision related to the development of the management structure, including organizational solutions, the remuneration principles and the selection of properly qualified staff.

The tasks of the Nomination and Compensation Committee include, in particular, issuing opinions and presenting recommendations to the Supervisory Board with regard to its decisions made with regard to:

- · concluding, terminating and amending agreements with Management Board Members and setting the rules for their
- setting the level of compensation, bonuses and additional benefits for the Management Board;
- appointing, suspending and dismissing the President of the Management Board, Management Board Members or the entire Management Board and discontinuing suspension;



· seconding Supervisory Board Members to perform temporarily the functions of Management Board Members who have been dismissed, resigned or cannot perform their functions for other reasons.

Moreover, the scope of the Committee's activities may include other matters entrusted to it by the Supervisory Board.

The committee is dissolved once five Members of the Supervisory Board are elected by group voting, following which its powers are taken over by the whole Supervisory Board.

Composition of the Nomination and Compensation Committee in 2022

As a result of Paweł Mucha's resignation as Chairman of the PZU Supervisory Board and the Member of the PZU Supervisory Board on 31 August 2022, his Membership in the Nomination and Compensation Committee also ceased on 31 August 2022.

Robert Jastrzębski, Elżbieta Mączyńska-Ziemacka and Paweł Mucha submitted declarations that they meet the independence criteria set forth in the Best Practices of WSE Listed Companies 2021.

Activity of the Nomination and Compensation Committee in 2022

In 2022, the Nomination and Compensation Committee held 13 meetings.

Key issues addressed by the Nomination and Compensation Committee in 2022 involved:

• defining the Management Objectives for the Company's Management Board Members for 2022;

- · conducting a recruitment procedure for a new Member of the PZU Management Board for a joint term of office encompassing three full financial years 2020-2022;
- · discussing a Report on implementation of the Compensation Policy for the PZU Management Board and Supervisory Board Members;
- submitting a recommendation to the PZU Supervisory Board on the Diversity Policy for Members of PZU bodies;
- submitting a recommendation to the PZU Supervisory Board on giving consent to pay Members of the PZU Management Boards of deferred variable compensation under management services provision agreement for 2017, 2018, 2019, 2020 and 2021;
- · assessing the attainment of Management Objectives for 2021 and variable compensation of PZU Management Board Members for 2021:
- discussing the Supervisory Board Report on Compensation of PZU Management Board and Supervisory Board Members
- discussing the PZU Management Board Report on the implementation of the Compensation Policy for the PZU Management Board and Supervisory Board Members for the period from 1 July 2021 to 30 June 2022;
- carrying out an assessment of suitability of PZU Supervisory Board Members and Audit Committee Members (individual and collective assessment):
- conducting a recruitment procedure for the President of the Management Board and Members of the PZU Management Board for a new term of office beginning 1 January 2023 and encompassing three full financial years 2023–2025;
- assessing the suitability of PZU Management Board Members (individual and collective assessment);

Composition of the Nomination and	Composition of the Nomination and Compensation Committee		
CompensationCommittee	1 January 2022	1 September 2022	31 December 2022
Position			
Chairman	Robert Jastrzębski	Robert Jastrzębski	Robert Jastrzębski
Member	Paweł Górecki	Paweł Górecki	Paweł Górecki
Member	Agata Górnicka	Agata Górnicka	Agata Górnicka
Member	Elżbieta Mączyńska-Ziemacka	Elżbieta Mączyńska-Ziemacka	Elżbieta Mączyńska-Ziemacka
Member	Paweł Mucha	Radosław Sierpiński	Radosław Sierpiński
Member	Radosław Sierpiński	-	-

Strategy Committee

Strategy Committee was appointed by a Supervisory Board resolution of 29 July 2010.

The Supervisory Board determines the number of Committee Members and appoints them from among its own members.

The Strategy Committee is an advisory and consultative body to the Supervisory Board. It is appointed to increase the efficiency of the Supervisory Board's supervisory activities as regards issuing opinions on strategic documents submitted by the Management Board (in particular development strategy). The Committee submits recommendations to the Supervisory Board on planned investments with a significant impact on PZU's assets.

The tasks of the Strategy Committee include, in particular, issuing opinions and presenting recommendations to the Supervisory Board with regard to its decisions pertaining to:

- approving PZU's long-term development plans prepared by the Management Board;
- planned investments in PZU and the PZU Group;
- consent for PZU to conclude an agreement with an underwriter referred to in Article 433 § 3 of the Commercial Company Code;
- rules for purchase, subscription or sale of ownership interests and shares in companies as well as PZU's participation in other entities and accepting the Management Board's motions on these matters;
- · consent to transferring an insurance portfolio in its entirety

Moreover, the scope of the Strategy Committee's activities may include other matters entrusted to it by the Supervisory Board.

Activity of the Strategy Committee in 2022

In 2022, the Strategy Committee held 2 meetings.

The Strategy Committee in 2022 was in charge of discussing semi-annual reports on the implementation of the PZU Group Strategy for 2021–2024.

Most Committee meetings were attended also by the remaining Supervisory Board Members.

2.1.6. Diversity policy

PZU employs best practices promulgating diversity and it cares about equal treatment for employees. PZU confirmed its readiness to follow the diversity policy already in 2013 by joining the signatories of the Charter of Diversity - an international initiative under the patronage of the European Commission. In 2021, the PZU Group adopted the Human Rights Policy, in which one of the main goals was to build an organization that supports diversity. Respecting human rights is assigned special significance in the pursued organizational culture policy. This involves counteracting mobbing and discrimination, offering equal opportunities to all employees regardless of their professional position in the PZU Group, sex, age, disability, race, religion, nationality, political convictions, union membership, ethnic origin, 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. Respecting the personal dignity of employees is an important aspect of organizational culture. "Best Practices of the PZU Group", which are a code of ethics for all employees,

Composition of the Strategy Committee in 2022	Composition of the Strategy Committee		
In 2022, the composition of the Committee did not change.	1 January 2022	31 December 2022	
Position			
Chairman	Robert Śnitko	Robert Śnitko	
Member	Marcin Chludziński	Marcin Chludziński	
Member	Agata Górnicka	Agata Górnicka	
Member	Robert Jastrzębski	Robert Jastrzębski	
Member	Maciej Zaborowski	Maciej Zaborowski	

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promote mutual respect, cooperation and equal treatment, taking into account diversity of roles, character and personality traits.

Procedure for preventing undesirable conduct

Respecting individuality, equal treatment and prevention of discrimination are supported by the adopted procedures and undertaken initiatives:

• preventing mobbing and discrimination is supported by the Procedure for preventing undesirable conduct in the work environment – mobbing and discrimination, which provides for appointing an anti-mobbing and anti-discrimination commission to verify reports of inappropriate behavior having the features of mobbing or discrimination;

• ensuring equal treatment in employment opportunities and counteracting discrimination - support is given by the "Report an Incident" procedure enabling employees to report breaches through the intranet platform.

Supporting diversity

PZU 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.

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

[GRI 405-1] Employee groups by gender, age and other diversity factors converted into FTEs

	The percentage of employees in each category in relation to the total number of PZU employees						
Employees by age and diversity	20	21	2022				
	Women	Men	Women	Men			
< 30 years of age	6.5%	4.3%	5.8%	4.1%			
30-50 years	42.5%	28.1%	42.6%	27.7%			
> 50 years of age	9.4%	9.2%	10.1%	9.7%			
Total number per sex	58.4%	41.6%	58.5%	41.5%			
Foreigners	0.09%	0.05%	0.11%	0.08%			

	The percentage of employees in each category in relation to the total number of PZU Życie employees						
Employees by age and diversity	2021		2022				
	Women	Men	Women	Men			
< 30 years of age	6.4%	3.3%	5.8%	3.2%			
30-50 years	49.5%	23.0%	49.7%	22.5%			
> 50 years of age	12.6%	5.2%	13.0%	5.8%			
Total number per sex	68.5%	31.5%	68.5%	31.5%			
Foreigners	0.04%	0.05%	0.10%	0.05%			

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	The percentage of employees in each category in relation to the total number of PZU employees						
Employees by structure of employment	20:	21	22				
	Women	Men	Women	Men			
Management position	8.3%	7.0%	8.6%	7.3%			
Other employees	50.1%	34.6%	49.9%	34.2%			
Total number per sex	58.4%	41.6%	58.5%	41.5%			

	The percentage of employees in each category in relation to the total number of PZU Życie employees						
Employees by structure of employment	202	21	2022				
	Women	Men	Women	Men			
Management position	9.4%	6.9%	10.0%	6.7%			
Other employees	59,1%	59,1% 24.6%		24.8%			
Total number per sex	68.5%	31.5%	68.5%	31.5%			

	The percentage of employees in each category in relation to the total number of PZU employees							
Employees by structure of employment	2021			2022				
	< 30 years of age	30-50 years	> 50 years of age	< 30 years of age	30-50 years	> 50 years of age		
Management position	0.2%	12.5%	2.7%	0.3%	12.7%	2,9%		
Other employees	10.5%	58.1%	16.0%	9.6%	57.5%	16.9%		

	The percentage of employees in each category in relation to the total number of PZU Życie employees							
Employees by structure of employment	2021			2022				
	< 30 years of age	30-50 years	> 50 years of age	< 30 years of age	30-50 years	> 50 years of age		
Management position	0.2%	13.3%	2.7%	0.2%	13.4%	3.2%		
Other employees	9.5%	59.2%	15.2%	8.8%	58.8%	15.6%		

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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.

Tapping into the potential of diversity

PZU develops 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. Since 2021, a diversity management module is an important element of the training for all newly appointed PZU managers. The e-learning course "Collaboration in Diversity" is available 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 2022, PZU and PZU Życie employed a total of 127 people with a confirmed disability.

Diversity policy applied to the Management Board and the Supervisory Board of PZU

PZU is a company in which the State Treasury has a shareholding. Accordingly, the persons who sit in its managing bodies are selected in accordance with the statutory regulations applicable to these types of entities.

As regards qualifications and requirements for those occupying positions in management and supervisory bodies, PZU in particular takes into account the statutory criteria for education and professional experience adequate to the functions discharged on such positions in the entity conducting insurance activity. They are defined in the provisions of the Commercial Company Code of 15 September 2000, the Insurance and Reinsurance Activity Act of 11 September 2015 and the State Property Management Act of 16 December 2016. The Company adopted the Diversity Policy applied to members of PZU bodies under the resolution of the PZU's Shareholder Meeting of 29 June 2022. The purpose of the Policy is to strive to ensure high-quality implementation of the tasks by the Company by appointing competent members to PZU bodies, taking into account diversity of the compositions of its corporate bodies in terms of sex, age, profile of education, specialist knowledge and professional experience. By implementing the diversity strategy, PZU is widening its scope to conducting the Company's operations, both in organizational and business terms, creating innovative, varied, integration and fair working environment. The implementation of the Policy helps it to satisfy the requirements of the "Best Practices of WSE Listed Companies".

Management Board and Supervisory Board Members are selected for the new term of office in compliance with the principles of equal access of men and women to positions in the company's statutory bodies. The composition of the PZU Management Board and Supervisory Board also addresses the need of age diversification among their Members.

In Q2 2023, the Nomination and Compensation Committee will conduct the annual Policy review. Its results, consulted with the Management Board and the Supervisory Board, will be presented to the Shareholder Meeting until 30 June 2023.

In 2022, the Supervisory Board and the Management Board of PZU were composed of people of different ages and sexes, with various educational profiles and experience. The level of diversity as at 31 December 2022 is presented in the tables below.

Age and sex									
5		Supervisory Board							
		31 Decen	nber 2021		31 December 2022				
	number	of people %			number of people		%		
	women	men	women	men	women	men	women	men	
< 30 years of age	0	0	0%	0%	0	0	0%	0%	
30-50 years of age	1	6	9%	55%	1	5	9%	46%	
> 50 years of age	1	3	9%	27%	1	4	9%	36%	
Total number per sex	2	9	18%	82%	2	9	18%	82%	

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31 December 2021 31 December 2022 number of people number of people women women men women women men men men < 30 years of age 0.0% 0.0% 0.0% 0.0% 0 0 50.0% 30-50 years of age 25.0% 25.0% 62.5% > 50 years of age 12.5% 12.5% 12.5% 0.0% 1 Total number 37.5% 3 5 62.5% 3 37.5% 62.5% per sex

Education and specialist knowledge

Education	Insurance, banking, finance	Management and marketing	Law	Economics	Other
Supervisory Board [number of people]			3	4	4
Management Board [number of people]	3	1	4		

Certificates / academic titles and degrees	МВА	ЕМВА	ACCA	CQF	prof.	Ph.D. Hab.	Ph.D.
Supervisory Board	1	1			2	5	2
Management Board	2	2	1	1		1	1

^{*)} MBA - Master of Business Administration, EMBA - Executive MBA, ACCA - Association of Chartered Certified Accountants, CQF - Certificate in Quantitative Finance, prof. - professor, Ph.D. Hab. - postdoctoral fellow, Ph.D. - doctor

Professional experience

Years in service at PZU bodies								
Years in service	<3 years	3-6 years	> 6 years					
Supervisory Board [number of people]	3	6	2					
Management Board [number of people]	5	1	2					

Professional of PZU Management Board members in the financial sector before being appointed to the PZU MB							
Years in service	< 7 years	< 7 years 7-14 years 15-22 years >					
Number of people	3	2	2	1			

Professional of PZU Supervisory Board members in the financial sector (excluding the PZU SB)							
Years in service	< 3 years	3-6 years	> 6 years				
Number of people	2	1	2				

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Diversity policy – subsidiaries



Pekao Bank 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.

Initiatives were undertaken at Pekao Bank to strengthen diverse leadership and develop women in management positions. Under the "Bez cukru" program directed at women, female employees, who constitute almost 70% of the Bank's personnel, had an opportunity to participate in numerous webinars personal and professional development, building their own brand, strengthening competences, programs aimed at developing technological and IT potential or ecological initiatives.



Alior Bank abides by: "Policy for the Selection and Assessment of Management Board Members" and the "Policy for the Selection and Assessment of Supervisory Board Members." The purpose of both

policies is to ensure diversity of Management Board and Supervisory Board members, for instance in terms of education, professional experience, age and gender, in particular by ensuring women's participation in the process of selecting Management Board members and equal treatment of candidates regardless of gender.

[GRI 2-19, 2-20]

2.1.7. Compensation policy

The compensation policy implemented by PZU supports attainment of short-term and long-term goals specified in the PZU Group strategy both in term of achieving financial objectives and the Company's contribution to sustainable development. PZU practices applied to compensation help to recruit, motivate and retain members of supervisory and management bodies, senior management and key employees.

Determination process:

- The Shareholder Meeting of PZU decides by way of resolutions on the policy of compensating PZU Supervisory Board and PZU Management Board members;
- · The PZU Supervisory Board takes into account recommendations of the Nomination and Compensation Committee to determine the compensation rules, and

compensations of the PZU Management Board members, including its President. The compensation is related to the implementation of objectives determined under the PZU Group strategy, thereby it contributes to the attainment of the Company's long-term goals;

- The PZU Management Board determines the rules of compensating PZU Group Directors who are at the same time members of the PZU Życie Management Board as well as the policy for compensating senior management and other employees. The compensation policy comprises, in particular:
- a) rules of determining and awarding compensation components for various employee groups;
- b) special solutions pertaining to compensating employees whose work materially impacts the Company's risk profile ("Authorized Persons"), in line with the requirements of the delegated regulation "Solvency II"..

The compensation for PZU Management Board Members is set by the Supervisory Board in a resolution. The compensation is composed of the fixed part, i.e. monthly base compensation, and the variable part. Both the fixed and the variable parts of compensation of PZU Management Board Members has to be within the limits referred to in Chapter 2 of the Compensation Policy for the PZU Management Board and Supervisory Board Members, which was adopted by the Shareholder Meeting of PZU in resolution no. 36/2020 of 26 May 2020.

The amount of compensation for the PZU Supervisory Board Members is determined directly by the PZU Shareholder Meeting. At present, the amount of compensation of PZU Supervisory Board Members is provided for in (12) of the above Compensation Policy for the PZU Management Board and Supervisory Board Members.



Compensation of Supervisory Board Members

Regulations:

- 1. Policy for Compensating PZU Management Board and Supervisory Board Members adopted on 26 May 2020 under a resolution of the PZU Shareholder Meeting no. 36/2020.
- 2. Resolution of the PZU Extraordinary General Meeting of 8 February 2017 on the rules for setting the compensation of the Supervisory Board Members (as amended).

Compensation rules:

• The monthly compensation of Supervisory Board members is fixed and determined as the product of the base amount referred to in Article 1(3)(11) of the Act of 9 June 2016 on the Rules for Setting the Compensation of Persons Managing Some Companies (i.e. average monthly compensation in

the corporate sector without distributions of bonuses from profit in Q4 of the previous year, announced by the President of Statistics Poland (GUS)), and the following multiplier

- The monthly compensation of the Supervisory Board President is increased by 10%;
- The monthly compensation of the Supervisory Board Deputy President is increased by 9%;
- The monthly compensation of the Supervisory Board Secretary is increased by 8%;
- The monthly compensation of the chairs of committees at the Supervisory Board is increased by 9%;
- · Additional compensation due for holding the role of the chair, deputy chair or secretary of the Supervisory Board and chairs of committees do not add up.



Compensation of Management Board Members

Regulations:

- 1. Policy for Compensating PZU Management Board and Supervisory Board Members adopted on 26 May 2020 under a resolution of the PZU Shareholder Meeting no. 36/2020
- 2. Resolution no. 4 of the PZU Extraordinary General Meeting of 8 February 2017 on on the rules for setting the compensation of the Management Board Members (as amended)
- 3. Management Services Provision Agreements pertaining to detailed solutions

Rules:

- The compensation of Management Board Members is composed of a fixed part, i.e. monthly base compensation, and a variable part;
- Fixed compensation is within the range of seven times to fifteen times the basis of assessment (i.e. average monthly compensation in the corporate sector without distributions of bonuses from profit in Q4 of the previous year, announced by the President of Statistics Poland (GUS)), referred to in Article 1(3)(11) of the Act of 9 June 2016 on the Rules for Setting the Compensation of Persons Managing Certain Companies;
- The amount of fixed compensation is set by the Supervisory Board;
- The variable part of compensation depends on the attainment of management objectives, determined every year by the Supervisory Board, and may not exceed 100 %

- of the annual fixed compensation from the previous year for the calculations of the due variable compensation are made.
- The main management objectives pertain to, in particular:
- a) improvement of economic and financial indicators;
- b) taking measures which account for social interests, including those which allow the Company to contribute to environmental protection;
- The management objectives are determined taking into consideration strategic objectives and indicators of their performance specified in the PZU Group Strategy;
- The variable compensation is due when:
- a) the Supervisory Board determines that all conditions for granting the variable compensation have been satisfied,
- b) the Shareholder Meeting approves the Company's Activity Report and the financial statements for the previous financial year,
- c) the Shareholder Meeting grants discharge for the completion of obligations;
- The payment of 40% of the variable compensation is deferred for the period of up to 36 months, out of which 1/3 is paid gradually, with the expiration of 12, 24 and 36 months from the date it was granted for a given financial year, provided that during this period no circumstances arise that prove that the conditions for payment of a given portion of variable compensation have not been satisfied;
- The Company has the right to a claim for reimbursement (either in full or in the relevant part) of the variable compensation paid if, after its payment, it is shown that (either in full or in the relevant part, respectively) it was granted to a Management Board member on the basis of data that proved untrue;
- In the event that an agreement with a Management Board member is dissolved or terminated for reasons other than violation of the basic obligations, the Management Board member may also be awarded severance pay of not more than three times the fixed compensation, provided that the member held their function for at least 12 months prior to agreement termination. The severance pay is not due to a Management Board member in the event that after agreement termination that person continues to perform or assumes the function of Management Board Member of a company within the PZU Group;
- The Supervisory Board may also award by way of agreement with a Management Board member the right to the same benefits as those due to employees, in particular, supplementary retirement and disability or early retirement plans.

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Management objectives for 2022:

- · Improvement of economic and financial indicators, such as the PZU Group financial result attributable to the parent company, return on equity (ROE);
- · Taking measures which account for social interests, including those which allow the Company to contribute to environmental protection;
- · Increase in the PZU Group value determined as the level of implementation of key measures of the PZU Group Strategy, presenting the value of PZU Group, for instance the net financial result of the banking segment attributable to the PZU Group, operating margin of group insurance and individually continued insurance.



Compensation of PZU Group Directors in PZU or PZU Life, being at the same time members of the Board of Directors in PZU Life, respectively or PZU (Manager)

RRegulations: Management Services Provision Agreements and the resolution of the PZU Management Board in connection with the Act of 9 June 2016 on the Rules for Shaping the Compensation of Persons Managing Some Companies.

Rules:

- The total compensation due to PZU Group Directors is composed of the fixed compensation and variable compensation;
- Fixed compensation constitutes flat monthly base compensation that:
- a) is determined taking into account the scale of the Company's operations, in particular its assets, generated income and employment figures,
- b) may not exceed the reference limit set under Article 4(1) of the Act of 9 June 2016 on the Rules for Shaping the Compensation of Persons Managing Some Companies, subject to situations referred to in Article 4(3) of the same Act;
- Variable compensation constitutes supplementary compensation for a given financial year that:
- a) depends on the level of attainment of management objectives,
- b) may not exceed 100% of the annual fixed compensation from the previous year for the calculations of the due variable compensation are made;
- A material portion of variable compensation is granted as deferred variable compensation. Deferred variable compensation is deferred for three years, and after 12, 24

- and 36 months from the date it was granted the Manager may acquire the right to 1/3 portion of the deferred variable compensation for a given year, after the terms and conditions referred to in the Agreement are met;
- The Company has the right to a claim for reimbursement (either in full or in the relevant part) of the variable compensation paid if, after its payment, it is shown that (either in full or in the relevant part, respectively) it was granted to the Manager on the basis of data that proved untrue.



Compensation of senior management and Authorized Persons³

Regulations:

- 1. Compensation policy of PZU adopted by the PZU Management Board in 2016, amended in 2021 and in 2022. The amendment introduced provisions defining the ESG Strategy and took account of the assessment of attainment of ESG Strategy goals as one of the criteria affecting the amount of variable compensation.
- 2. Employment agreements.

Rules:

- The compensation of senior management and Authorized Persons is composed of a fixed and a variable portion;
- The relation of the base compensation to variable compensation is appropriately balanced and allows for a flexible variable compensation policy, including reducing or not awarding variable compensation;
- · Variable compensation is determined differently for different groups of employees;
- The rules governing variable compensation aim to support proper and efficient risk management, discourage excessive risk-taking, and assist in the implementation of the PZU Group's Strategy.
- The basis for determining the amount of variable compensation is the assessment of results of work provided by the employee and a given organizational unit in connection with overall results of the Company. Assessment of individual results accounts for financial and non-financial
- In the case of Authorized Persons, it is possible to defer a material portion of variable compensation. Deferred compensation is deferred for three years, and after 12, 24 and 36 months from the date it was granted the Authorized Persons may acquire the right to 1/3 portion of the deferred variable compensation for a given year;

 Senior managers and Authorized Persons may receive employee benefits, such as: Employee Pension Scheme the employer's contribution is equal to 7% of the employee's compensation; benefits from the Company Social Benefit Fund; comprehensive private medical care services provided by PZU Zdrowie, group life insurance on preferential terms; special discounts on selected products offered by PZU; access to the PZU Cash platform; promotional terms for employees signing up for IRSA under DFE PZU.

2.1.8. 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 companies. This solution ensures a uniform approach to governance standards in the key areas of the PZU Group's functioning.

Representatives of PZU and PZU Życie in subsidiaries:

- President of the PZU Management Board Beata Kozłowska-Chyła, Ph.D. Hab., is also Chair of the Supervisory Board of the PZU Życie and Chair of the Bank Pekao Supervisory Board;
- Małgorzata Sadurska, PZU Management Board Member, is Deputy Chair of Bank Pekao Supervisory Board, Member of the Link4 TU Supervisory Board and Chair of the TUW PZUW Supervisory Board;
- Bartłomiej Litwińczuk, Member of the PZU Życie Management Board and PZU Group Director, is also the Chair of the LINK4 Supervisory Board;
- Piotr Nowak, Member of the PZU Management Board, is also the Chair 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 Chair of the PTE PZU Supervisory Board and Member of the Link4 TU Supervisory Board;
- Krzysztof Kozłowski, Member of the PZU Management Board, is also the Chair of the PZU Zdrowie Supervisory Board;
- Andrzej Jaworski, Member of the PZU Życie Management Board, is Member of the PTE PZU Supervisory Board and also President of the PZU Zdrowie Management Board;
- Ernest Bejda, Member of the PZU Management Board and Member of the PZU Życie Management Board, is also the Chair of the PTE Centrum Operacji Supervisory Board and Deputy Chair of the Alior Bank Supervisory Board.

Agreement on Cooperation

Objective - efficient cooperation between companies; the PZU parent company and PZU Group subsidiaries entered a cooperation agreement on 21 March 2017.

Included units – 27 entities of the PZU Group: PZU, PZU Życie, Towarzystwo Funduszy Inwestycyjnych PZU, PZU Zdrowie, PZU Centrum Operacji, PZU Pomoc, Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych, Powszechne Towarzystwo Emerytalne PZU, LINK4 TU, Ogrodowa – Inwestycje, PZU LAB, Tower Inwestycje, PZU Cash, PZU Finanse, Armatura Kraków, PZU Projekt 01, Tulare Investments, Omicron BIS, Ipsilon, PrJSC IC PZU Ukraine with its registered office in Kiev, PrJSC IC PZU Ukraine Life Insurance with its registered office in Kiev, LLC SOS Services Ukraine with its registered office in Kiev, UAB PZU Lietuva Gyvybes Draudimas with its registered office in Vilnius, Lietuvos Draudimas AB with its registered office in Vilnius, PZU Finance AB in liquidation (publ) with its registered office in Stockholm, AAS BALTA with its registered office in Riga, PZU Corporate Member Ltd. with its registered office in London.

Scope – cooperation based on adopted policies 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, customer experience management, claims and benefits handling, sustainable business development (ESG), tariff-related actuarial services, analysis of insurance evolution and tariffs, development of sales technology, sales tools and and nonmotor underwriting of business insurance products.

Corporate governance - banks



Agreements with banks – for the purpose of cooperating with banks, separate agreements were adopted to lay 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, strategy, corporate governance and security:

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

Annexes will be signed in 2023 to expand areas of cooperation to include ESG aspects.

Protection of secrets – within the PZU organizational structure, in units responsible for business processes, the rules of the so-called Chinese walls apply. This serves to keep legally protected secrets of both businesses and limit the possibility of exchanging sensitive information on business activity between banks in the PZU Group. This also ensures the separation of the flow of information obtained from PZU



³⁾ Authorized Persons are employees whose work materially impacts the Company's risk profile, in line with the requirements of the delegated

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.

Risk management – 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 and Recovery Plans in Bank Pekao and Alior Bank are 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. Thus agreed Risk Appetite and recovery plans are also approved by Supervisory Boards of banks.

[GRI 2-9, 2-12, 2-14]

2.1.9. Management Board Responsibility for issues of ESG

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ESG Management Objectives – kthe key performance indicators of the ESG Strategy have become an integral part of the PZU Group's business strategy, and the ESG goals have been added to the objectives of the Management Board. The Shareholder Meeting authorized the Supervisory Board to detail the management objectives assigned annually to the members of the Management Board, and to determine the weights for these goals, and the objective and measurable indicators for their implementation and accountability (KPIs), which are the basis for the amount of variable compensation. In connection with the adoption of the ESG Strategy, the general management objectives related to improving economic and financial indicators were expanded to include activities that take into account social interests, including those which allow the Company to contribute to environmental protection. Variable compensation of Management Board Members depends on the attainment of management objectives, determined every year by the Supervisory Board, and may not exceed 100 % of the annual fixed compensation of Management Board Members from the previous year for the calculations of the due variable compensation are made.

[GRI 2-14, 2-17]

Sustainable Development Department - 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.

ESG Committee – since 2021, PZU has the 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
- · 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 reporting on 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.

During the meetings of the ESG Committee, members are informed about sustainable development. It particularly pertains to new laws, level of implementation of ESG indicators, and identification of gaps and recommended corrective measures.

Regulation - detailed principles of the ESG strategy implementation and cooperation among the Companies in this respect are 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.

ESG Committee 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: Corporate Managing Director, PZU Group Corporate Managing Director, Managing Director on Regulations, Director of the Corporate

Communication Office, Director for Investor Relations, Director of the Sustainable Development Department.

2.1.10. Approach to innovation

Culture of innovation

Innovation is one of the key values for the PZU Group. Innovation thinking outside the box, breaking molds and 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 2022, nearly 1,000 start-ups and ideas were analyzed; and 14 pilots were carried out. There were nine which were completed, and eight out of those nine were advanced to the implementation phase. Within the last five years, PZU received several industry prizes, including in 2022: commendation in the Masters of Hyperautomation (Mocarze Hiperautomatyzacji) – for the project Czatbot for COP), prize in the Wprost Weekly's Innovators contest (Innowatory Wprost) - for the project: Minuta dla skóry, and the Banking Gazette Leader and the ICXA Bronze Awards Winner - for the project: Al Assistant (Artificial Intelligence in Claims Handling), and two more awards the Efma-Accenture Innovation In Insurance Awards – for the project "Minuta dla skóry" – golden statute, and Agro Lab - silver statute).



Marek Wilczewski

Managing Director of Information, Data and Analytics Management

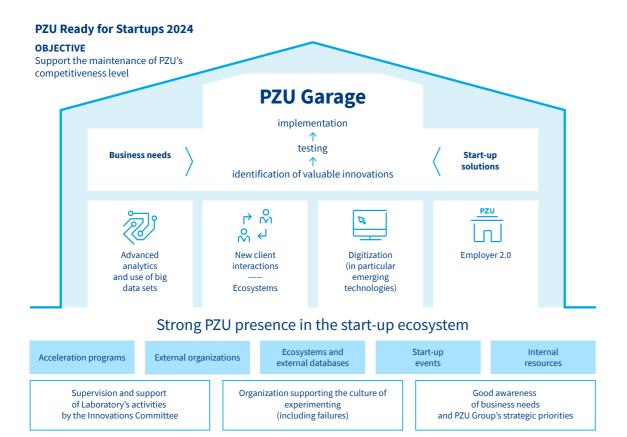
"At the center of PZU's technology initiatives is the Data Warehouse, which integrates collections from all the Group's business areas. The origins of this initiative date back to the 1990s. Since then, there have been many technological changes, such as the processing of information from hundreds of systems or the analytical and reporting tools used. Nowadays, advanced algorithms and analytical techniques are used to take key decisions in many business processes. An example of this are analytical CRM solutions that provide knowledge of the PZU Group's several million clients by segment, which makes it possible, among other things, to provide personalized offers in sales campaigns. Analytics based on a Data Warehouse based on machine learning, artificial intelligence or graph networks allows building many other advanced systems. Among other things, we have FMSclass solutions for multidimensional identification of fraud or implementation of preventive actions in the area of insurance crime prevention. Real-time solutions are also becoming more widely used, allowing rapid response to market conditions or supporting maintenance operations. Currently, these are particularly processes in the areas of claims handling, tariffing, sales support or risk management. From the market perspective, access to such collections makes us a good partner for startups or insurtechs that can test their prototypes on real and complete data with a very long history. Implemented reporting solutions make us a reliable provider of information to our shareholders, market analysts or business partners."

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Idea Generator

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 2022, the Idea Generator served to provide ideas for three business challenges which could support the attainment of selected business objectives. The topics of the competitions are: Lasting friendship with the client, i.e. how can PZU build long-lasting relations with clients, the SDG Challenge 2022, i.e. how can PZU support sustainable development of cities and rural areas, Client Focus: the senior ecosystem or what we can expand our PZU Group offerings to include clients 60+.

Every portal user is able to not only submit the ideas but also vote for his/her favorite ideas and post comments. The authors of the three best ideas from each edition will receive financial prizes, and can have the opportunity to get involved in the implementation of the proposed solution. From the beginning of the Generator, in 12 editions, nearly 700 ideas for internal improvements and brand-new innovative solutions were submitted.

Acceleration program

In 2022, PZU was a partner in another edition of 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 two editions of the program taking place in 2022, PZU gained access to about 500 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.

Acceleration program - cooperation with Alior Bank

PZU is also the partner of the fifth edition of the acceleration program of Alior Bank - RBL_START. The purpose of this edition was to find solutions in the area of human-mobile interactions. Five startups from more than 100 applications qualified for the program. The winners of the program can count on, among other things, a cash prize of €10,000 and cooperation with Alior Bank, PZU or other program partners.

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 opportunity to work with leading corporations and jointly test the startup's solutions in real market conditions as part of pilot projects. PZU is an active participant in the start-up environment in Poland and around the world, and regularly brings the best fintech and insurtech solutions to the organization. Acceleration programs have consistently, for nearly five years, supported PZU in seeking inspiring solutions and establishing cooperation with valuable start-ups.

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



Innovations in subsidiaries - banks

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.

The Innovation Lab also serves a key role in the creation process of new functions planned for implementation as part of the Bank's mobile application development strategy - PeoPay 3.0. Moreover, the Innovation Lab will also cover the area of the Business Banking Division and the Corporate Banking Division.

In 2022, the activity and size of the community of bank innovators centered around the internal crowdsourcing platform IdeaCrowd increased. Since May 2021, the total of 5,520 ideas and submissions were collected on the intranet platform implemented by the Innovation Lab, including those developing projects and supporting innovative initiatives. In 2022, employees participated in 10 challenges, submitting 1,836 ideas. The IdeaCrowd community grew by 965 employees - thus the ranking of active innovators was 3,863 people from various units of the bank. Involvement can be perceived among both sales network employees and support units.

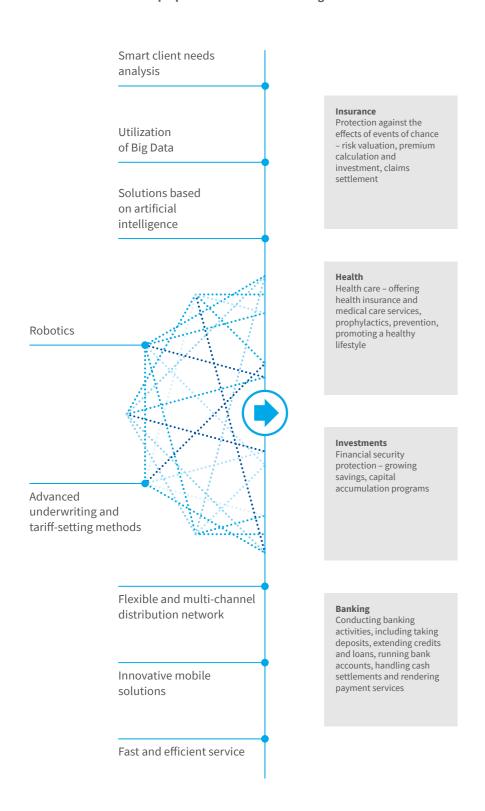
The process of implementing trends in the organization also continued. Within its framework, ideas and solutions are inspired by trends. They are based in the perception of how the future of banking will be look. The Innovation Lab has a team that studies trends and signals of change. Trends, signals of change and inspiration are used in the processes of generating solutions as well as diagnosing and identifying challenges facing the Bank in specific business areas. The goal of the project is to build competitive advantages in areas that are not obvious in the financial sector, such as by creating new business models or customer segments, including in the ESG sector.

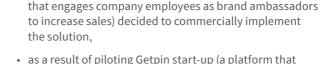
In 2022, the Innovation Lab initiated tests of 15 start-ups at the Bank, among others with Sharebee, Alphamoon, nuDelta, or GetPin. The Lab also cooperated with two accelerators: Space3ac and MIT EF CEE under the Poland Prize program, organized by the Polish Agency for Enterprise Development. An important activity for the Lab was to support Ukrainian start-ups in launching their expansion on the Polish market. A decision was made to pilot five projects from the region.

Furthermore, in 2022, the Innovation Lab:

- launched the start-up application manager system - SRM (Startup Relationship Manager),

Innovation if the PZU Group's product and service offering





• after accelerating and piloting Sharebee (a platform

- collects customer experience data in a single tool) increased traffic to the Bank's website.
- as a result of conducting ESG research and scouting on behalf of the Bank's ESG Council, decided to conduct pilots with two technology companies offering carbon footprint measurement technology,
- materially increased the Bank's presence and visibility in the start-up ecosystem by participating in key industry events and publishing press materials in the media,
- established a community of innovators in the Bank (business owners) and held regular meetings of Innovation Champions to share knowledge and experience in working with start-ups and implementing new technologies.



Alior Bank has the Innovation and FinTech Partnership Department operating outside the Bank under the RBL_Innovation by Alior Bank brand. The task of the unit is to increase

the potential for developing innovations at the Bank. The Department is composed of separate units:

- UX Design Team is responsible for designing user-friendly ways for using services and products offered by the Bank across all channels,
- UX and Product Research Team conducts qualitative and quantitative user tests, exploring their needs and verifying designed product paths,
- Fintech Partnerships Team deals with relations with the external fintech ecosystem and support in the implementation of innovative projects in the Bank with the participation of external providers,
- Open Banking Team is responsible for the compliance of services provided by OpenAPI with the requirements of PSD2 regulations, the provision of Open Banking services based on other banks' APIs (Alior in the role of TPP), and the development of commercial APIs beyond PSD2 requirements,
- Remote Process Development Department develops technological tools as well as hard and soft competencies for communication and sales of the Bank's products in remote channels.

In addition, Alior Bank has a separate Corporate Venture Capital Fund – RBL_VC, operating under the formula of an Alternative Investment Company (ASI), whose task is to invest in innovative projects, in particular supporting the implementation of the Bank's strategy.

2.1.11. Investment policy - TFI and PTE PZU

TFI PZU - 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.

Investment process - ESG issues

Under its investment operations, TFI PZU applies the following division of asset classes:

- 1. securities issued, guaranteed or secured by governments;
- 2. securities issued by corporate issuers, admitted to public
- 3. securities issued by corporate issuers, not admitted to public trading;
- 4. real properties;

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5. investment funds.

TFI PZU conducts analyses of the funds invested into individual asset classes based on methodologies selected for each class. What is important, management issues are of material importance in analyses and ratings of ESG for assets within the general internal ESG assessment methodology.



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Comprehensive offer based

on client knowledge and

Long-term partnership

Products and services

Safeguarding financial

Risk mitigation

security needs

accessible to clients whenever

and wherever they want them

their real needs

TFI PZU TFI PZU's financial products Mutual funds and asset portfolios for external clients Mutual funds dedicated to the PZU Group managed by TFI PZU Asset portfolios of the PZU Group managed by TFI PZU Methodologies for individual asset classes securities issued. securities issued by securities issued by guaranteed and with corporate issuers corporate issuers mutual real property surety extended by admitted to public not admitted to funds public trading states trading

Strategy of exercising voting rights



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.

Strategy of exercising voting rights – ESG issues



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.



Strategy of exercising voting rights

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.

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.

Exposure policy of mutual funds managed by TFI PZU SA to companies listed on the regulated market



The adopted policy provides for actions connected to exposure of mutual funds managed by TFI PZU SA to issuers' equities in which an investment was 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.

PTE PZU - investment process



PTE PZU (manages the pension fund OFE PZU "Złota Jesień" and DFE PZU) has a formalized investment process. The key documents governing it are the "Principles of Investment Strategy" of

each fund, the "Declaration of Principles of Investment Policy and Investment Objective of Open-Ended Pension Fund PZU Złota Jesień, the "Declaration of Principles of Investment Policy of DFE PZU", the procedure "Making Investment Decisions" and the "Instruction for Preparation of Analytical Materials by Investment Office Employees".

The overriding goal of the investment process at PTE PZU is the long-term maximization of the value of units of account at the assumed level of acceptable risk and maintenance of the funds' liquidity requirements.

The Company takes investment decisions based on a comprehensive analysis of issuers of financial instruments and their environment. These analyses cover the full spectrum of factors that affect the value of financial instruments, including risks to sustainability. These risks are taken into account by the Company in the investment process in financial, regulatory and legal analysis, among others, as well as at the level of managing the entire portfolio. Through the introduction of its own ESG Scoring, the Company has taken the first step toward potentially taking into account the adverse effects of investment decisions on sustainability factors in the future.

Investment process - ESG issues



PTE PZU expanded its investment process by assessment of the impact of issuers of financial instruments on ESG factors. The tool used for this purpose is ESG PTE PZU Scoring. In the

first stage in 2022, the ESG Scoring became a required component of every investment recommendation by analysts of the PTE PZU Investment Department.

The PTE PZU ESG assessment relies on data consistent with the Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019. (the "SFDR Regulation"), and is therefore a tool with a potentially wide range of applications, in particular in the eventual decision to voluntarily disclose information in accordance with point Article 4(3) of the SFDR. Of the 14 parameters used, 13 are included in Annex 1 to Commission Delegated Regulation (EU) 2022/1288 of April 6, 2022 (the "RTS Regulation ⁴"). The Scoring is a weighted average of the evaluation of 10 or 14 parameters, depending on the issuer's business profile. In the case of less than 70% of data for a selected issuer, PTE PZU waives the issuance of its own rating and adopts the average of ESG ratings of external agencies.

PTE PZU's ESG Scoring helped determine the ESG rating for issuers whose instruments account for more than 90% of the value of the portfolio of OFE PZU Złota Jesień.

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⁴⁾ The RTS (Regulatory Technical Standards), is a document that clarifies what the negative effects on sustainability factors are, which are dealt with in Article 4 of the SEDR Regulation.



Best practices of subsidiaries

Strategy of exercising voting rights



PTE PZU actively exercises corporate rights from shares in the funds' portfolios. The participation of the company's representative in all general

meetings of companies that are in the portfolio of OFE PZU was adopted as a rule.

The manner in which these rights are exercised is governed by the "Principles of corporate governance in the investment activities of OFE PZU Złota Jesień and DFE PZU." They include provisions on support for high standards of corporate governance including protection of minority shareholders' rights and independent and professional supervision, and include boundary conditions for share-based incentive programs.

PTE PZU takes into account the recommendations of Institutional Shareholder Services Inc. in creating instructions for general meetings of companies.

Taking ESG aspects into account when selecting intermediaries for trading on the stock exchange

"Assessing 100% of key suppliers for ESG risks" is part of the PZU Group's ESG strategy. The key service providers for PTE PZU are brokerage houses. PTE PZU conducted an ESG survey of financial market brokerage providers in November 2022. The survey consisted of 10 questions that evenly addressed all aspects of sustainability. The results of the survey of brokerage firms in terms of ESG aspects were used in the process of evaluating and selecting brokerage firms for 2023 order execution.

[GRI 207-1, 207-2]

2.1.12. Tax Strategy



The PZU Group performs numerous reporting duties prescribed by Polish law. 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.

Tax Group

Since 2021, the Tax Group "TG" has consisted of the following

PZU is the parent company representing PZU TG and subsidiaries:

• PZU Życie	• Ipsilon
• PZU Centrum Operacji	• Tulare Investments
• PZU Pomoc	• PZU Cash
• Ogrodowa - Inwestycje	· LINK4
• PZU Zdrowie	• PZU Finanse
• Omicron BIS	• PZU Projekt 01 SA
• PZU Lab	

Main features of PZU TG:

- Business, operational and accounting processes under the PZU Group operations, taking into account correct implementation of tax obligations and processes;
- PZU TG and its Companies carried out several tax settlements of their actions pursuant to the prevailing tax law.
- The PZU TG accepts only a low level of tax risk in its operations and manages tax risk in accordance with this principle. PZU TG actions are aimed 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 TG 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 TG and the Companies are made on the basis of assessing the impact of tax risks.

Assumptions and strategy of PZU TG:

 PZU TG does not engage in aggressive tax planning nor does it plan or execute intentional transactions of artificial nature, whose main purpose or one of the objectives is to achieve a tax benefit. In particular, PZU TG does not apply solutions which could be regarded as tax avoidance or evasion;

- PZU TG companies are not domiciled in tax havens. Furthermore, PZU TGdoes not settle accounts with other entities domiciled in tax havens in order to reduce its tax liabilities in Poland;
- The PZU TG 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 any tax arrears 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.

Tax liabilities

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).
- real estate tax (DN-1).

[GRI 207-3]

Social consultation

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. These actions are meant to serve both the social and the economic interests.

In connection with the amendment to the Corporate Income Tax Act, since 1 January 2021 some taxpayers are obliged to publish information on their tax strategy. The PZU Group satisfies this obligation, referred to in Article 27c of the CIT Act, and the information on the tax strategy it pursues can be found at its website.

[GRI 207-4]

Income tax per country

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

The corporate income tax (CIT) per country (million PLN)

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

	2020			2021		
	Profit (loss) before taxation	Income tax paid	Effective interest rate	Profit (loss) before taxation	Income tax paid	Effective interest rate
Poland	7,453.6	1,817.7	24.4%	9,817.6	1,936.1	19.7%
Lithuania	105.8	15.0	14.2%	118.2	56.0	47.3%
Ukraine	50.7	14.5	28.6%	13.4	9.5	71.0%
Latvia*	70.6	0	0.0%	42.8	0	0.0%
Estonia*	29.8	0	0.0%	23.5	0	0.0%

^{*)} under the tax system in Latvia, tax is paid against the payment of dividend, operations in Estonia are conducted by the Lietuvos Draudimas branch in Latvia

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[GRI 2-23]

2.2. Ethics

Ethical values



Principal ethical standards governing the PZU Group are defined in "Best Practices of the PZU **Group**."5 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. 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", which constitute the PZU Group's code of ethics, define norms and standards of relations with employees, clients, business partners and local communities.

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 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. Companies report compliance risk to PZU, taking into account respect to legally protected secrets.



PZU Group companies follow principles of ethics applicable to members of corporate bodies, i.e. "Principles of Ethics for Members of Management Boards of PZU Group Companies", "Principles of

Ethics for Members of the Supervisory Board of PZU SA". "Principles of ethics of supervisory board members in PZU

5) The PZU Group's Good Practices can be found at www.pzu.pl/grupa-pzu/o-nas/



Sławomir Niemierka

Managing Director of Regulatory Affairs,

PZU and PZU Życie

"The PZU Group has a unique character – not least because it is the only financial conglomerate in Poland that offers the widest range of regulated financial products and services to its clients. The Group includes three listed companies, which are attractive issuers, applying the highest standards of corporate governance. Such a wide range of activities also involves a number of regulatory and supervisory challenges, which have become an important risk factor in the current macroeconomic situation. Adequate and effective management of compliance risk while maintaining business efficiency and being fair in customer relations are competencies that, among other things, contribute to the PZU Group's continued market leadership status."

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". These principles serve to:

- 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;
- · specify the ethical standards, values and attitudes by which members should be guided.



Ethical culture is of the utmost importance also in terms of investment practices. TFI PZU abides by

the Code of Best Practices of Institutional Investors prepared and approved by the Chamber of Fund and Asset Management. 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 TFI PZU Management Board adopted a resolution to apply the Corporate Governance Rules for Regulated Institutions" issued by the Polish Financial Supervision Authority (KNF), whereby the Board declared its readiness and wish to follow 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 and PTE 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. PTE 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."

Ethics in subsidiaries - banks



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 follows the "Compliance Policy", whose fundamental principles ensure compliance of operations of Alior Bank and all bank employees and entities cooperating with the bank, internal regulations and market standards, and whenever it stems from the law and relevant regulations of other bodies, by way of managing compliance risk and the control function, also in the first or second line of defense. The actions of Alior Bank as a public trust institution are based on the principles described in the "Code of Conduct in Alior Bank".

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. As part of its internal communication, Alior Bank promotes ethical conduct and working environment which is based in mutual respect and trust.



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Pekao Bank has a separate unit responsible for compliance – 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 another legal

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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.

Ethics in the compliance risk management system



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
- on an ongoing basis by the managers of various cells and organizational units in PZU in the area subject to their oversight.



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 entire system is composed of:

- 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.

Supervision and audit



PZU has the Compliance Department, which is 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.

Compliance units responsible for compliance risk management also operate in other PZU Group financial-sector units on regulated markets (e.g. LINK4, TFI PZU, PTE PZU, TUW PZUW, foreign insurance companies).

Training and communication

PZU emphasizes 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.

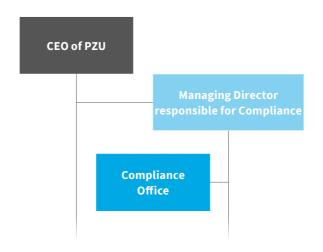
Actions instilling an awareness of compliance:

- **Employee training** 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, i.e. the 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. 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.

Structure of compliance and ethics management

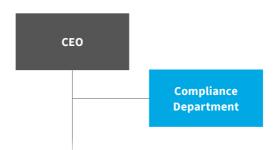
PZU



Alior Bank



Bank Pekao



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[GRI 2-23, 2-25]

2.3. Human rights



Joanna Gorczyca

Director of the Sustainability Department

"Human rights and diversity are playing an increasingly important role in business management. This is reflected in the sustainability regulations already in place and planned, as well as in the growing interest of rating agencies in ESG topics. Social issues, including human rights, are increasingly becoming a condition for sustainable business. This is also an important topic for PZU Group stakeholders."

As a member of the European Union (EU) and the United Nations (UN), as well as the Council of Europe (CoE) and the Organization for Economic Cooperation and Development (OECD), Poland ensures the protection of human rights under national and international legislation.

The international obligations listed below are part of the legal order in Poland, which includes, among others, the International Bill of Human Rights and the Declaration of the International Labor Organization (ILO). PZU is therefore obliged to comply with them. These are:

- · Universal Declaration of Human Rights,
- · European Convention on Human Rights,
- · EU Charter of Fundamental Rights,
- International Covenant on Civil and Political Rights (ICCPR),
- International Covenant on Economic, Social and Cultural Rights,
- 1st Optional Protocol to the ICCPR on individual notifications,

- · 2nd Optional Protocol to the ICCPR on the death penalty
- ILO Convention No. 29 concerning Forced or Compulsory Labor,
- ILO Convention No. 87 concerning Freedom of Association and Protection of the Right to Organize,
- ILO Convention No. 100 concerning Equal Remuneration for Men and Women Workers for Work of Equal Value,
- · ILO Convention No. 98 concerning the Application of the Principles of the Right to Organize and Collective Bargaining,
- ILO Convention No. 105 concerning the Abolition of Forced
- ILO Convention No. 111 concerning Discrimination in Respect of Employment and Occupation,
- · ILO Convention No. 138 concerning the Minimum Age for Employment,
- · ILO Convention No. 182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor.

PZU is aware that internationally, the following guidelines play an important role in the human rights protection process, which place special emphasis on the human rights due diligence process, including the prevention of potential negative impacts of the company on human rights. Bearing in mind the requirements of the EU Taxonomy (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, and amending Regulation (EU) 2019/2088), PZU is revising its procedures with this in mind as well.

- Adopted by the UN Human Rights Council in 2011 - "United Nations Guiding Principles on Business and Human Rights". Among other things, the guidelines emphasize the role and responsibility of businesses in protecting human rights. In line with UN, EU and CoE recommendations, one of the elements of strengthening respect for human rights in business is the implementation of National Action Plans (NAPs) for the implementation of the "UN Guiding Principles on Business and Human Rights." Poland has also adopted the NAP - the first edition covered 2017–2020, and on 8 October 2021, the "National Action Plan for the Implementation of the UN Guiding Principles on Business and Human Rights 2021–2024" was adopted.
- OECD Guidelines for Multinational Enterprises issued by the OECD in 1976, last updated in 2011, when they were supplemented with human rights and due diligence issues, among others. They set the standard for responsible business conduct. In addition to human rights issues, their topics also include, for example, the environment, corruption prevention, consumer interests, competition, taxation, science and technology. The process of updating them again is currently underway, among other things, in

response to new regulatory requirements for sustainable development (e.g. EU Taxonomy, Directives: CSRD, CSDD).

[GRI 2-28]

United Nations Global Compact (UNGC)

In 2022, by decision of the Management Board, PZU joined the United Nations Global Compact (UNGC) and thereby accepted the UNGC's 10 Principles in the areas of human rights, labor, environment and corruption prevention, which are designed to help business achieve the UN Sustainable Development Goals:

- 1. to respect and promote the protection of internationally recognized human rights,
- 2. to eliminate any human rights violations by the company,
- 3. to support freedom of association and recognize the right to collective bargaining,
- 4. to support the elimination of all forms of slavery and forced labor,
- 5. to contribute to the actual abolition of child labor,
- 6. to counter discrimination in employment,
- 7. to promote a preventive approach to environmental
- 8. to take initiatives to promote greater environmental responsibility,
- 9. to support the development and dissemination of environmentally friendly technologies,
- 10. to counter corruption in all its forms, including bribery and extortion.

UNGC rules are available on the UNGC website: https://www. unglobalcompact.org/what-is-gc/mission/principles

PZU membership information on the UNGC website: https:// www.unglobalcompact.org/what-is-gc/participants/150962-Powszechny-Zak-ad-Ubezpiecze-Sp-ka-Akcyjna-PZU-



Domestic and international obligations are reflected in PZU's internal regulations and procedures, including PZU's "PZU Group Human Rights Policy" - link to the Policy: https://www.

pzu.pl/_fileserver/item/1530112. According to the Policy, "For the PZU Group, the fundamental value of the contemporary society is respect for human rights and dignity. The Group respects them, guided by Polish and international legal regulations as well as internal procedures for protecting human rights. In its activity, the PZU Group complies with the principles of respecting diversity. The Group makes efforts to ensure that there is no discrimination in access to its services and products, building business relations in a fair and transparent manner."

The policy emphasizes that the PZU Group respects human rights and diversity principles in every pillar of its business **activity,** including: insurance (non-life and life insurance), medical services, pension fund management, establishment, representation and management of investment funds.

20 [GRI 3-3]

Respect for human rights is the basis for building relationships with the key stakeholder groups listed in the **Policy,** in particular:

- 1) PZU Group employees;
- 2) clients;
- 3) suppliers and business partners, and
- 4) all other PZU Group stakeholders. These groups have been identified as the most relevant, as the PZU Group has the greatest influence on them.

Respect for human rights and diversity in relations with employees

With regard to employees, the PZU Group's Human Rights Policy places special emphasis on: the right to fair and equal remuneration for work done, freedom of association, the right to privacy and freedom of speech and expression. In relations with employees, activities designed for creating an organization that supports diversity play a pivotal role.



Key procedures to prevent human rights / employee rights violations at PZU / PZU Życie:

- PZU Group's Human Rights Policy: https://www.pzu.pl/ fileserver/item/1530112
- Whistleblowing Procedure in PZU SA and PZU Życie SA
- Procedure for counteracting undesirable behavior in the work environment - mobbing and discrimination in PZU SA and PZU Życie SA
- Occupational Safety and Health Policy
- Human resource management policy in the PZU Group
- · 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 cofinancing postgraduate programs and specialist forms of professional development for PZU and PZU Życie employees.
- Work Regulations

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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. The PZU Group builds its relations with clients based on the principle of their equal treatment, respecting their diversity, and none of the products or services offered by the PZU Group are discriminatory in nature. An extensive network of outlets, also located in smaller cities, provides easy access to financial services, contributes to the prevention of financial exclusion, and most of these services are also available through remote service channels, especially in myPZU. 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. For details, see the "Client" section.



Key procedures to prevent client rights violations at PZU / PZU Życie:

- · Complaint Procedure for clients Rules for receiving, registering and handling and reporting client complaints
- · Procedure before the Client Ombudsman (PZU SA and PZU Życie)
- Client Experience Management Policy in PZU SA and PZU Życie SA.

The advertising ethics are also extremely important in client relations – according to the PZU Code of Ethics in Advertising, advertising does not contain discriminatory content, does not offend human dignity, does not question animal rights, its message is not misleading or takes advantage of clients' lack of knowledge, and the data presented in the advertisement is true and documented.

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, CSR Code for PZU Group Suppliers has been adopted. According to the document, the PZU Group expects suppliers to respect human rights. Since 2022, the area of observance of human rights and employee rights by suppliers has been among the topics covered by the Group's supplier audit program, including the ESG factors.



Key document:

"CSR Code for PZU Group Suppliers":

According to the Code, the supplier, among

others::

- ensures respect for human rights in its operations and firmly rejects the possibility of child labor and complies with existing laws against child labor; furthermore, it does not tolerate any form of slave or forced labor,
- ensures equal treatment in the workplace and does not employ any discriminatory practices due to age, gender, disability or race.
- · complies with the law, acts with integrity and prevents all forms of corruption in its operations, respects employee rights, and ensures the safety and proper working conditions of its employees,
- responsibly manages employees and the workplace (e.g., ensuring the development of employees' competencies, taking care of employees' work-life balance) and sets its goals in this regard.

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 transpires, e.g. in the Group's endeavors pursued with the benefit of local communities in mind.

In addition to the PZU Group's Human Rights Policy, PZU also has other regulations that are relevant to human rights. These include:

- Sustainable Development Policy in the PZU Group
- Best Practices of the PZU Group: https://www.pzu.pl/ fileserver/item/1515806
- Sustainable Investment Policy of PZU and PZU Życie, 2021: https://www.pzu.pl/ fileserver/item/1536402

[GRI 2-24]

Human rights oversight in relations with key stakeholder groups

The PZU Group's Human Rights Policy was adopted by a resolution of the PZU Management Board in 2021 and is publicly available on the PZU website in Polish and English.

Directors and Management Board Members responsible for the relevant operational and control processes, in their respective areas of responsibility, are responsible for ensuring oversight of human rights in specific business areas. In 2022,

the relations with the aforementioned key stakeholder groups listed in the PZU Group's Human Rights Policy were the primary responsibility of:

- PZU Group Director at PZU / PZU Życie Management Board Member Dorota Macieja, overseeing the Sustainability Department,
- PZU Group Director at PZU / PZU Życie Management Board Member Bartłomiej Litwińczuk, overseeing the HR Division (employee relations),
- PZU Group Director at PZU / PZU Życie CEO Aleksandra Agatowska, overseeing the Client Experience Management Department (customer relations),
- PZU Management Board Member / PZU Życie Management Board Member Ernest Bejda, overseeing the Procurement Department (supplier relations).

2.4. Cooperation with business partners

[GRI 2-6]

Value chain

The PZU Group cooperates with suppliers from many industries, in specific business areas: administration, corporate, real estate or information technology. The spectrum of supplies in question is wide, i.e., from demanding orders in the area of information technology to conventional goods and services. The largest group of suppliers are business partners for IT, real estate, utilities and energy purchases. PZU also maintains business relations in cooperation with organizations that run Acceleration programs (start-ups) and organizations supported through prevention and sponsorship activities.

Norms and standards

The PZU Group conducts business activity in compliance with all laws, health and safety rules, human rights and health protection. The PZU Group wants to contribute to shaping the attitudes of suppliers with the expectation of adhering to the standards and principles that PZU applies in its business activity. The Group is keen to promote the idea of corporate social responsibility in its relations with its suppliers, working only with those business partners who, among other things, respect human rights, firmly reject the possibility of employing children, do not tolerate any form of slave and forced labor, respect employee rights, and act in accordance with legal regulations, especially in the area of the 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.

Procurement Policy



The Procurement Policy in the PZU Group lays down the fundamental principles in the procedure for selecting the suppliers of goods and services, and the principles of cooperation and information

exchange in procurement in 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

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with PZU on cooperation in procurement. Its subject matter is to cooperate for the purpose of achieving procurementrelated 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 Management Procedure



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.

- Registration process the supplier registers in the Supplier Database 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 CSR Code for PZU Group Suppliers".
- Verification process an employee of the PZU Supplier Qualification and Assessment Team checks the data and documents presented in the form, collects opinions within the organization. Then he or she decides on whether to reject a Supplier or commence its qualification process.
- Qualification process involves an assessment of the collected data or documents against a specific procurement category. The qualification decision is made by the employee and approved by the manager.

At the end of 2022, there were 2,098 Suppliers with a status of at least "registered".



Best practices of PZU and PZU Życie

In every procurement process, PZU employees who are members of procurement teams are informed about the Rules for managing conflicts of interest, the Anti-Corruption Program, and the need to report to the relevant PZU units when the possibility of a conflict of interest is identified. Notwithstanding the above, the senior management involved in the purchasing process makes representations regarding business and personal relations with the supplier recommended in a given procurement procedure.

Supplier selection procedure



The "Procedure for the Selection of Suppliers of Goods and Services" defines the principles and method of running the supplier selection procedure 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 2022, the Purchasing Department completed **290 Procurement Department** (tender, negotiations, single-source procurement, RFI) in PZU and PZU Życie. In total, 8,108 contracts were executed with suppliers in PZU and PZU Życie.

[GRI 308-1, 414-1]

"The CSR Code for PZU Group Suppliers"



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Any company wishing to cooperate with PZU shall familiarize itself with the "Code of CSR Best Practices for PZU Group's Suppliers" at the stage of registration for the PZU Supplier Base and undertake to comply with its clauses. The document 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 business partners. An indispensable element of the offers submitted by Suppliers is signing the declaration on familiarization with the Code and acceptance of its clauses. "The CSR Code for PZU Group Suppliers". is available on the PZU website: www.pzu.pl/ grupa-pzu/o-nas/kultura-compliance-pzu/kodeks-csr.

"The CSR Code for PZU Group Suppliers" refers in detail to issues in the areas of human rights, the environment and ethics.

- 1) 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.
- 2) Environment 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.
- 3) Ethics PZU is a public trust institution. 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.

The Suppliers Code - prevention of corruption and conflicts of interest

"The CSR Code for PZU Group Suppliers" deals with the prevention of corruption and conflicts of interest. Suppliers are also obliged to act in this regard by prohibiting the giving or offering of undue benefits to anyone in exchange for a specific action or failure to do so. A Supplier that respects the Code avoids and prevents situations conducive to the emergence of conflicts of interest, both in the process of applying for cooperation with the PZU Group and during the subsequent course of cooperation.

Supplier audits with ESG elements

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.

While ESG coverage is not mandatory as part of supplier audits, appropriate audit recommendations may be made if serious supplier violations are found or if required standards related to respect for human rights or the environment are not met. Based on these, it may then be expected to create, implement and monitor a plan to mitigate the identified risks.

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Prevention of corruption



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.

Cooperation with suppliers - 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 gross 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". The rules were revised again in 2019, 2020 and 2022 following further transformation of the Bank's procurement function. The Procurement Policy was also updated in 2022.

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 environmentallyfriendly 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.

2.5. Risk management

Purpose

The 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. 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 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.

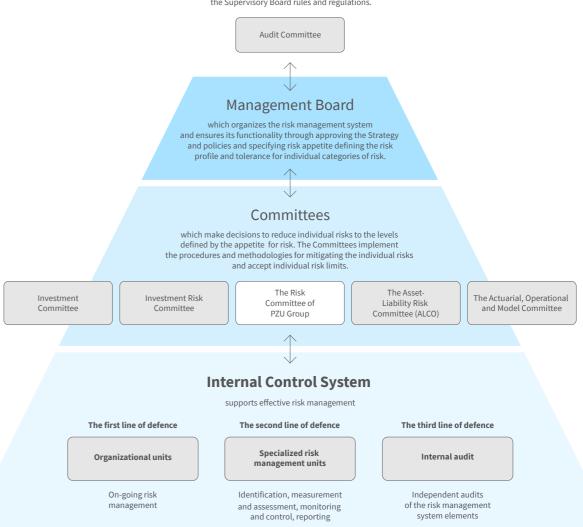
The risk management system in the PZU Group

PZU exercises supervision over the PZU Group's risk management system by the power of cooperation agreements entered into with other Group entities and the information

Chart of the organizational structure for the risk management system

Supervisory Board

which supervises the risk management process and assesses its adequacy and effectiveness as part of its decision-making powers defined in the Company's By-laws and the Supervisory Board rules and regulations.



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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 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.

Internal Control System

Effective risk management is supported by the Internal Control System implemented in PZU, which offers solutions for three levels 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.

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).

In 2022, initiatives were continued to improve the identification, measurement, assessment and monitoring of the risks associated with sustainable development, in particular with climate changes. The main risks in this area are transition risks and physical risks⁶, which are managed as part of individual risk categories specified below in this Report. Furthermore, selected non-financial risks are subject to separate assessment within the framework of the risk analysis process and the key risk identification process.

The management process for managing various risk categories comprises requirements of sustainable development, and the same applies at the level of each PZU Group subsidiary, in compliance with prevailing provisions of law and individually defined PZU Group internal policies, including the ESG Strategy which constitutes an integral part of the PZU Group

Risk categories in the PZU Group



Actuarial risk

the possibility of loss or of adverse change in the value of liabilities under the executed insurance agreements and insurance guarantee agreements, due to inadequate premium pricing and technical provisioning assumptions.



Model risk

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.



Operational risk

the possibility of suffering loss resulting from improper or erroneous internal processes, human activities, system failures or external events.



Compliance risk

the risk of legal sanctions, financial losses or loss of reputation or credibility arising from a failure of PZU Group companies, their employees or entities acting on their behalf to comply with the law, internal

regulations or standards of conduct, including ethical standards. The result is or could be: the incurring of legal sanctions by the PZU Group or those acting on its behalf, the creation of financial losses, loss of reputation or credibility.



Credit risk

the risk of a loss or adverse change in the financial situation resulting from fluctuations in the trustworthiness and creditworthiness of issuers of securities, counterparties and all debtors,

materializing through a counterparty's default on a liability or an increase in credit spread.



Concentration risk

the possibility of incurring 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.



the risk of loss or of 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, value of liabilities and financial instruments.

including liquidity risk

the 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.

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, and also 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.

Measurement and assessment of risk

Conducted depending on the nature of the risk type and its significance level. Risk measurement is carried out by specialized units. Risk units in each company are responsible for the development of tools and 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).

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



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

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⁶⁾ According to the European Commission guidance for non-financial reporting, transition risks refer to the transition of the economy to a low-carbon and climate-resilient future. Physical risk on the other hand entails financial losses stemming from the physical consequences of climate change and encompasses acute (e.g. storms, fires) and long-term risk (rising sea level).

Risk management - subsidiaries

Risk management responsibility, including the climate impact risk

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.

- 1. 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.
- 2. 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.
- 3. 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.
- 4. The fourth decision-making level pertains to operational measures in the various business units divided into three lines of defense.

[GRI 2-12]

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.

Non-financial risk management is an integral part of the overall risk management process. Therefore, individual ESG risks are classified into major risk categories. Issues in the social and corporate governance areas are primarily operational and compliance risks. For environmental issues, it's also business, credit, market and actuarial risks.

PZU's operational and compliance risk management principles and structure are based on established regulations. Operational risks are controlled on multiple levels in the organization. Risk management is overseen by independent, dedicated units within the Company's structure - the Risk Department for operational risk and the Compliance Department for compliance risk.

Key non-financial risks - monitoring

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

Compliance risk is assessed at the Company as part of ongoing management processes and systemic assessment carried out on a semi-annual basis; it is also monitored monthly and quarterly based on selected risk indicators.

Detailed references to these risks are described in the following sections of this report:

Corporate governance "G"

Risk	Detailed information
The risk pertaining to disclosure of personal data and data subject to insurance secrecy to unauthorized persons.	2.5.1. Information security
The risk of corruption associated with inappropriate implementation in the Group's structure of anti-corruption procedures, including the lack of protection for whistleblowers.	2.5.2. Counteracting corruption
Risk of conflict of interest	2.5.3. Conflict of Interest Management
Risks associated with inadequate design and implementation of solutions in the area of crime prevention and failure to implement them correctly.	2.5.4. Counteracting crime

Reputational risk associated with the identification of PZU's activities with money laundering and terrorist financing or the risk of using PZU's activities for money laundering or terrorist financing, compliance risk associated with inadequate implementation of the AML/CFT law into business and operational processes and failure to implement them correctly	2.5.5. Counteracting money laundering and terrorism financing
Reputational risk associated with the identification of PZU's activities with violations of compliance with international sanctions, compliance risk associated with inadequate implementation of Polish, EU and international laws governing the area of international sanctions into business and operational processes and failure to implement them correctly	2.5.6. Use of international sanctions

Environment "E"

Risk	Detailed information
$Reputational\ risk\ and\ compliance\ risk\ in\ connection\ with\ direct\ environmental\ impact$	4.3. Direct environmental impact
Climate risks associated with transformation of the insurance portfolio	4.1.2. Analysis of climate and risk identification
Risks associated with client activities in sectors highly and moderately sensitive to ESG risks	4.1.2. Analysis of climate and risk identification

Social responsibility "S"

Risk	Detailed information
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.	3.1. Employees
Risk of failure to ensure a safe and healthy work environment. Putting employees at risk of accidents at work.	3.1.5. Safety
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.	3.1.6. Remuneration and benefits
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.	3.2.1. Responsible sales
Compliance risk concerning the generally prevailing laws and guidelines of state authorities and reputational risk.	3.2.1.2. Advertising ethics

[GRI 2-12, 2-24]

Non-financial risk management - policies



The main element of risk management in the PZU Group is detailed regulations, adopted at the level of companies and functional offices. The document governing these issues is the

cooperation agreement (as of 21 March 2017) between PZU and the subsidiaries. The starting point for regulations adopted in subsidiaries is the area of competence of the PZU parent company, where the relevant units are responsible for preparing the substantive relevant provisions for policies in subsidiaries. Under the agreement, regulated were issues

in the fields 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, customer experience management, claims and benefits handling, sustainable business development (ESG), tariff-related actuarial services, analysis of insurance evolution and tariffs, sales technologies development, sales and non-motor underwriting of business insurance products.



Listed below are selected regulations in force at PZU, which are key to building a consistent approach within the framework of policies and procedures adopted collectively, in the area of non-financial risk management (within the group of operational and compliance risks).

Corporate governance

Regulations	Detailed information
Security Policy in PZU SA and PZU Życie SA Information Security Procedure of PZU SA and PZU Życie SA Information Security Procedure of PZU SA and PZU Życie SA	2.5.1. Information security
Anti-Corruption Program in PZU SA and PZU Życie SA Whistleblowing Procedure in PZU SA and PZU Życie	2.5.2. Counteracting corruption
Rules for managing conflicts of interest in PZU SA and PZU Życie Rules for acceptance and giving of gifts in PZU SA and PZU Życie SA	2.5.3. Conflict of Interest Management
Security Procedure in counteracting crime in PZU SA and PZU Życie SA	2.5.4. Counteracting crime
Security procedures in the area of counteracting money laundering and terrorism financing in PZU Życie and the PZU Group	2.5.5. Counteracting money laundering and terrorism financing
Rules for the protection of employees and affiliates of PZU Życie performing activities related to the implementation of certain duties in the field of counteracting money laundering and terrorism financing Sanction Policy in PZU SA and Życie SA	2.5.6. Use of international sanctions
Whistleblowing Procedure in PZU and PZU Życie	2.5.7. Whistleblowing System

Environment

Regulations	Detailed information
PZU Group Environmental Policy	4.3. Direct environmental impact
Security Policy in PZU PZU and PZU Życie	4.1.3. ESG Strategy– approach to management in climate
PZU Green Standard	4.3. Direct environmental impact

Social responsibility

Regulations	Detailed information
Human resource management policy PZU SA and PZU Życie	3.1. Employees
Procedure for counteracting undesirable behavior in the work environment – mobbing and discrimination – in PZU and PZU Życie	3.1.3.2. Preventing mobbing and discrimination
Occupational health and safety policy at PZU and PZU Życie	3.1.5. Safety
Remuneration policy in the PZU Group	
Financial Planning Procedure in the PZU Group	3.1.6. Remuneration and benefits
Rules and Regulations of the Company Social Benefit Fund (ZFŚS)	

Principles concerning the product management system in PZU 3.2.1. Responsible sales and PZU Życie Code of Ethics in Advertising 3.2.1.2. Advertising ethics Policies for managing effective communication in PZU 3.2.1.3. Plain language Client experience management policy in PZU and PZU Życie 3.2.4. Complaints and grievances Human rights policy of the PZU Group 2.3. Human rights

[GRI 2-25]

2.5.1. Information security

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 and update 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 of PZU SA and PZU Zycie SA, Information Security Procedure in PZU SA and PZU Życie SA, Security procedure in the area of personal data protection in PZU SA and PZU Życie SA.

Security Policy

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 "PZU SA and PZU Życie 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.

Security Procedure

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

Best practices of PZU Group

Cybersecurity

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. 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.

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.

Cyber security - Management Board oversight

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Management Board member Ernest Bejda is in charge of the supervisory and security cell. He has many years of experience in this area. Prior to his employment in the PZU Group he worked in the General Customs Inspectorate in Warsaw, and then he ran his own advocate practice. He cofounded the Central Anti-Corruption Bureau in which he served as its Deputy Head (2006-2009), and then headed it up (2016-2020).

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Effectiveness of the security management system in PZU and PZU Życie	2021	2022
Number of potential infections blocked	>14 thousand	>7.5 thousand
Number of blocked connection attempts to send malicious emails	132 million	210 million
Number of high-risk attacks blocked	200 thousand	744 thousand
Number of blocked redirects to unsafe resources	> PLN 3 million	> PLN 1 million
Number of malicious emails blocked	> PLN 1.3 million	0.7 million

Security management system in PZU and PZU Życie – selected activities	2021	2022
Number of analyses	46 thousand	70 thousand
Number of initiatives reviewed	1.3 thousand	1.2 thousand
Number of manual security tests	173	148
Number of vulnerabilities detected	137 thousand	129 thousand
– including critical	27.4 thousand	27.0 thousand

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.

Opinion and coordination of the implementation of cloud-based solutions

On 23 January 2020, the KNF Office (UKNF) has published an announcement regarding the processing of information by supervised entities in public or hybrid cloud computing. By decision of the Management Board on 7 April 2020, the Security Department was designated as the coordinating and competent unit for the approval of the implementation of cloud computing-based solutions.

In accordance with the guidelines of the above-mentioned communication, procedures have been adopted to standardize the process of classification and evaluation of information and the process of risk estimation, i.e.:

- procedure for classification and evaluation of information for the purpose of its processing in cloud computing in PZU and PZU Życie,
- procedure for estimating the risk of cloud computing in PZU and PZU Życie.

Senior executives (WKK) of PZU and PZU Życie have been briefed on the responsibilities of BBE and the responsibilities of business owners of cloud-based processes. The statuses for the WKK include information on current deployments as well as other relevant information related to the implementation of cloud solutions. In addition, cyclical reporting to the Management Board of PZU and PZU Życie has been introduced, as part of quarterly information from the information security area, which includes a list of topics based on cloud solutions that have been reviewed.

The implementation of the above-mentioned measures has helped to standardize the process of implementing cloud solutions, thus reducing the risk of non-compliance with UKNF guidelines and transparently informing the organization about the actions taken.

Implementation of cloud-based solutions at PZU and PZU Życie	2021	2022
Number of cloud computing- based solutions reviewed at PZU SA/PZU Życie	98	97
Number of processes requiring notification to the UKNF	0	1

Security training in 2022:

- Newly employed persons participate in onboarding training during which they are acquainted with security principles and then undergo obligatory e-learning training in this field. 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;
- · Refresher training courses on these issues were conducted for employees and agents of units, mainly in the form of webinars. Their participants included employees of branches, claims handling and benefits units, and exclusive agents (i.e., in particular, those who process clients' personal data);

- informational materials articles published on the PZU intranet on the subject;
- internal information campaign the theme of the campaign was cyber threats, related attacks, including social engineering, as well as information security and best practices to counter threats such as phishing, social engineering, dangerous links and attachments, and misinformation, among others;
- · online meeting with external experts with examples of threats and the most common attacks and advice on how to
- educational animations (on the internal e-learning platform) - on current cyber threats, safe remote work and the quality of processed information.

E-learning trainings at PZU and PZU Życie	Number of participants	
	2021	2022
Information security, cyber- security and crime prevention for new hires	877	1,468

Onsite trainings or webinars with a trainer on the topics of information security/personal data protection/cybersecurity of PZU SA and PZU Życie	Number of trainings		n security/personal data Number of trainings Number of participants	
	2021	2022	2021	2022
Onboarding training for new hires	37	35	842	992
Refresher training	38	16	3 619	586

Commenting on the 2021/2022 changes – a large number of refresher trainings were related to the pandemic situation and the increased demand for webinars, which could be attended by more employees at the same time than in a stationary mode.



Best practices of PZU and PZU Życie

Training campaign

one GoPhish training campaign was conducted in 2022. It consisted in employees who accidentally clicked the link in a specially prepared e-mail being shown a training video produced by the Security Department presenting information on how to avoid such threats in the future. The results show that there is still a need for anti-phishing campaigns. 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.

Security procedures in subsidiaries

Procedures to manage the security of information processes were implemented in PZU 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;
- Internal regulations have been implemented at TUW PZUW to support the organization in the process of ensuring the confidentiality, integrity and availability of information, as well as the implementation of obligations required by law and KNF guidelines. Internal acts have implemented policies and procedures governing the area of information security and personal data, including information processing, security mechanisms, response to potential incidents, risk analysis, reporting and employee education. In addition, TUW PZUW, using solutions developed by the PZU Group, applies a number of technological safeguards aimed at reducing the risks associated with loss of confidentiality, integrity or availability of information. TUW PZUW implements training to continuously improve employees' knowledge, including simulated phishing attacks. In order to achieve a high level of security, these tests use various attack techniques. The Director of the Security Department

is responsible for the security area at TUW PZUW. Moreover, a Data Protection Officer (DPO) was appointed in TUW PZUW. The Security Department performs tasks related to ensuring information security and carrying out the tasks of a personal data controller. A Data Protection Officer has been appointed within the Compliance Office structure and monitors the organization's compliance with the GDPR.

Security procedures in subsidiaries – banks



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.".

Throughout Alior Bank there are strict security procedures in place that comply with legal and regulatory requirements to ensure the confidentiality, integrity and availability of processed information. The implemented Security Policy, standards and all procedures in this area are updated on an ongoing basis in response to the changing market conditions in the field of cyber security, as well as new requirements and guidelines from regulators, including those resulting from Alior Bank's obligations as a key service operator under the National Cyber Security System Act (implementing the requirements of the European NIST Directive). In 2022, 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.



Best practices of subsidiaries

A "Cloud Security Competency Center" has been established at Alior Bank to support the business in the secure use of new cloud-based solutions.

Security procedure in the area of personal data protection



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

processing personal data, accessing them, 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 Zycie, 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

GDPR⁷

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 – 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.

[GRI 2-16]

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Data Protection Officer

- 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.
- Cyclical reporting to the Management Board as part of implementing procedures, cyclical reporting to the management boards of PZU and PZU Zycie is conducted, including data on information security incidents. The management information concerning the security of the processed data in terms of the identified risks and vulnerabilities includes data on information security incidents, particularly in the area of personal data protection, including information on the implementation 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 ongoing data monitoring of data processing, as well as data analysis and reporting guarantee the transparency and accountability. 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.

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7) 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)

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.

GDPR – implemented procedures

- rules for risk management of personal data processing in PZU and PZU Życie;
- instruction (methodology) for conducting identification and risk assessment of personal data processing in PZU and PZU
- periodic reporting to the Management Boards of PZU and PZU Życie, encompassing data concerning the conducted DPIA analyses;
- monitoring of processes on an ongoing basis and checking the fulfilment of the issued recommendations.

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.

Number of analyzed processes related to data processing in PZU SA and PZU Życie	2021	2022
Initiatives	823	674
Subthemes	1,235	935
Proof of Concept	8	8
Data Protection Impact Assessment – new processes	42	24
Data Protection Impact Assessment – existing processes	10	4

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 issues are entered in a register in order to ensure accountability.

[GRI 418-1]

Data protection violations reported to PUODO by PZU Group entities	2021*	2022
PZU Group, including:	1,211	1,053
– PZU	404	198
– PZU Życie	186	84

Number of complaints about PZU's operations filed by external entities with PUODO	2021	2022
PZU	7	13
PZU Życie	5	4

Commentary: in 2022, the number of complaints filed against the activities of PZU and PZU Zycie by external entities with the supervisory authority was 13 and 4, respectively. In 2022, the supervisory authority issued 16 decisions on complaints filed by external parties in 2022 and in previous years (14 decisions in PZU cases and 2 decisions in PZU Życie cases). The regulatory authority issued 7 reprimands for breaches of Article 6(1) of the GDPR (6 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.

2.5.2. Counteracting corruption

[GRI 2-25]

Area-specific risk: corruption risk related to inadequate implementation of anti-corruption procedures within the Group's structures.

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: PZU SA and PZU Życie Anti-Corruption Program; PZU SA and PZU Życie Whistleblowing Procedure.

Corruption risk management⁸

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 entities 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, of small value only, may be offered or accepted only for the purpose of building business relationships or in connection with showing

8) **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.

Bribe - a form of corruption that 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.

courtesy in relations with a client or business partner. 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.

[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.

Anti-Corruption Program - regular risk assessments

Mandatory regular and periodic corruption risk assessments - 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.

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[GRI 205-2]

Anti-Corruption Program - educational activities for employees

Trainings, publications, consultations are provided. All PZU and PZU Życie employees have been obligated to familiarize themselves with the Anti-Corruption Program and comply with its provisions and submit the pertinent representations in this respect. The training course pertaining to the Anti-Corruption Program 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. These actions are supplemented by anti-corruption training and campaigns executed in the corporate communication channels, attracting the employees' attention to the corruption risk.

[GRI 205-3]

Cases of corruption in 2022

At PZU, corruption risk management is built into the Company's business operations. The organizational arrangements adopted meet the basic needs of the organization. Lines of responsibility for corruption risks remained clearly assigned at every stage of the management process, from identifying corruption risks to mitigating and monitoring them. The organizational arrangements adopted satisfactorily met the basic needs of the organization.

In 2022, all business units of PZU and PZU Życie were analyzed. In 2022, corruption risks did not materialize at a level that threatened PZU's business in terms of operational and reputational risks.

Training on anti-corruption policies and procedures at PZU SA and PZU Życie		
Management Board	100%	
Senior staff	92%	
Others	94%	
Total	94%	

Regulations in subsidiaries

In the PZU Group's subsidiaries, areas of counteracting corruption are regulated under adopted anti-corruption programs and codes of ethics.

Number of confirmed cases of corruption	2021	2022
PZU Group, including:	5	1
– PZU	3	0
– PZU Życie	1	0

	PZU		PZU		PZU	PZU Życie	
Cases of corruption – results	2021	2022	2021	2022			
Dismissal or disciplinary punishment of employees	0	0	0	0			
Non-renewal of contracts with business partners due to corruption violations	1	0	1	0			
Court cases involving corruption practices brought against the reporting organization or its employees during the reported period	0	0	0	0			

Regulations in subsidiaries - banks



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.



Alior Bank has implemented control mechanisms to identify the areas most exposed to corruption 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.

2.5.3. Conflict of Interest Management

[GRI 2-15, 2-25]

Area-specific risk: a situation of potential conflict of interest that may impede the effective and objective performance of work for the PZU Group.

Approach to management: any situation of potential conflict should be reported by the employee to the supervisor and the compliance unit of the PZU Group entity for discussion and clarification.

Key regulations: Rules for managing conflicts of interest of PZU SA and PZU Życie; Rules for acceptance and giving of gifts of PZU SA and PZU Życie.

[GRI 2-15]

Conflict of interest management

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. When a potential or actual conflict of interest is identified, mitigating mechanisms are used to eliminate or reduce the conflict of interest and counteract its negative effects. There is also a conflict of interest register. The companies limit the possibility of a conflict of interest arising and counteract its consequences, especially by:

- informing clients using financial instruments about the adopted regulations on managing conflicts of interest:
- · acting in the interest of the client and promoting fair and professional conduct among persons affiliated with the Companies, who participate in the honest product life cycle;
- limiting the scope of persons with access to certain information and resources;
- enforcing persons affiliated with the Companies to comply with restrictions on accepting and giving gifts in business
- limiting the possibility to represent the Companies' interests by employees who are affiliated with persons in business relations with the Companies;
- limiting and monitoring the implementation by employees and the Companies' Management Board members, in particular those responsible for investment activities, of certain transactions entered into on their own account, in particular by prohibiting transactions involving the disclosure or use of information on financial instruments that violate generally applicable laws;

 entering into non-competition agreements with employees with access to material, protected information on the

In mitigating the conflict of interest risk, members of PZU's corporate bodies are obliged to:

- · avoid activities that may give rise to conflicts of interest;
- take necessary measures to identify conflicts of interest;
- obtain approval (from the Management Board or the Supervisory Board or the Shareholder Meeting, as appropriate) for membership on the supervisory or management boards of public companies other than PZU Group companies, and entities whose operations may potentially be deemed as competitive;
- strive to eliminate or reduce the negative impact of conflicts of interest on the operation of the PZU Group company and its relations with the remaining PZU Group companies, clients and other external entities;
- inform (the Management Board or the Supervisory Board or the Shareholder Meeting, as appropriate) of a conflict of interest or the possibility of a conflict of interest, and to refrain from taking part in discussions and voting on a matter in which a conflict of interest has arisen;
- to inform the compliance unit of the possibility of a conflict of interest and the measures taken.

Issues of possible conflict of interest for members of the management board and the supervisory board are also reviewed as part of an assessment of suitability prior to appointment to these bodies and as part of regular secondary assessment of suitability. An annual analysis of additional actions taken by members of corporate bodies is also carried out.

Other PZU Group companies also have regulations governing the management of a conflict of interest, adjusted to standards set out by PZU and adequate to their profile and scope of operations.

Managing conflicts of interest - accepting and giving 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.

Conflict of interest - training

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. Such training is obligatory for every new employee and also available for all PZU and PZU Życie employees. 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".

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



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Best practices of subsidiaries

Regulations at subsidiaries

Conflict of interest management rules apply to all PZU Group companies

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).

Regulations in subsidiaries - banks

Conflict of interest management at Alior Bank Group is regulated in the Conflict of Interest Management Manual". 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. Alior Bank periodically reminds employees of situations in which conflicts of interest may arise and points out the rules of conduct in such cases.

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.

2.5.4. Counteracting crime

[GRI 2-25]

Area-specific risk: risk associated with inadequate design and implementation of solutions in the area of crime prevention and failure to implement them correctly.

Approach to management: The PZU Group has special security procedures in place in the area of counteracting crime. The PZU Group designates a single owner of the insurance fraud prevention, who is responsible for the entire process, monitoring its quality and effectiveness, as well as for adhering to the prevailing procedures.

Key regulations: Security Procedure in counteracting crime in PZU SA and PZU Życie SA.

PZU and PZU Życie 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.

The area of counteracting crime 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 (FMS) – 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.

FMS GRI System

The Fraud Management System (FMS), which typifies internal and external fraud, operates in the area of claims arising within the insurance groups defined in Section II, as well as within PZU's internal processes for the substantive and technical handling of claims and benefits. It is a comprehensive IT tool based on SAS solutions, providing a hybrid approach by using multiple combined techniques in operational and management processes. The source data are insurance policies, claims, subject and object data and data from external sources (OI UFG).

The main benefits of FMS at PZU:

- Reduction of losses from improper payments by being able to effectively detect fraud before compensation and benefits are paid, including automatic typing of fraud at the time of claim registration;
- Reduction of the rate of so-called "false typing" and saving resources needed to verify misidentified cases;
- · Improved efficiency of investigators and analysts due to the use of case management tools (WorkFlow).
- · Monitoring the quality and effectiveness of the fraud risk management process based on the reporting of key assessment indicators.

Number of insurance crime incidents handed over to law enforcement agencies	2021	2022
PZU Group, including:	250	190
- PZU	184	136
– PZU Życie	20	13

Regulations 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.



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TFI PZU has implemented "Rules and Regulations for Counteracting and Disclosing Manipulations in Financial Instruments in the Activity of Towarzystwo Funduszy Inwestycyjnych PZU SA".

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.

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Regulations in subsidiaries - banks

Alior Bank has a centralized process for managing credit fraud risk that includes providing opinions

on new products and processes, automated anti-fraud strategies, central reference databases, issuing opinions against granted financings, creating guidelines for bankers and analysts to recognize fraud, and monitoring active banking products.

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.

Management – 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.

2.5.5. Counteracting money laundering and terrorism financing

Area-specific risk: Reputational risk associated with the identification of PZU's activities with money laundering and terrorist financing or the risk of using PZU's activities for money laundering or terrorist financing, compliance risk associated with inadequate implementation of the AML/CFT law into business and operational processes and failure to implement them correctly.

Approach to management: there is a separate owner of the AML/CFT area in PZU Życie, responsible for the entire process, monitoring its quality and effectiveness, adherence to existing internal procedures and setting standards for AML/CFT in the PZU Group. The Management Board Member overseeing the security area at PZU Życie is responsible for implementing the obligations for counteracting money laundering and terrorism financing prescribed by the AML Act. The AML area includes: The Security Threat Analysis Team, which implements the current AML/CFT processes, while the activity standards and target process, including the implementation of the IT system, is being developed under the AML Project.

Key regulations: Security procedures in the area of anti-money laundering and terrorist financing in PZU Życie and the PZU Group, Rules for the protection of employees and affiliates of PZU Życie performing activities related to the implementation of certain anti-money laundering and terrorist financing obligations.





The security procedure in the area of counteracting money laundering and terrorism financing in PZU Życie

PZU Życie has a "Security Procedure in the Area of Anti-Money Laundering and Financing of Terrorism", which sets out the steps the Company takes to ensure compliance with applicable regulations and to safeguard its business against establishing and maintaining business relationships with entities suspected of money laundering and financing of terrorism. These activities include:

- 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 application of financial security measures (assessment of the current situation and potential risks) of the client prior to the establishment of a business relationship and entitled when paying out funds under the insurance contract;
- · applying financial security measures according to client risk, such as enhanced assessment of the current situation and potential risks for clients affiliated with high-risk countries or holding politically exposed positions;
- · 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.



Anti-Money Laundering and Countering the Financing of Terrorism in subsidiaries

The PZU Group has a group procedure in place for countering money laundering and terrorism financing. PZU is not subject to the AML Act, but as the parent company of the PZU Group, it has adopted a group procedure and established standards in the area of AML and rules for the exchange and protection of information between Group companies that safeguard the Group's operations against money laundering and terrorism financing. The procedure covers all obliged institutions (obliged to apply the AML Law) in the PZU Group, both domestic and foreign.

PZU Group units covered by the group procedure on countering	PZU (Group
money laundering and financing of terrorism	2021	2022
Companies	18	18
Investment funds	42	28



Best practices of PZU and PZU Życie



Prevention activities

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



Best practices of PZU and PZU Życie

Prevention activities - training

Risk awareness is a crucial part of the company's security system functioning correctly; that is why all employees and intermediaries of PZU Życie, as an obliged institution, 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. Therefore, a comprehensive training plan for employees and associates has been implemented:

- mandatory e-learning "Countering Money Laundering and Terrorism Financing" is being addressed to all newly hired employees and exclusive agents at PZU Życie,
- employees and agents from sales and client service units receive refresher training annually as part of their professional training.

In addition, in 2022, as the amendment to the AML Law came into effect, the content of the e-learning "Countering Money Laundering and Terrorism Financing" was updated and every PZU Życie employee was required to pass the aforementioned training.

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.

E-learning: "Counteracting money laundering and terrorism financing"	PZU Życie and agents		
	2021	2022	
Number of people trained	437	9,601	

Commentary to the 2021/2022 changes – in 2021, AML training was mandatory only for newly hired employees. In 2022, it was mandated to refresh the updated training for all PZU Życie employees.

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2.5.6. Use of international sanctions

Area-specific risk: Reputational risk associated with the identification of PZU's activities with violations of compliance with international sanctions, compliance risk associated with inadequate implementation of Polish, EU and international laws governing the area of international sanctions into business and operational processes and failure to implement them correctly.

Approach to management: there are dedicated procedures in place at PZU that define the standards for managing sanctioning risk at PZU and PZU Życie. PZU designates a dedicated business owner of the area, who is responsible for the entire process, monitoring its quality and effectiveness, reporting, as well as for adhering to the prevailing procedures. The business owner of the process is responsible for, among other things, implementing solutions for the Company's compliance with sanctions, supporting business units in the sanctions risk management process, protecting the Company's interests, including its legal interests, financial interests in business dealings with other entities at home and abroad, and image in the financial market. The Security Department, owner of the Countering Money Laundering and Terrorism Financing area, has also been responsible for the area of international sanctions compliance since August 2022.

Key regulations: PZU and PZU Życie have a "PZU SA and Życie SA sanctioning policy" in place.

Sanctions policy



A Sanctions Policy has been implemented in PZU and PZU Życie.

Under the Policy PZU and PZU Życie:

- · do not cooperate with sanctioned entities,
- · do not conduct transactions for sanctioned entities,
- use sanction clauses in contracts in which it identifies sanction risks,
- analyze sanction risks in the case of planned cooperation with entities subject to sanctions risks.

In addition to these measures, PZU and PZU Życie make every effort to ensure that the mechanisms implemented at the Companies for managing the risk of violating the international sanctions regime are effective, adequate and proportionate. Legal, financial and reputational risks are taken into account when performing a risk analysis. In view of the current geopolitical situation and the current legal status, PZU is constantly taking steps to introduce improvements and partially automate the process of managing the risk of violating the international sanctions regime.

2.5.7. Whistleblowing System

Key regulations:

Whistleblowing Procedure in PZU and PZU Życie.

In all Group companies, Polish and foreign alike, separate whistleblowing⁹ 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.





The Whistleblowing System functions in PZU and PZU Życie companies since 2009. It allows employees and entities cooperating with PZU to

report irregularities of an ethical nature. Information may be transmitted in name or anonymously. In each case, the applicable "Whistleblowing Procedure in PZU SA and PZU Życie" provides the reporting party with confidentiality, discretion and protection of personal data. 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.

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 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.

Best practices of PZU and PZU Życie

Whistleblowing procedure - reports and proceedings:

- 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

Number of reported suspected irregularities in PZU and PZU Życie	2021	2022
PZU and PZU Życie	140	100

Commentary to 2022: all reported cases were handled in accordance with PZU's regulations, including the "Whistleblowing Procedure in PZU SA and PZU Życie SA"; reports included cooperation with intermediaries/ distributors; suspected activities that were not in compliance with standards of conduct or regulations.

Regulations in subsidiaries

The entities belonging to the PZU Group have independent mechanisms for reporting information concerning the suspicion, possibility or occurrence of irregularities or abuse. Employees of each of these entities become familiar with internal regulations on the whistleblowing procedure, and cases are handled by dedicated compliance units.

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.

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 and Tower Inwestycje operate their respective whistleblowing procedures. In TUW PZUW, the rules for identifying, reporting and dealing with irregularities are regulated in the Whistleblowing Procedure in TUW PZUW and the Procedure for Categorizing, Documenting and Reporting Irregularities Detected by the Internal Control System in TUW PZUW.



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

Regulations in subsidiaries - banks



An expression of Bank Pekao's engagement in promoting corporate culture that supports ethical behavior, in keeping with the law and the

deemed to be in contravention with the law, internal regulations or standards that may lead to jeopardizing the company with compliance risk.

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⁹⁾ Irregularity – action or omission by persons related to the company that may be of conduct, including the ethical standards adopted by the company leading or

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 2022, 24 breach reports were filed in the Bank Pekao via the whistleblowing mechanism. No such reports were filed in the Pekao Group.



Alior Bank attaches great 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 Whistleblowing Policy and whistleblower protection is supplemented by the Policy of workplace environment free from undesirable conduct and a Procedure defining steps to be taken to report undesirable conduct in Alior Bank S.A., that provide 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.

Number of confirmed cases of irregularities related to violations of the code of ethics	2021	2022
PZU Group	60	39
– including PZU SA and PZU Życie	39	22

Commentary to 2022: most of the cases notified were related to irregularities in the sales area.

[IIRC] [GRI 2-12]

2.6. Value Creation Model

The insurance and financial business of the PZU Group are the foundation of Poland's social and economic security. The business activities undertaken affect the surroundings, the environment and the quality of life. That is why the PZU Group pays very close attention to developing in a sustainable manner, taking into account the current needs of stakeholders and caring for the future of the next generations.

The PZU Group is gradually introducing the concept of sustainable development into more areas of its business. In the short to medium term, this allows them to gradually improve their business efficiency, the quality of the relationships they build, or better match the needs of their stakeholders. In the long term, this translates into an increase in the potential to build value and greater resilience of the entire organization to the impact of negative external factors.

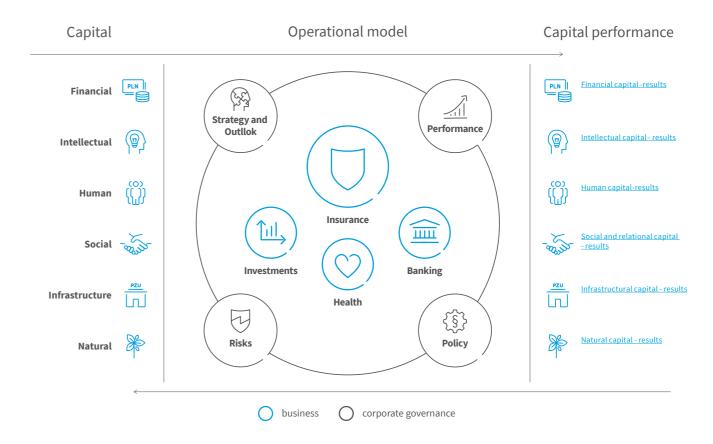
From a reporting perspective, the management aspects are described based on the International Integrated Reporting Council's "IIRC" guidelines¹⁰. The report presented included key issues related to value creation over time using available equity, i.e., resources that the organization has access to and can use to create value, as well as other key issues identified by stakeholders.

Business and equity

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. Detailed information on the activities of the PZU Group is presented in the Management Board Activity Report.

Equity management in the PZU Group is implemented in accordance with the PZU Group's strategy. This is why aspects related to the core business of the PZU Group – insurance offered by PZU and PZU Life – are of greatest importance.

10 https://www.integratedreporting.org/





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).

Financial capital	2021	2022
Assets	PLN 402.1 billion	PLN 436.1 billion
Equity	PLN 40.0 billion	PLN 39.8 billion
Subordinated bonds	PLN 6.3 billion	PLN 6.28 billion
External customer assets under management (KPI – strategy)	PLN 35.3 billion	PLN 39.2 billion

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.

operational and cost effectiveness.		
Financial capital - results	2021	2022
Gross insurance premiums written (KPI – strategy)	PLN 25.1 billion	PLN 26.7 billion
Investment income	PLN 10.2 billion	PLN 18.2 billion
Operating profit	PLN 7.5 billion	PLN 7.6 billion
Net profit for shareholders of PZU parent company (KPI – strategy)	PLN 3.34 billion	PLN 3.37 billion

Example of impact on other capitals:

- intellectual (innovation dynamics);
- human (salaries-costs);
- · social and relationship (the scale of support for local

- infrastructural (number of branches);
- natural (green investments, taxonomy, emissions offsets).

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.

Intellectual capital	2021	2022
Expenditures on project activities in the Group	PLN 137 million	PLN 154 million
Number of innovation centers in the Group	6	6
Number of people involved in innovative projects (PZU LAB)	>150	>150
Acceleration and mentoring programs	2	2

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
- implementation of Group standards and regulations;
- · building an environment favorable to innovation.

Example of impact on other capitals:

- financial (operating expenses);
- human (competence; well-being);
- social and relationship (customer satisfaction, location);
- infrastructural (availability of offerings);
- natural (product innovation).

Intellectual capital - results	2021	2022
NPS recommendation index – after insurance purchase	31	44
NPS recommendation index – after using	25	25
Number of innovative pilot programs	12	14
Number of innovative projects submitted for implementation	7	8

Human capital

Number of employees

and PZU Życie)

covered by training (PZU



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

Human capital	2021	2022
Number of employees per FTE (PZU and PZU Życie)	10.0 thousand	9.8 thousand
Average number of training hours per employee (PZU and PZU Życie)	27.9	29.6
Percentage of people working remotely (PZU and PZU Życie)	57.0%	28.5%

1 thousand

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.

Human capital - results	2021	2022
Employee involvement index	48%	46%
Ratio of new employees (in FTEs for PZU and PZU Życie)	6.8%	8.0%
Employee resignation index (PZU and PZU Życie)	10.2%	10.4%
Ratio of average basic salary of women to men (PZU and PZU Życie)	96%	96%

Example of impact on other capitals:

financial (operating expenses);

1.1

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thousand

- intellectual (culture of innovation);
- social and relationship (brand recognition);
- infrastructure (availability of offerings);
- natural (awareness of the impact on the environment).

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Social and relationship 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.

Social and relational capital	2021	2022
Number of volunteers (PZU and PZU Życie)	900	2,490
Funds transferred for prevention activities (PZU and PZU Życie)	PLN 50.3 million	PLN 54.2 million
Funds donated for sponsorship activities (PZU and PZU Życie)	PLN 24.6 million	PLN 35.5 million
Funds donated to the PZU Foundation	PLN 20.7 million	PLN 28.0 million

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

- setting standards for cooperation with suppliers and business partners;
- 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 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.

Example of impact on other capitals:

- financial (price elasticity);
- intellectual (brand recognition);
- human (engagement);
- natural (environmental awareness in the supply chain).

Social and relationship capital – results	2021	2022
Number of volunteerism projects authored by PZU employees	97	78
Number of PZU Foundation beneficiaries	39,423	457,500
Number of volunteerism actions organized by the PZU Foundation	6	9
Number of recipients of community activities on safety and sustainable lifestyles	10.0 million	12.2 million

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.

Infrastructural capital	2021	2022
Number of tables / data in the data warehouse	~ 200 thousand / 400TB	~ 200 thousand / 400TB
Number of PZU, Pekao and Alior Bank branches	1,659	1,540
Number of tied agents and agencies (PZU and PZU Życie)	9.7 thousand	9.5 thousand
Number of PZU Zdrowie's own branches	130	~130

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.

Infrastructural capital – results	2021	2022
Number of active users of data warehouses / Business Intelligence average monthly	~ 3.0 thousand	>3.5 thousand
Number of users of the sales and service platform mojePZU	> PLN 2.5 million	> PLN 3.3 million
Number of active inPZU users	75 thousand	117 thousand
Health services provided in own branches	3131%	31%

Example of impact on other capitals:

- financial (operating expenses);
- intellectual (level of innovation);
- human (quality of customer service);
- · social and relationship (accessibility and countering exclusion);
- natural (emissivity).

Natural capital



This is primarily the PZU Group's direct and indirect impact on the environment. It also covers renewable and non-renewable natural resources that the PZU Group uses in its operations.

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Natural capital	2021	2022
Energy consumption from non-renewable fuels	381,963 [GJ]	396,276 [GJ]
Consumption of purchased energy	918,429 [GJ]	775,810 [GJ]
Energy consumption from non-renewable fuels (PZU and PZU Życie)	116,987 [GJ]	123,187 [GJ]
Consumption of purchased energy from renewable sources	49,093[GJ]	49,991 [GJ]

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.

Natural capital - direct result	2021	2022
Reduction of eCO2 emissions in Scope I compared to the base year (2018)	20.1%	16.3%
Reduction of eCO2 emissions in Scope II (market-based) compared to the base year (2018)	39.6%	56.4%
Reduction of eCO2 emissions in Scope I and II (market-based) compared to the base year (2018) for PZU and PZU Życie	56.9%	57.1%
Compensation for eCO2 emissions (Scope I and II for PZU and PZU Życie)	100%	100%

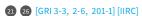
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Natural capital – indirect result	2021	2022
Investments in support of climate and energy transition (YTD)	PLN 450 million	PLN 717 million
Products supporting climate and energy transition (YTD)	3	3
Assessment in terms of ESG factors of the largest corporate insurance clients from sectors sensitive to ESG risks	-	20%
Assessment in terms of ESG factors of investments in ESG-sensitive sectors	-	82%

Example of impact on other capitals:

- financial (commitment to green investments);
- intellectual (reduction initiatives);
- human (environmental awareness);
- social and relationship (pro-ecological products);
- infrastructural (transition to low-carbon technologies).



Business and capitals - impact on the environment

Consolidated assets of the PZU Group amount to PLN 436.1 billion. The Group enjoys the trust of 22 million clients in five countries. It offers products and services to retail clients, small and medium enterprises and big business entities. Poland is the PZU Group's core market measured by its magnitude and client numbers. Nevertheless, the Group's subsidiaries play an important role on the markets in Lithuania, Latvia, Estonia and Ukraine. Insurance is the core business of the PZU Group. The Group's companies also offer investment, pension, banking and medical services products. They render assistance services to retail clients and businesses through strategic partnerships. The Group companies' operations are founded on clients' trust. PZU places the client in the center of attention and integrates all areas of activity around the client. This allows it to offer increasingly personalized, flexible and comprehensive products and services matching the needs of clients at every stage of their private and professional lives and at the suitable place and time.

Due to the scale and scope of its operations, the PZU Group has a significant impact on the economy, society and the environment, among other things. With several dozen thousand employees, it 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.

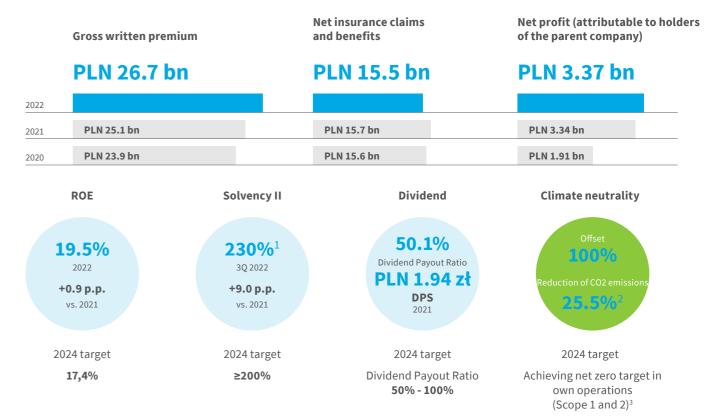
By insuring millions of Poles, PZU has real influence on their lives. First of all, the claims and benefits paid out help families to maintain financial stability in difficult situations, such as illness or death of a family member, loss of home due to fire, flooding, etc. This offers additional protection, which provides the sense of stability and safety. Additionally, thanks to its products and investment funds, PZU supports Poles in accumulating savings and increase their awareness in this area, thus improving the welfare of society.

For many years, safety has been the main theme of PZU's social commitment and contribution into the growth of local communities. PZU 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. Therefore, since the pandemic, the PZU Group particularly focused not only on prevention and physical health, but also responds to the challenges of maintaining mental balance and preventing mental health problems.

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 environmentallyfriendly investments and sustainable suppliers, educating in the area of 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 supporting the climate and energy transition, which has already reached PLN 717 million in 2022.

[GRI 201-1]

Direct economic value generated and shared (data in PLN million)



- 1) Data not audited or reviewed by a statutory auditor
- 2) Reduction of CO2 emissions from own sources by 25.5% (location-based method). 81% of electricity contracted and purchased from RES. Offset of 17,508 Mg CO2e emissions for 2021.
- 3) 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	2022
Income	37,102	39,127	46,512
Operating expenses excluding payroll, tax on financial institutions and investments in the community	(26,069)	(25,166)	(31,918)
Total costs from salaries and benefits for employees	(5,366)	(5,642)	(6,073)
Income tax	(1,841)	(1,492)	(1,672)
Levy on financial institutions	(1,203)	(1,290)	(1,452)
Voluntary contribution to invest funds in the wider community	(93)	(103)	(138)
Dividends paid to all shareholders	0	(3,696)	(2,578)
Economic value retained	2,530	1,738	2,681

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).

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2021 data/ 2022 data

Capital (2021/2022)

Financial



- 402.1 bn PLN / 436.1 mld zl assets
- 40.0 bn PLN / 39.8 bn PLN equity • 6.3 bn PLN / 6.2 bn PLN - subordinated bonds
- 35.3 bn PLN / 39.2 bn PLN assets under management for third party clients (KPI strategy)

Intellectual



- 137 m PLN / 154 m PLN expenditures for project activity
- 6 / 6 number of innovation centers
- •>150 / >150 number of people involved in innovative projects at PZU LAB
- 2 / 2 number of accelerator and mentoring programs



- 10.0 thous. / 9.8 thous. number of full time equivalents (PZU and PZU Życie)
- 27.9 / 29.6 average number of training hours per employee (PZU and PZU Życie)
- 57.0% / 28.5% percent of employees working remotely (PZU and PZU Życie)
- 1,000 / 1,093 number of employees affected by OHS training (PZU and PZU Życie)

Social and relationship



- 900 / 2,490 number of volunteers (PZU and PZU Życie)
- 50.3 m PLN / 54.2 m PLN funds allocated to prevention activities (PZU and PZU Życie)
- 24.6 m PLN / 35.5 m PLN funds allocated to sponsoring activities (PZU and PZU Życie)
- 20.7 m PLN / 28.0 m PLN funds transferred to the PZU Foundation

Infrastructure



- ~200 thous. / 400TB / ~200 thous. / 400TB number of tables / data in the warehouse
- 1.659 / 1.540 number of branches of PZU. Pekao and Alior Bank
- 9.7 thous. / 9.5 thous. number of tied agents (PZU and PZU Życie)
- 130 / ~130 number of PZU Zdrowie's own centers

Natural



- 381,963 [GJ] / 396,276 [GJ] consumption of energy from non-renewable fuels
- 918,429 [GJ] / 775,810 [GJ] consumption of purchased energy
- $\bullet\,116,987\,\text{[GJ]}\,/\,123,\!187\,\text{[GJ]}\,-\,\text{consumption of energy from non-renewable fuels (PZU and PZU \dot{Z}ycie)}$
- 133,196 [GJ] / 129,078[GJ] consumption of purchased and produced energy (PZU and PZU Życie), of which from renewable sources 49 093 [GJ] / 49 991 [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.



() corporate governance

Shareholders

dividend payments.

Capital performance (2021/2022)

Financial



- 25.1 bn PLN / 26.7 bn PLN gross written premium (KPI strategy)
- 10.2 bn PLN / 18.2 bn PLN investment income
 - 7.5 bn PLN / 7.6 bn PLN operating profit
 - 3.34 bn PLN / 3.37 bn PLN net profit for shareholders of the parent company (PZU) (KPI strategy)

Intellectual



- 31 / 44 NPS recommendation index after the purchase of insurance
- 25 / 25 NPS recommendation rate after using
- 12 / 14 number of innovative pilot programs
- 7 / 8 number of innovative projects submitted for implementation

Human



- 48% / 46% employee engagement index
- 6.8% / 8.0% rate of newly hired employees (in FTEs for PZU and PZU Życie)
- 10.2% / 10.4% rate of voluntary departures and layoffs of employees (PZU and PZU Życie)
- 96% / 96% women to men average base salary ratio (PZU and PZU Życie)

Social and relationship-



- 97 / 78 number of original volunteer projects by PZU employees
- 39,423 / 457,500 number of beneficiaries of PZU's employee volunteer service
- 6 / 9 number of volunteer actions organized by PZU Foundation
- 10.0 mln / 12.2 mln number of recipients of social activities in the field of safety
- and sustainable lifestyle

Infrastructure





- •>2.5 mln / >3.3 mln number of users of the sales and service platform mojePZU • 75 thous. / 117 thous. - number of active in PZU users
- 31% / 31% health services provided in own facilities

Natural



- 20.1% / 16.3% reduction of Scope 1 eCO2 emissions vs. base year (2018)
- 39.6% / 56.4% reduction of Scope 2 (market-based) eCO2 emissions vs. base year (2018)
- 56.9% / 57.1% reduction of Scope 1 and 2 (market-based) eCO2 emissions vs. base year (2018)
- 17.0 thous. tons / 17.5 thous. tons CO2 offset volume; in 2022 certified offset credits CERs, made available by the UN Carbon Offset Platform, have been purchased

Impact (2022)

Clients

The PZU Group has 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 bn PLN / 14.6 bn PLN – claims and benefits paid • 50.1 bn PLN / 52.6 bn PLN – technical provisions • 215.0 bn PLN / 212.7 bn PLN - loan receivables

Employees

The PZU Group has 37,9 thousand employees (in FTE). 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.



- 4.6 bn PLN / 5.0 bn PLN remuneration

() business

- 97 m PLN / 109 m PLN PPE/PPK
- 7 m PLN / 7 m PLN ZFŚS (the net profit amount allocated to the Company Social



- 3.5 PLN / 1.94 PLN dividend per 1 share
- 10.8% / 5.5% dividend yield

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 27.2 billion was allocated to

 20.1% / 5.7% – total (annual) shareholder return (TSR) for PZU shares

Central administration

- 1.9 bn PLN / 1.6 bn PLN income tax paid
- 1.3 bn PLN / 1.5 bn PLN levy on financial institutions • 96.7 bn PLN / 89.9 bn PLN - State Treasury bonds

Local communities







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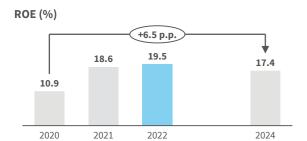
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21 [GRI 3-3, 2-22] [IIRC]

2.7. Strategy

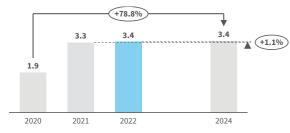
Main strategic metrics



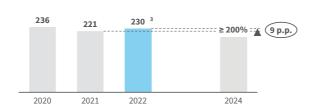
2.7.1 Implementation in 2022



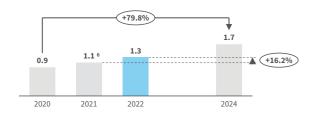
Net profit² (PLN bn)



Solvency II ratio (%)



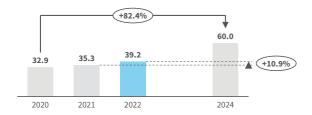
Health Pillar revenues (PLN bn)



Banks' contribution to PZU Group's net result² (PLN bn)



Assets under management4 (PLN bn)



- 1) Gross written premium of the PZU Group
- 2) Net profit attributable to the holders of the parent company
- 3) Data for 3Q It does not incorporate the new rules set forth in the Polish FSA's circular to insurance

undertakings dated 16 April 2021

- 4) Third party assets under management TFI PZU, Pekao TFI and Alior TFI
- 5) Does not incorporate the impairment losses for intangible assets following from the acquisition of Alior Bank and Bank Pekao
- 6) Adjusted value (change in methodology of including intra-Group revenue at medical facilities

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

Area 1 – Stable dividend and growing gross written premium and revenue

Area 2 - Leveraging the PZU Group's potential

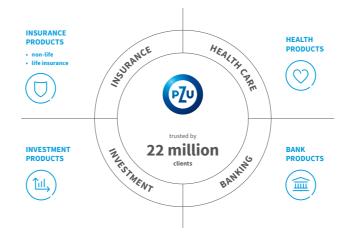
Area 3 - Innovative financial group

Area 4 - Sustainable growth

Commentary to the implementation of the strategy

Building the most comprehensive offer on the market

The 360° offer is a personalized, comprehensive and dynamic product offering suited to the constantly changing expectations and needs of clients at each stage of their life. It combines services from all areas of the Group's activity, which gives clients access to a range of products consisting of life and non-life insurance, health and bank products and individual protection and investment solutions.



In 2022, PZU implemented new, comprehensive insurance for housing cooperatives and communities as well as building societies (TBS) - PZU Dla Wspólnot i Spółdzielni. A new product, PZU Bezpieczne Lokum, is also available to members of housing cooperatives and communities. Further, PZU implemented a new product in its motor insurance line, sold together with TPL or MOD - PZU Auto Opony. Group insurance, PZU Na Życie Plus, was also initiated. This new offer will allow an employer to provide insurance cover, including medical care, to employees together with their families under one, multidimensional agreement and a single sales process. For those clients who are looking for ways to safely locate their capital, a new product was implemented – PZU Bezpieczny Zysk – protection of your capital. This is a short-term life and endowment insurance policy which guarantees that funds are paid out once the agreement expires.

TFI PZU added seven new funds to the passive investment portfolio available to in PZU users. The offer was extended by six equity funds and one of inflation bonds. The new products are theme-based, and allow allocating funds in specifically defined areas, such as RES (inPZU Akcje Sektora Zielonej Energii), gold (inPZU Akcje Rynku Złota), or real property (inPZU Akcje Sektora Nieruchomości). Two new products were implemented as part of the cooperation with banks. Pewny Profit (Reliable Profit) at Bank Pekao and Bezpieczne Jutro (Safe Tomorrow) at Alior Bank are two new products launched by PZU Życie with guaranteed rate of return in the bancassurance channel, making use of the potential generated by high interest rates. Since November 2022, the offer of Bank Pekao was extended by individual life insurance for borrowers of mortgage loans.

Business support services

The PZU Group is extending its offer for businesses to include support services, such as:

- risk management assistance through advisory services and implementation of advanced tools and
- providing an IT fleet management system (insurance administration, fleet risk management, advisory services, ongoing legal support for Polish international fleets).

PZU iFlota is a new solution offered by PZU. It is a modern vehicle fleet management system composed of three cooperating and complementary modules: (i) fleet management; (ii) insurance management; and (iii) safety management. The primary function of PZU iFlota is fleet management with records of vehicles, drivers and various costs, as well as handling fuel cards and maintenance services, among other things. Furthermore, PZU iFlota also has the option of insurance management, i.e. access to data on current policies and TPL and MOD claims, for the client and for the insurance intermediary, and reporting claims through the app. The third module is a preventive system aimed at improving fleet safety. The history and analyzes of claims allow the fleet manager to obtain information on prevention activities that need to be undertaken to decrease the number and severity of claims. Through the iFlota, PZU develops its service for corporate clients, leading them step by step through the process of implementing and then managing electric vehicles. It comprises fleet analysis, selection of appropriate electric vehicle models, planning potential investments in charging infrastructure as well as managing a mixed or electric fleet.

Tapping into the potential of our portfolio and knowledge about clients

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By using the latest tools and new technologies, the PZU Group improves the management of relations with clients. For this

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purpose, it uses new analytical environments, which automate and support decision-making processes. Introduction of Interactive CRM will improve communication with the client and make sales processes more effective. There are also operational actions between PZU and PZU Group banks, i.e., implementation of CRM campaigns for bank clients where banks were granted the marketing consent.

Developing modern business ecosystems

The PZU Group wants to supply comprehensive solutions to help clients lead a healthy life and operate a sustainable business, provide medical care to their families or employees, protect their assets and help grow their assets, give them a feeling of stabilization and taking good care of their relatives regardless of what the future brings. The Group's goal is to develop business ecosystems, for institutional and individual 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 clients. To employers, 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, PZU Zdrowie and numerous products offered by external partners.

#Ecosystem - drivers

It is an extensive ecosystem that provides in-depth assistance, including support for buying or selling a car, vehicle health checks, possible repairs and legal assistance, discounts on services from Group partners, arranging a replacement car, among other things. All services are available in one place, through secure and user-friendly digital tools. The platform for drivers is available to anyone, even those without insurance. Technological works are underway to launch further services: tyre service, window service and towing. Also, an automotive blog will be created. Next steps in the development of the ecosystem include the introduction of a repair history and access to loyalty programs.

#Ecosystem for Health

In the health area, the PZU Group offers 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. In 2022, the PZU Zdrowie offer was extended to include family and partner packages as well as subscriptions for seniors and young adults. PZU Zdrowie also made it possible for clients to pay in instalments when they buy medical packages through the mojePZU portal. The new method consists in paying for some of the services of the medical operator with a credit offered by Alior Bank. In addition, a PZU Zdrowie e-store was launched. Individual clients may use it to purchase convenient medical packages for themselves or their families. The e-commerce offer of the

ECOSYSTEM BENEFITS

Convenient space to manage

Set of advanced digital tools facilitating

Extensive offering of the PZU Group's



- · Many benefits in one venue ranging from cafeterias and sport cards to insu financial products and all the way to health
- Contact with a single supplier of multiple services for employees: time savings, administrative expenses



Building a community

 An ecosystem offers new opportunities to build relations with clients in daily life

New to the market and attractive products

- PZU Sport sport and recreation CASH - loans with attractive terms repaid
- directly from the salary Combined sport, recreation and medical packages and other packaged solutions ng insurance, physical activity and

health blended with the services of external

Institutional clients obtain a comprehensive offering consisting of various types of benefits unrelated to salary for their employees

Individual clients have accessible services and tools enhancing their comfort in life, activity, lifestyle, etc.

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ECOSYSTEM FOR DRIVERS

...in which the driver is at the center of attention. We







. widespread access to services and the usage



The ecosystem will be accessible for everyone, even if he or she does not have

Hotline accessible 24 hours a day, 7 days a week

Jointly with our clients we will develop our

We will furnish safe and user-friendly digital

Not every driver is an expert in vehicle maintenance and that is why we want to provide support to him or her and act as a partner to care about comfort and safety



medical operator includes: subscriptions, test packages and individual appointments, which are available throughout Poland in the chain of PZU centers.

We will prepare an ecosystem addressing clients'

· We will help buy and sell a car

We will organize its repair

We will organize road assistance and a

replacement vehicle

• We will propose a repair workshop

We will prepare a loyalty program

We will provide legal support

purchases

· We will provide support in financing

We will provide insurance products

We will check the vehicle's state of repair

We will remind clients of important dates

• We will made the history of repairs available

We will offer **additional discounts** on our

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Special offer for seniors

To address the challenges associated with demographic shifts, the PZU Group is introducing an offer to improve the well-being of seniors. The final 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. The works completed in 2022 included the implementation of "67+ Medical Package" to help adults take care of their health and take precautions in case it may deteriorate. PZU branches



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were the first in the insurance industry in Poland to receive the International Quality Certificate OK SENIOR® – a recognition granted by OK SENIOR Polska in cooperation with the National Institute of Silver Economy.

Introducing an integrated approach to all distribution channels

In order to improve contacts with clients, the PZU Group takes measures to introduce a solution based on the omnichannel approach. It entails development of hybrid service paths in the service and sales process. Digitalization of sales and postsales processes will ensure an increase of their efficiency and create a new channel for the activation of agents.

Leveraging the potential of PZU Group companies

LINK4 – will generate a growth in the gross written premium of over 22% (up to PLN 1.3 billion) until 2024 thanks to, among others, further consistent digital transition. Analytics will be a source of growth and savings in marketing processes, sales, claims handling and better client management across all channels (omnichannel approach). This will also translate into an increase in LINK4's share in the TPL market to over 6 percent and, as a consequence, an increase in the property insurance market share to approx. 3 %.

In 2022, LINK4 extended its distribution channels and launched motor policies through Bank Pekao in the Santander Bank comparison tool. At the end of 2022, the gross written premium of LINK4 amounted to PLN 1.2 billion.

TUW PZUW – an increase in gross written premium by approximately 62% to about PLN 1 billion by 2024, which will translate into 2.3 % of additional market share for the PZU Group. The assumed increases will be achieved thanks to, among others, operating and cost efficiencies. New products will also be introduced, among others in the cybersecurity area. In 2022, TUW PZU reached its strategic objective for 2024 two years ahead of schedule, and exceeded PLN 1 billion in annual written premium.

Bank Pekao and **Alior Bank** – an increase in revenues from insurance and banking cooperation by approx. 200 %, measured by written premium growth (during the term of the Strategy for 2021-2024) compared to the term of the previous Strategy (2017-2020). This means growth of the cumulative gross written premium in cooperation with banks up to approx. PLN 3 bn. This will be achieved by using the potential of the database of 22 million unique clients and providing them with extended comprehensive insurance and banking offer adapted to their needs, including, among others, motor, protection, credit, property, travel, leasing and group insurance.

As part of the cooperation between PZU and banks within the Group, Pekao Bank clients receive a credit card together with insurance of their purchases, Internet transactions and travels. They can use is to get reimbursed for goods purchased with a credit card in the event of damage, destruction or loss. PZU also offers its clients reimbursement of purchase costs if they shop online, paying with their card, and the goods turn out to be, for instance, defective or different from the order, and a client is facing difficulties in recovering money from a seller. Bank clients may choose between three packages: Standard, Gold and Platinum, which may be flexibly changed in the PeoPay app. The Golden and the Platinum packages offer the clients travel insurance in Poland and abroad, as well as additional benefits which Pekao Bank grants to make the travel easier. Further, PZU motor policies are available at Bank Pekao through its branches, online banking – Pekao24 and mobile app - PeoPay. Other than the PZU offer, Bank Pekao also makes the LINK4 motor insurance available - in the form of a mini comparison tool of two insurance companies.

In 2022, PZU Życie launched two new products: Pewny Profit (Reliable Profit) at Bank Pekao and Bezpieczne Jutro (Safe Tomorrow) at Alior Bank. They guarantee rate of return in the bancassurance channel, making use of the potential generated by high interest rates.

OMNICHANNEL APPROACH

We will develop capabilities in the area of smooth change of channels in the sales and service process

We will provide a personalized offer





and the dealer channel





New sources of value in the corporate

Implementing new technologies in the claims and benefits handling process

Through developing technologies such as artificial intelligence, robotization and big data, ultimately it will be possible to automate the claims and benefits handling process. Progress in this area will help satisfy client expectations and strengthen our competitive edge.

PZU was the first insurer in Poland to offer its clients innovative tools based on artificial intelligence (AI) to handle motor claims. The AI assistant prepares the initial repair cost estimate based on photos uploaded by the client via the app, which greatly enhances the claim estimation process. PZ used the AI assistance to handle over several thousands of motor claims amounting to several billion zlotys.



Comprehensive, efficient and friendly customer service

The PZU Group keeps improving its claims and benefits handling procedures. Adapting to clients' new expectations will help ensure agile and friendly service processes. Access to an extensive vehicle repair network, an efficient service process and a quick disbursement of indemnification or benefits solidify the PZU Group's position as the most reliable insurer on the market.

Clients may use the mojePZU portal to, for example, purchase a policy, check their current insurance cover, report a claim and check its status, make a doctor's appointment. It is continuously developed and supplemented with new functionalities and services, for instance, in sales of insurance products and renewals, handling claims and benefits, and in areas of health and investment. At the end of 2022, the mojePZU portal was used by more than 3.3 million users.

Revolution in the private health care market

The PZU Group wants to become a comprehensive medical advisor through a revolutionary approach to medical care. Owing to the Group's fresh and more proactive client relationship management model and improved sales of subscriptions and occupational medicine examinations (also in the form of telemedicine consultations), revenues will increase and relationships with clients will become even stronger. The Group's comprehensive offering of health insurance and related products within the Ecosystem for Health will help reach a greater number of individual clients. The Group's involvement in health education, active presence in social media and top quality of customer service improve awareness and image of the PZU Zdrowie brand. In addition to the implementation of the new model, the Group plans to cooperate with the external health care system and integrate its internal medical centers. In 2022, the actions focused on extending the offer by adding new medical packages and opening new medical centers in Łódź, Gdańsk and Kraków.

Further growth in the Baltic States

The PZU Group is committed to continuing organic growth in the Baltic States. It also constantly monitors the market with an eye to attractive acquisition targets. The strategic objective is to maintain 8% of the PZU Group's overall premium in the form of the gross written premium on international markets.

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

Responsible organization

a modern organization managed in a responsible manner



Trusted Partner in green transformation

support for low carbon economy and sustainable



Better quality of life

encouraging the society to lead sustainable and safe lifestyle



	Achievement of objectives					
Metrics included in the business strategy	2021	2022	2024			
Giving consideration to ESG targets in the Company's strategic objectives and cascading them to implementation by the senior management	~	✓	✓			
Integrating ESG requirements into 70% of key procurement processes	Development of methodologies	46%	70%			
Other ESG metrics						
60% of employees covered by the program on intergenerational cooperation (total of all trainees in 2021-2024)	Development of training courses	14%	60%			
60% of employees participating in a comprehensive sustainable development education program (total of all trainees in 2021-2024)	Development of the program	11%	60%			
Assessment of 100% of key-status suppliers for ESG risks	Development of methodologies	55%	100%			
Joining at least 3 new initiatives / organizations / partnerships - promoting sustainable development	2	3 (5 in total)	3			

in the business strategy			
Giving consideration to ESG targets in the Company's strategic objectives and cascading them to implementation by the senior management	~	\	✓
Integrating ESG requirements into 70% of key procurement processes	Development of methodologies	46%	70%
Other ESG metrics			
60% of employees covered by the program on intergenerational cooperation (total of all trainees in 2021-2024)	Development of training courses	14%	60%
60% of employees participating in a comprehensive sustainable development education program (total of all trainees in 2021-2024)	Development of the program	11%	60%
Assessment of 100% of key-status suppliers for ESG risks	Development of methodologies	55%	100%
Joining at least 3 new initiatives / organizations / partnerships - promoting sustainable development	2	3 (5 in total)	3

		Achievement of objectives				
Metrics include in the business		2021	2022	Value for 2024		
Increase of the cur to investments su and energy transit PLN 500 million in	pporting climate tion by	450	717 (including 2021 commitment)	500		
Assessment in ter of 55% of investme sensitive sectors		Development of methodology	82%	55%		
Achieving CO2-neutrality	purchase of green energy certificates of origin	~80% electricity from RES	~81% electricity from RES			
CO2-neutrality from its own operations (scope 1 and 2) by 2024 through emissions reductions, purchase of green energy certificates and emissions offsets	CO2 emissions compensation	Offset 100% CO2 emissions for Scope 1 and 2 of 2020 emissions - 17 thousand tons CO2e by purchasing Carbon Dioxide Units (JDW)	Offset 100% CO2 emissions for Scope 1 and 2 of 2021 emissions- 17.5 thousand tons CO2e	Full neutrality for scope 1 and 2		
Other ESG met	rics					
Development of insurance offerings for technologies supporting the energy and climate transition in Poland		3 products to support the transformation 3 products to support the transformation		n/a		
ESG assessment of 55% of the biggest corporate insurance clients from sectors sensitive to ESG risks		Development of methodology	20%	55%		
Reduction in CO2 emissions from own sources by 3% to 10% by 2024 relative to 2019		26.2% reduction in CO2 emissions (location-based method) 25.5% reduction in CO2 emissions (location-based method)		3%-10%		
Reduction in electricity consumption of PZU SA and PZU Życie from 3% to 10% by 2024 relative to 2019		14.7% reduction in electricity	15.8% reduction in electricity	3%-10%		

		Achievement of objectives				
Metrics included in the business strategy		2021	2022	Value for 2024		
10-15 million – number of recipients of social activities in the area of safety and sustainable lifestyle (activities recipients in a given year)		10 million	12.2 million	15 million		
70% – percentage of employees covered by the well-being program (total of all recipients of activities in 2021-2024)		Developing a strategy #DobryStan		70%		
Other ESG met	rics					
Development of a product offering that incorporates elements of social commitment		>54,000 policion issued Free moto of activities for citizens of Ukraine		Offer development		
Percentage covere activities affecting safety		18% 13.14%		10%		
100,000 recipients of industry partnership activities for insurance education		Result reported for the school year 2021/2022	409,135	100,000		
Allocating 50,000 volunteer hours to activities	Number of hours devoted to volunteering	12,179	75,865	50,000		
for 200,000 beneficiaries (total for 2021- 2024)	Number of beneficiaries	39,423	457,500	200,000		

We contribute to the implementation of Sustainable Development Goals

5 MM Development 6 MM















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of Sustainable Development Goals









Commentary on key areas of ESG strategy implementation:

Sustainable development - ESG "Balanced Growth"

As part of the adopted ESG Strategy, the PZU Group takes actions to strengthen its position as the leader and which comply with the principles of sustainable development. The PZU Group places environmental, climate and social factors on equal footing. PZU continues actions in 3 main areas (#organizational responsibility, #trusted partner in green transformation, #better quality of life).

Giving consideration to ESG targets in the company's strategic objectives and delegating them by the senior management

ESG targets comprise tasks connected with implementation of ESG strategy performance indicators; they relate to key projects and are directed to selected organizational units responsible for the implementation of strategic activities. By assigning ESG targets throughout the entire organization, also units which are not directly involved in strategic actions were included by PZU in the idea of sustainable development. The degree of attainment of these goals translates into the value of variable compensation to be received by the management staff.

ESG targets were assigned to PZU Management Board members and also Management Boards of some of the subsidiaries.

In 2022, PZU and PZU Życie implemented 30 targets which take into account ESG factors. There is a plan for 2023 to extend the catalogue of targets with actions related to the requirements of new ESG laws (including the EU Taxonomy).

70% of key purchase processes which accounted for ESG criteria

PZU has its "The CSR Code for PZU Group Suppliers". It is a collection of principles for the PZU Group and all its suppliers. Conducting business in accordance with the Code and promoting its values constitute an important criterion for qualifying and evaluating potential business partners.

In 2022, opportunities to integrate ESG requirements into purchasing processes were explored during cyclical workshops. Following the diagnosis, the implementation of a solution to assess compliance with ESG requirements was initiated. It includes updating "The CSR Code for PZU Group Suppliers" due to slightly different array of ESG issues in relation to corporate social responsibility. The update is scheduled for 2023. Once it has been implemented, a requirement for a business partner to accept these new provisions will be part of the offering process.

For proceedings ongoing or completed in 2022, PZU conducted an information campaign that involved obtaining relevant statements from suppliers participating in key purchasing

Increase of the current exposure to investments supporting climate and energy transition by 500 m PLN

In 2022, PZU and TFI PZU continued actions started in the previous year in terms of financing energy transition in Poland.

In march 2022, TFI PZU started financing a wind farm in Biały Bór with a target installed capacity of 144.9 MW. The project is located in the West Pomerania and will consist of 42 turbines with a unit capacity of 3.45 MW each. The sponsors of the project are the Spanish group specializing in RES projects, Uriel Renovables, and the French financial investor, Mirova, part of the Natixis group.

In April 2022, TFI PZU granted financing to construct 4 wind farms with the total power of 108 MW. The projects are located in Pruszcz, Markowice (Kujawsko-Pomorskie Region), Piaski and Wyszki (Wielkopolskie Region). The project sponsor is the experienced Dutch infrastructure fund DIF Capital Partners, whose completed investments in renewable energy reach 3.3 GW globally. According to the schedule, the two smaller projects (Wyszki, Piaski) were completed in the third quarter of 2022, while the other two (Pruszcz, Markowice) should be completed in early 2023. Annual production of wind farms financed by the PZU Group should provide green electricity for over 800,000 households in Poland.

ESG assessment of 55% of the biggest corporate insurance clients from sectors sensitive to ESG risks

According to the internal definition, the assessment covers the largest corporate insurance clients that operate in sectors which are highly and moderately sensitive to ESG risks and have a significant impact on PZU revenues.

Highly sensitive sectors include those industries that rely most heavily on non-renewable energy sources, are responsible for the greatest level of greenhouse gas emissions from direct and indirect emissions, and have the greatest impact on environmental degradation. The following industries are classified to this group: the fuel industry, the mining industry and the conventional power industry. Mediumsensitive industries include: chemicals, transport, automotive, construction and agriculture.

Internal analyzes were used to select industries highly and moderately sensitive to ESG risks. These were carried out on the basis of data on national greenhouse gas emissions and the percentage contribution of individual industries to CO2 emissions. Furthermore, external data sources were used, including good market practices, guidelines from international organizations (OECD, UNEP FI, ECB) and leading rating agencies, as well as regulatory requirements (EU Taxonomy).

The assessment of clients was carried out on the basis of two original methodologies for public and non-public entities, developed within the PZU Group under the supervision of PZU. Environmental, social and governance issues have been included in the methodology for public companies. The environmental area covers the following topics: greenhouse gas emissions, carbon footprint, impact of operations on biodiversity, energy intensity levels, waste management, current key company-defined environmental risks and their management, adoption of a climate neutrality target and decarbonization strategy. Issues defined in the social area include: respecting labor rights, ensuring safe working conditions, fair competition and social activities. The area of corporate governance encompasses: issues related to the diversity of management bodies, the prevention of corruption and unfair competition, the structure of management and supervisory bodies, the protection of minority shareholders' rights, the link between the remuneration of management boards and the achievement of sustainability objectives. The assessment is carried out on the basis of public data, including non-financial reports and strategies, and data from an external provider. The final assessment also depends on the sector in which the company operates. Non-public companies are assessed based on a simplified ESG assessment questionnaire. The application of the ESG criteria serves the purpose of risk assessment and is not exclusionary for clients.

In the following years, further corporate clients will be assessed according to an internal schedule. In addition, proposals for translating ESG assessments into business relationships will be developed in 2023.

Achieving climate neutrality by reducing emissions, purchasing green energy and compensating CO2 emissions (emissions scopes 1 and 2)

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 emissions calculation is independently verified by a certified verifier. In 2022, PZU and PZU Życie took actions aimed at reducing scope 1 and 2 greenhouse gas emissions associated with combustion of fuels. In 2022, PV installations were mounted in 7 locations. Additionally, the companies expanded their fleet by 32 hybrid

cars. It is estimated that this will translate into reduction of the annual CO2 emissions in the following years.

Following the assumptions, the road to climate neutrality first involves the PZU Group's main companies: PZU and PZU Życie, which plan to achieve climate neutrality by 2024 through reduction of energy consumption, use of RES and offsetting emissions (implementation of reduction projects, which contribute to reducing greenhouse gas emissions). According to the commitment made in the ESG Strategy, PZU SA and PZU Życie SA carried out the offset of the CO2 emissions to which they contributed in 2021. They were also joined by PTE PZU and TUW PZUW. Emissions were offset by purchasing certified offset credits, CERs, made available by the UN Carbon Offset Platform. As part of offsetting the environment for emissions generated in 2021, the funds were allocated to wind power development in India. The companies purchased offset units corresponding to emissions for PZU and PZU Życie 17,508 Mg CO2, PTE PZU 24 Mg CO2, TUW PZUW 68 Mg CO2.

Going forward, by 2030, it is planned to reduce the carbon footprint of further companies in the PZU Group and to start reducing emissions across the entire chain of companies cooperating with the PZU Group.

Between 2040 and 2050, the Group's ambition is to achieve climate neutrality of suppliers and business partners, and ultimately also of insurance clients and investments.

Achieving 10-15 million recipients of social activities in the area of safety and sustainable lifestyle per year

In 2022, PZU carried out nationwide health prevention campaign Zdrowe Życie (Healthy Life). The initiative was performed under the honorary patronage of the Presidential Couple, in cooperation with the Ministry of Health, the National Health Fund, the Ministry of State Assets and the Ministry of Education and Science. The campaign was also joined by the National Blood Donation Center, the Sanitary Inspectorate, the State Pharmacy Chamber and the National Security Office. One of the elements of the Healthy Life campaign consisted in mobile health areas organized by PZU. It was possible to have a number of tests there, free of charge, i.e. basic tests (blood sugar, blood pressure, cholesterol), spirometry or lung ultrasound, and the results could be consulted with specialists: PZU Zdrowie physicians (internist, pulmonologist, dietician, dermatologist, cardiologist). There was also a mammobus, where tests were carried out for women aged 50 to 69. The first mobile health area was ready on 3-4 June 2022 in front of the Presidential Palace in Warsaw. Over the next 5 months, the mobile health area made almost 5,000 km and visited 11 other cities throughout Poland. During

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this time, more than 34,000 tests, consultations and medical services were carried out.

On 10 May 2022, PZU launched the public prevention program Dobra Drużyna PZU (Good Team PZU), under which clubs and sports associations received funding to organize amateur sports activities, tournaments and competitions for children and young people up to the age of 18, including those with disabilities. The program is expected to significantly increase physical activity among children and young people, which will have a positive impact on their health and reduce their susceptibility to diseases and injuries in adulthood.

There were 1,667 entities that signed up for the program. Ultimately, 352 of them received funding. In total, Dobra Drużyna PZU prevention program reached 45,000 children practicing 43 sports across the country, primarily in smaller towns.

PZU, in cooperation with TVP 2, continued the TV program Zacznij od zdrowia (Start with Health). The program was broadcast from October 2022. It addressed key issues related to developing habits that have a positive impact on health, including regular check-ups and an active lifestyle. Experts, including PZU Zdrowie physicians, answered questions about, for example, the state of health of Poles after the pandemic, insomnia, diabetes, obesity and depression. The program emphasized the importance of physical activity in preventive health care, with a particular focus on sports activities for children and young people.

Covering 70% of employees with the well-being program offer

Adopted in 2021, the well-being strategy #DobryStan (#wellbeing) addresses PZU's long-term goals in the area of caring for employees' well-being. It is a tool and an interactive plan for challenges and expectations, as identified and regularly monitored, coming from within the organization and from the company's external environment. It provides a comprehensive approach based on three main pillars: nurturing vital energy, building mental resilience and optimizing work style. The program influences the development of an organizational culture with people at its center. It is focused on dialogue, gathering employees' needs and opinions, analyzing the results of engagement surveys and preparing appropriate actions.

The strategy promotes a healthy lifestyle, an optimal work style, inspires and encourages employees to implement habits that improve efficiency and quality of functioning on a daily basis. It suggests how to effectively combine professional and private roles: as an employee, parent, carer. It uses modern technology to support employees in staying physically and mentally fit.

In 2022, employees were able to benefit from a range of educational activities and support in difficult situations. Educational and promotional activities culminated in the annual #TyTworzyszPrzyszłość (#YouCreateTheFuture) conference. In addition to presenting trends in the future of work, the conference was dedicated to maintaining the high performance, health and well-being of employees. The ideas of the #dobrystan (#well-being) strategy were incorporated, for example, in the implementation project of the New Work

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2.7.2. Challenges in 2023 (short-term perspective)

In 2023, the Group's management will take operational measures to adapt the PZU Group's business to macroeconomic, geopolitical, market and regulatory changes and maintain the adopted path to the set ambitions.

Non-life insurance in Poland

In addition to chance events such as sudden floods, hail, torrential rain, hurricanes, cyclones, droughts, spring ground frosts, which due to the ongoing climate change are becoming more and more unpredictable and contribute to increasing claims ratio in the property insurance sector, the following hazards also exist:

- return of the COVID-19 pandemic and its socio-economic consequences, in particular deterioration of the financial standing of businesses and employees from industries affected by the restrictions and the related problems with maintaining and paying for the policies;
- high uncertainty as to the growth of new car sales, mainly in the dealership channel and financed by leasing companies, which may result in lower sales of motor insurance;
- increase in the prices of spare parts affecting claims handling expenses due to the depreciation of the Polish zloty against the euro and problems in global supply chains (the impact of sanctions against Russia and military action in Ukraine) translating into a lack of availability of components for the production of cars and limited availability of spare parts;
- uncertainty regarding the impact of the Polish Financial Supervision Authority's recommendations on claims handling on the value of claims paid;
- · reduced demand for voluntary insurance due to a higher inflation rate, higher unemployment and a decline in employment;

- slower economic growth in Poland the more challenging financial standing of companies may result in elevated credit risk, a higher claims ratio on the financial insurance portfolio and deceleration in the pace of gross written premium growth;
- changes in trends and behavior of client seeking customized proposals and an electronic, swift conclusion of agreements and handling insurance, forcing insurers to adapt to these new expectations rapidly;
- · increase of insurance fraud as a result of the more difficult situation in numerous industries, increasing unemployment and lower employment rates;
- introduction of additional regulations or financial burdens on insurance undertakings.

Life insurance market in Poland

Major risk factors include:

- inflation and its impact on the clients' financial standing and consequently purchasing capacity as well as the real loss of value of sums insured in portfolio policies (possible need to index sums insured).
- · demographic changes and the aging society and the ensuing changes in the mortality and fertility levels;
- constant price pressure in group insurance and the battle for client ownership (and client data), thereby cutting the insurer's margins, reducing the quality of the product and fostering entry and exit obstacles for clients to overcome with independent intermediaries;
- · softer conditions on the capital markets deteriorating the attractiveness of products, especially unit-linked products;
- negative effect of higher interest rates, increasing inflation and maintenance expenses (prices of energy, goods and services) on sales of mortgage/cash loans and linked insurance products;
- the aging of the population and changes in trends and behavior of client seeking customized proposals influencing the development of new market segments;
- the emergence of new strains of the SARS-CoV2 virus or other viruses, which could result in further pandemics and their social and economic consequences, including those directly and indirectly regarding increased mortality rates;
- impact of new EIOPA regulations for the insurance market in the European Union;
- KNF decision on product intervention in the unit-linked life insurance segment, which came into effect on 1 January

- the emergence of further regulations or financial burdens on insurance companies;
- the emergence of new competitors and solutions, including the operators of large client bases or insurtech companies.

Insurance in the Baltic States and Ukraine

In addition to chance events such as sudden floods, hail, torrential rain, hurricanes, cyclones, droughts, spring ground frosts, which due to the ongoing climate change are becoming more and more unpredictable and contribute to increasing claims ratio in the property insurance sector, the following hazards also exist:

- geopolitical tensions, particularly the ongoing Russia-Ukraine, which has a direct impact on the possibility of conducting insurance operations in Ukraine and on their
- slowdown of economic growth in the Baltic States and Ukraine - the more challenging financial standing of companies may result in elevated credit risk, a higher claims ratio on the financial insurance portfolio and deceleration in the pace of gross written premium growth in both motor and property insurance;
- negative effect of higher interest rates, increasing inflation and maintenance expenses (prices of energy, goods and services) on sales of mortgage/cash loans and linked insurance products;
- impact of new EIOPA regulations for the insurance market in the European Union;
- changes in trends and behavior of client seeking customized proposals and an electronic, swift conclusion of agreements and handling insurance, forcing insurers to adapt to these new expectations rapidly;
- increase in insurance fraud cases as a result of the more difficult situation in numerous industries causing growing unemployment;
- introduction of additional regulations or financial burdens on insurance undertakings.

Health

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- · the demand for specialized doctors exceeds the supply, which may slow down growth and affect margins;
- inflationary pressures from affiliate networks and salary pressures exerted by doctors and other personnel serving patients in medical centers may directly affect financial performance in the health area;
- · wage pressure combined with an increase in demand for medical services may result in limited ability of providing



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these services in selected medical centers - medical personnel may prefer/accept only facilities that meet higher employee compensation expectations;

- changes in fertility, mortality, and morbidity rates, as well as the health consequences of the fact that during the pandemic treatments for certain conditions (e.g., cardiovascular and oncology) were postponed, may affect the value of sales and the claims ratios (e.g. in subscription plans or in health insurance);
- changes in trends and behaviors displayed by clients, who will start searching for customized offerings – clients' new expectations may bring about the need to change processes and systems, which in turn may affect the bottom-line results;
- · uncertainty surrounding the evolution of the pandemic and potential limitations in the operation of medical facilities may significantly affect the performance of medical centers;
- an increase in unemployment and uncertainty on the labor market may reduce sales growth of new insurance and medical subscriptions for corporate employees;
- continued pressure on the prices of group insurance products – the market for health services remains very competitive both in terms of prices and the range of available services;
- · elatively high saturation of the market in larger cities and also staff shortages and lack of customer potential in smaller towns may reduce growth rates;
- · potential modification of the valuation of outpatient specialist care services by the National Health Fund may cause significant changes in the financial results generated by medical centers;
- stronger and/or more aggressive policy geared at the development of the network of own facilities by competitors in the market may significantly affect the options available to patients or the competitive position of medical operators in the long term.

Investment

The condition and performance of the market for investment funds and Employee Capital Schemes will depend mainly on the following:

- · the geopolitical and macroeconomic situation (including the pace of economic growth, the unemployment rate and the inflation rate in Poland and Europe) affecting the financial standing of enterprises and households;
- · actions taken by central bank (Federal Reserve System -FED, European Central Bank - ECB, Bank of Japan, People's Bank of China) translating into global money supply and liquidity on the financial markets;

- the impact of levels and exchange of interest rates announced by the National Bank of Poland on both the bond market and the whole capital market in Poland;
- · absorption by the economy of the high inflation environment which will affect the rate of economic growth in Poland:
- propensity to allocate savings in investment and long-term solutions in the event of a higher inflation and greater debt
- the level of participation of employee capital schemes participants in the first ECS auto-enrollment process, which will take place in the first half of 2023.

The main challenges facing the pension fund market are the following:

- the economic climate on the capital market and, in particular on the Warsaw Stock Exchange, which is affected by the war in Ukraine and which affects the value of the funds' assets, and the level of fees collected by pension fund companies for management;
- active asset allocation due to increasing interest rates;
- active participation in the work on enhancing the performance of the third pillar of the pension scheme, thus making it more attractive, and influencing the need in public awareness for accumulating additional savings for future retirement.

Banking

Major risk factors include:

- · the outlook for the economy, which will affect demand for banking products and changes in the cost of risk;
- invariably an important role is played by the tax and regulatory environment, including in particular the existence of a tax on certain financial institutions, high equity requirements, contributions to Bank Guarantee Fund (BFG), costs of further adjustments to numerous regulatory solutions (e.g. MIFID II, GDPR, PSD II, MREL).
- one of the most important factors in terms of the institutional environment remains the issue of foreign currency mortgages, as well as potential rulings by the Court of Justice of the European Union, the Supreme Court or other state institutions in this regard;
- credit vacations and mortgage loans offered at 2% interest. The burden of the former was observed in Q3 2022, and this factor will remain present in 2023 as well. For each quarter of the year, borrowers will be entitled to one month of credit vacation. Mortgage loans with an interest rate of 2%, on the other hand, are a solution offered to people up to the age of 45 who do not have and have not had an apartment, house or cooperative right to an apartment or house. The

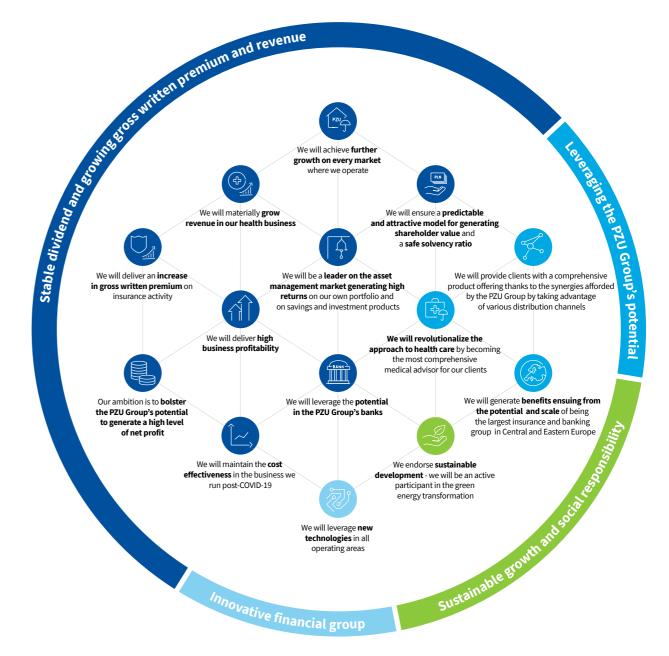
maximum value of such a loan is PLN 500,000 for a single person and PLN 600,000 for a married couple or parents with a child. For 10 years of loan repayment, the government will subsidize the loan installment, and the subsidy will cover the difference between the actual interest rate and the 2% offered;

• reform of the reference index, i.e., replacing the WIBOR index with WIRON.

2.7.3. Ambitions 2024 (medium-term outlook)

In 2022, the "Potential and Growth" Strategy 2021-2024 was in effect. In the medium term, the assumptions made referred to customer needs, personalization and flexibility of the offer, and embedding these requirements in specially created ecosystems, which were divided into 4 main areas of ambition.

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



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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 using 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.

Using 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.

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.

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; development of service ecosystems based on modern digital platforms;
- · cloud computing support for technological transformation, including greater efficiency of the infrastructure;
- 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.

Long-term assumptions - made in defining ambitions

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+.

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At the same time, due to the armed conflict in Ukraine and the consequences in the economic and social sphere, there are further challenges and potential risks and among them, for example: rising inflation translating into a decrease in insurance profitability, and indirectly into a decrease in sales by weakening the condition of households and businesses. Simultaneously, the expected increase in TPL prices is not taking place, which could affect sales plans. An increase in interest rates, in turn, results in higher bank profitability, but also in a decline in interest in loans, which could make it difficult for banks to achieve their contribution targets in the long term. Clearly, hostilities translate into the conduct of business of Ukrainian companies belonging to the PZU Group, and therefore the risk of losing business and not achieving the assumed market position.



2.7.4. Ambitions 2030-2050 (long-term perspective)

By 2030 (UN agenda) – the role of business in responding to global challenges

PZU, in a leadership role, is taking steps to implement Agenda 2030. 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. PZU's contribution to the selected goals is evident in daily business practice. Product offerings that support the climate and energy transition are in line with the tasks of Goal 7, Goal 9 and Goal 15. Prevention health and safety activities are PZU's contribution to improving the quality of life of local communities and fulfilling the tasks of Goal 3 and Goal 11. A large impact was also identified by PZU in labor issues such as the terms and conditions of employment offered or gender equality (Goal 5, Objective 8) and in supplier relations through the development of sustainable supply chain practices (Goal 8, Objective 12).

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 than 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.

UN goals in PZU ESG strategy

	#Responsible organization	#Trusted Partner in green transformation	#Better quality of life
	We build a modern organization, which is managed responsibly	We support the development of a low- emission economy, contributing to sustainable transformation	We encourage communities to adopt a sustainable and safe lifestyle
Our ambitions	Employer promoting responsible leadership and responsible attitudes among Employees Trusted Partner in business promoting the sustainable development idea	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	Responsible partner supporting safety in local communities Trustworthy guide to a sustainable lifestyle
Sustainable development goals	5 mm. 8 mm mm 10 mm 12 mm	3 manual 4 mm 11 manual 11 mm 12 mm	7 = = 12 = = 13 = = 15 = = 15 = = 15 = = 15 = = 15 = = 15 = = 15 = = 15 = = 15 =

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Agenda ONZ 2030



By 2050 (long-term perspective)

ESG "Balanced Growth" strategy for 2021-2024 sets not only medium-term goals related to business support but also long-term ambitions until 2050, which will allow the PZU Group to carry out a rebalanced business across the value chain.

According to the adopted assumptions, the changes will be made first by the main insurance companies – PZU and PZU Życie. By 2024, it is planned to:

- achieve climate neutrality, through reduction of energy consumption, use of RES and emission offsets (implementation/support of reduction projects leads to processes that contribute to the reduction of greenhouse gas emissions);
- reduce of other resources in day-to-day operations: water, paper, fuels.

By 2030, it is planned to:

- limit the carbon footprint of more companies in the PZU Group:
- start reducing emissions throughout the chain of PZU Group's cooperating entities.

Between 2040-2050, the Group's ambition is to achieve climate neutrality of supplier and business partners, and ultimately also of insurance clients and investments..



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) The definition of scope 1 and 2 is available on the page with indicator definitions Comments regarding emission scopes refer to the classification specified in the GHG Protocol



- 3.1. Employees
- 3.2. Client
- 3.3. Society









3.1. Employees

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, vast professional development opportunities, bonus systems, 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). Tools for communicating with the labor market include PZU's presence as an employer in social media and employer branding campaigns in specific target groups online and offline. Candidates are sought through alternative sources, including social media and industry portals.

Key regulations: Human Capital Management Policy in PZU PZU and PZU Życie SA.

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 PZU'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;
- #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
- #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.



Anna Wardecka

Anna Wardecka, HR Managing Director, PZU and PZU Życie

"Regardless of the situation, the focus of PZU's attention is always people and their needs, because it is people who make up any organization. We listen, talk and engage with people, through which we create solutions that speak to their needs and changing realities. With this approach, we have implemented a hybrid model that combines the expectations of employees, maintains the continuity of business processes and supports the development of teamwork and innovation. We focus our activities around building a positive employee experience – we support their autonomy, create opportunities for the development of diverse potential, and provide space for easier reconciliation of professional and social roles and the so very important – personal passions"



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
- · 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

• common values and rules for ethical management;

- working conditions (among others remuneration policy, benefits unrelated to pay);
- competence development;
- · occupational safety and health.

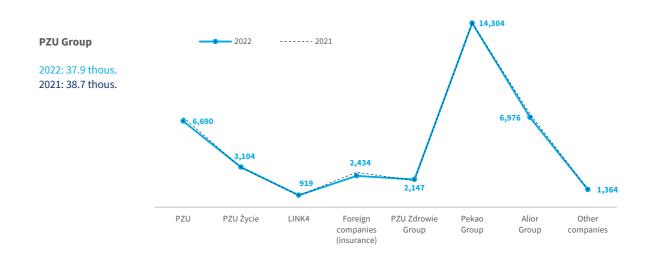
33 [GRI 3-3, 2-7]

3.1.1. Employment structure

Employment in the PZU Group - in FTEs	2021	2022	zmiana r/r	
PZU Group	38.7 thousand	37.9 thousand	-0.8 thousand	
PZU	18.0%	17.6%	-0.4 p.p.	
PZU Życie	8.0%	8.2%	0.2 p.p.	
LINK4	2.3%	2.4%	0.1 p.p.	
PZU's foreign insurance companies	7.0%	6.4%	-0.6 p.p.	
PZU Zdrowie Group	5.3%	5.7%	0.4 p.p.	
Pekao Group	37.1%	37.7%	0.6 p.p.	
Alior Group	18.7%	18.4%	-0.3 p.p.	
Other companies	3.6%	3.6%	0.0 p.p.	

Comments to 2022: PZU Group employment remained stable. There were no significant changes in PZU or the PZU Group as

Total number of employees (converted into FTEs):



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Total number of PZU Group employees by gender (converted into FTEs):



Comments to 2022: across the PZU Group, women accounted for the largest share of employees (66.1%). There were no significant changes in 2022.

Number of women in PZU and PZU Życie (data in persons; 2021)



Number of women in PZU and PZU Życie (data in persons; 2022)

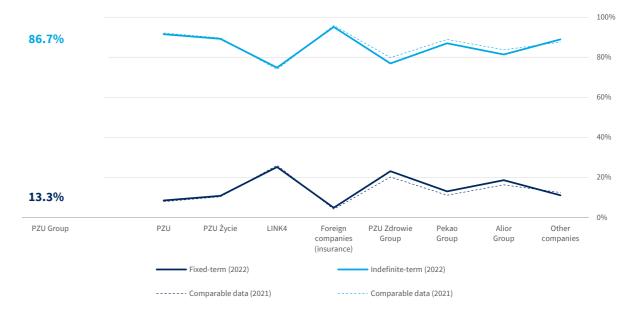


Number of men in PZU and PZU Życie (data in persons; 2021) Number of men in PZU and PZU Życie (data in persons; 2022)



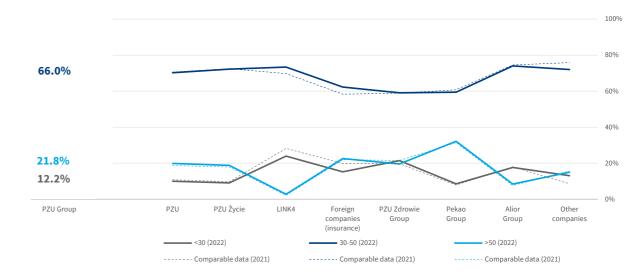


Total number of PZU Group employees by the type of contract (converted into FTEs):



Comments to 2022: in the PZU Group, 86.7% 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 was in foreign companies (95.2%), and the lowest is in LINK4 – 76.9%. There were no significant changes in 2022.

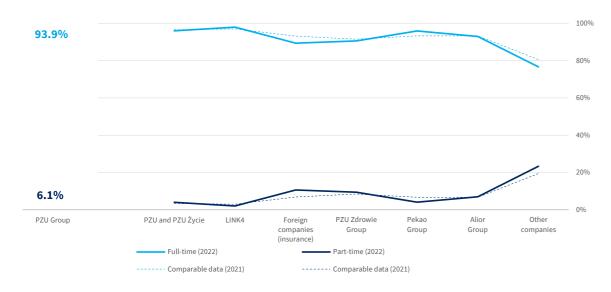
Total number of employees by age group (converted into FTEs)



Comments to 2022: the largest group of employees was those between the ages of 30 and 50, they included 66.0% of employees. The largest number of people under the age of 30 were employed at LINK4 (23.9%). The Pekao Group employed the largest number of employees over the age of 50 (32.1)%. There were no significant changes in 2022.

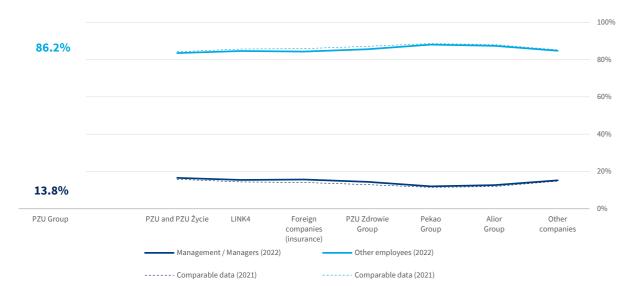
131

Breakdown of employees by form of employment: full-time vs. part-time (converted into persons)



Comments to 2022: in the PZU Group, most people were employed full-time (93.9%). The highest percentage of the staff were employed on such terms in LINK4 (97.9%), the lowest in other companies (76.7%). There were no significant changes in 2022.

The PZU Group employees by employment structure (converted into persons)



Comments to 2022: in the PZU Group, those employed in managerial positions accounted for 13.8%. It was PZU and PZU Życie with the largest percentage of persons holding managerial positions relative to the total number of staff (16.5%). The lowest percentage was in the Pekao Group (11.9%). There were no significant changes in 2022.

[GRI 2-8]

Number of employees employed on the basis of	20	21	2022		
the mandate contract	Women	Men	Women	Men	
Grupa PZU, w tym:	8,276	3,205	7,809	3,047	
- PZU and PZU Życie	1,307	917	1,237	847	
- LINK4	26	12	31	13	
- PZU's foreign insurance companies	72	27	73	24	
- PZU Zdrowie Group	2,328	652	2,457	709	
- Pekao Group	92	99	78	62	
- Alior Group	1,119	486	956	455	
- Other companies	3,186	982	2,977	937	

[GRI 401-1]

3.1.1.1 Total number of newly-hired employees by gender and age

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

			PZU			
Total number		2021			2022	
of employees by:	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	4,075	262	6.4%	3,914	288	7.4%
Men	2,900	184	6.3%	2,776	214	7.7%
Sum	6,975	445	6.4%	6,690	502	7.5%



			PZU Życie			
Tatal aumahan		2021			2022	
Total number of employees by:	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	2,106	154	7,3%	2,125	182	8.5%
Men	968	85	8,8%	979	100	10.2%
Sum	3,074	239	7,8%	3,104	282	9.1%

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

PZU							
Tatalassahas	2021		2022				
Total number of employees by age:	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	750	202	27,0%	665	226	33,9%	
30-50	4,922	230	4,7%	4,698	260	5,5%	
>50	1,303	13	1,0%	1,327	17	1,3%	
Sum	6,975	450	6,5%	6,690	502	7,5%	

PZU Życie							
Tatal accordan		2021		2022			
Total number of employees by age:	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	298	98	33.0%	280	109	38.9%	
30-50	2,227	131	5.9%	2,242	163	7.3%	
>50	549	10	1.9%	582	10	1.7%	
Sum	3,074	239	7.8%	3,104	282	9.1%	

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[GRI 401-1]

3.1.1.2. Total number of voluntary departures and layoffs among employees by gender and age

Total number of voluntary departures and layoffs among employees (converted into FTEs) by gender

PZU						
Total number of employees by:	2021			2022		
	Number of employees	Number of voluntary departures and layoffs	Percentage of voluntary departures and layoffs	Number of employees	Number of voluntary departures and layoffs	Percentage of voluntary departures and layoffs
Women	4,075	379	9.3%	3,914	392	10.0%
Men	2,900	306	10.6%	2,776	305	11.0%
Sum	6,975	685	9.8%	6,690	698	10.4%
PZU Życie						
	2021			2022		
Total number of employees by:	Number of employees	Number of voluntary departures and layoffs	Percentage of voluntary departures and layoffs	Number of employees	Number of voluntary departures and layoffs	Percentage of voluntary departures and layoffs
Women	2,106	210	10.0%	2,125	208	9.8%
Men	968	127	13.1%	979	115	11.7%

Total number of voluntary departures and layoffs among employees (converted into FTEs) by age

PZU						
Total number of employees by age:	2021			2022		
	Number of employees	Number of voluntary departures and layoffs	Percentage of voluntary departures and layoffs	Number of employees	Number of voluntary departures and layoffs	Percentage of voluntary departures and layoffs
<30	750	159	21.2%	665	143	21.5%
30-50	4,922	378	7.7%	4,698	410	8.7%
>50	1,303	148	11.3%	1,327	144	10.9%
Sum	6,975	685	9.8%	6,690	698	10.4%

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PZU Życie						
Total number of employees by age:	2021			2022		
	Number of employees	Number of voluntary departures and layoffs	Percentage of voluntary departures and layoffs	Number of employees	Number of voluntary departures and layoffs	Percentage of voluntary departures and layoffs
<30	298	70	23.4%	280	73	26.1%
30-50	2,227	204	9.2%	2,242	187	8.3%
>50	549	63	11.4%	582	63	10.9%
Sum	3,074	336	10.9%	3,104	323	10.4%

Total number of voluntary departures and layoffs converted into FTEs in the PZU Group:

• in 2021: 6,522; in 2022: 6,456.

Percentage of voluntary departures and layoffs¹ among all PZU Group employees hired under employment contracts:

• in 2021: 16.9%; in 2022: 17.0%.

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

3.1.2. Work environment

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 employees with equal opportunities for development by providing the right conditions for effective work - individual and team, thereby increasing the chances of success.

New Work Model

In May 2022, the Group's New Work Model was finally introduced, and it entailed parallel changes in three strands:

- the introduction of a hybrid model,
- the implementation of group work tools that support it,
- the change of headquarters (head office).

The New Work Model allows us to achieve our strategic goals of creating an inspiring place that provides conditions for high performance of individual employees and teams, and increasing the agility and flexibility of the organization.

By implementing a **hybrid model**, PZU has given employees more freedom to choose where they work, tailored to the nature of their current tasks, so that they can work more autonomously, focusing on results. The functionalities of the available group work tools increase the efficiency of collaboration within teams and between units in different locations across the country - making it easier to manage knowledge and achieve synergies. A **flexible work environment** promotes teamwork, facilitates collaboration between areas of the organization, and provides space for informal interactions and relationship building, as well as places to work with focus. By introducing solutions that support the development of creative work methods, PZU provides good conditions for the development of innovation and building positive employee experiences, which are the basis for building a competitive edge for the company. In addition, group work tools enhance the security of the work environment by reducing the negative impact of cyber-attacks and ensure the company's business continuity as regards PZU communications software.

New Work Model

Hybrid work model

In areas where this is possible due to the nature of the work - remote work of up to 2 days a week is possible.

The hybrid model allows you to choose the optimal place to perform your current professional tasks.

With hybrid work, it is easier to reconcile different roles and responsibilities, plan time for family and leisure.

Group Work Tools

All employees have access to a suite of tools based on integrated Microsoft Office 365 environment.

Tools are used for organizing creative meetings, rapid exchange of information and knowledge (e.g., including document sharing), building knowledge resources, managing tasks.

The tools allow you to communicate effectively and securely in a hybrid model and maintain the efficiency of your daily work.

New office

The arrangement of the new office* includes numerous additional spaces with various functionalities (e.g., co-work, relaxation rooms, focus rooms).

The comfort of using the space is supported by technological solutions (e.g. desk reservation system, video conferencing systems, interactive whiteboards).

A flexible office allows rapid adaptation to change, fosters different work styles, removes barriers between employees, and facilitates networking.

New headquarters - PZU Park

PZU, as a modern and socially responsible organization, when implementing changes in the work environment, takes into account the diversity of employees' needs, as well as ensures the optimal use of available resources, which is part of the sustainable development strategy. In September 2022, the Group's more than 4,500 employees gained a new, state-ofthe-art workplace in the PZU Park building in Warsaw. It was the largest move in Poland. When designing the new office building of PZU's headquarters, the priority was to create a comfortable and functional work space in a hybrid model, and ecological solutions were also prioritized. PZU Park is a diverse space for meetings, focused work, collaboration, training, workshops and relaxation. To make better use of space in hybrid work, a desk-sharing system has been introduced and infrastructure has been adapted to meet the needs of hybrid meetings, e.g., more than half of the meeting rooms have been equipped with video-conferencing sets integrated with MS Teams. The main theme in the arrangement is biophilia, which, according to research, has a positive effect on the well-being of the people in the building. The office features natural greenery, and the interior finishes themselves are inspired by the 4 elements. PZU Park is the most "green" skyscraper in Warsaw. The new headquarters allows PZU to reduce its carbon footprint by more than 2,500 tons of CO2 per year. Thanks to a ventilation system with high-end filters, 30 percent more fresh air is supplied to the building than required by the American ASHRAE standard or the Polish standard. The system for recovering so-called gray water (unpolluted, though non-potable) and collecting rainwater

saves 63 percent of drinking water. Those commuting to the office by bicycle have 187 parking spaces at their disposal, and in the locker room provided, they can shower and store sports clothes. Charging stations for cars, bicycles and electric scooters have been provided in the underground garage. The green character of the building is highlighted by a five-story high wall of greenery in the lobby, measuring 330 sqm., which is covered with more than six thousand diverse plants. The oxygen they produce in a day would be enough for 150 people for 24 hours. The new headquarters is also a barrier-free facility, which means that people with different needs, such as those with disabilities, can move around and use it without any restrictions.





^{*)} standard implemented at PZU's new headquarters in Warsaw at Rondo I. Daszyńskiego - for more than 4,500 employees

3.1.3. Organizational culture

Combining different forms of work, using new functionalities of group work tools and a new way of arranging office space are redefining the work environment, which the PZU Group saw as an opportunity to support the desired changes in shaping organizational culture. In determining the scope of change, attention was focused on the benefits to employees, taking into account their diverse needs, which stem from both professional and personal roles. The change communication was based on the company's enduring values – emphasizing that they are still relevant, and that the transformation expands the ways in which they can be realized. PZU is focused on developing employee autonomy, strengthening different work styles, as well as shaping conditions conducive to effective cooperation (including inter-area) and caring for employee well-being.

Ambassadors of Change in the New Work Model

To support the company's transformation and implement changes taking into account the perspective of employees in each unit, the company decided to appoint nearly 300 Ambassadors of Change. Two groups were distinguished: Ambassadors of the New Work Model and Ambassadors of Group Work Tools. Both groups of Ambassadors were prepared for their new role by providing knowledge on effective change management and project assumptions related to the New Work Model.

The tasks of the **Ambassadors of the New Work Model** were to actively promote the new work model, introduce colleagues to the assumptions of the changes, and collect and forward information and questions from the various business areas to the project group. They were also invited to work in working groups related to, among other things, decisions on space arrangement in the new headquarters building, preparing for the move, developing a cafeteria of hybrid work practices and communicating new ways of working. The company's employees thus gained the opportunity to co-create a modern work environment and influence the choice of the name of the new office building. Combining the perspectives of people from different business areas allowed more aspects to be taken into account, improved the quality of decisions and their transparency.

Ambassadors of Group Work Tools are a group of new technology enthusiasts whose goal was to help employees learn about and introduce the new tools into their daily work. Their main tasks were to analyze the tangible benefits for specific groups of employees resulting from the functionality of the new tools, conduct numerous educational and promotional activities, provide guidance and pass on best practices to their colleagues.

Corporate Values in the New Work Model

Stability	Responsibility	Integrity	Innovation
 Combining remote and office work provides balance in life. Optimizing work styles, promoting practices that positively impact long-term performance and employee well-being. 	Full responsibility for the organization and quality of its work. Applying habits that promote efficiency, including the ability to flexibly select the workplace to suit the type of tasks being performed. Responsibility for one's own development.	Lack of control over whether and how we work remotely. Appreciating autonomy and focusing on the goals and results of one's own work. Building a friendly and engaging work environment together by ensuring that shared spaces are comfortable and resources are optimized.	The constant search for effective methods of cooperation, the use of modern tools for group work. Inter-area cooperation and knowledge sharing. Being open to change, seeking new solutions and experimenting.

Best |

Best practices of PZU and PZU Życie

Hybrid Work Best Practice Cards

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Taking advantage of the functionality of the new tools required teams to switch to new ways of communicating and sharing knowledge. The new office even forced a change in behavior – the arrangement was based on an open plan to foster collaboration between areas, and a natural consequence of the hybrid work model was the introduction of a desk-sharing system. It was recognized that existing education and communication activities need to be reinforced with concrete actions – the implementation of new practices. Employees needed concrete hints on how they could now function, outlining various scenarios for taking advantage of new opportunities.

By analyzing the results gathered from the Ambassadors of Change, key challenges of working in the new environment were identified, which provided guidance for building a catalog of practices. More than 30 people from all areas of the organization participated in the project to develop a catalog of best practices: Ambassadors of Change, representatives of middle and high-level managers, HR and external experts. The ambassadors helped verify the collected practices against responses to real needs and implementation opportunities. They were developed in an attractive card format – a main deck (24 cards) and a deck of leader cards (20 cards) were prepared. The whole is an open catalog of recommendations related to hybrid work, teamwork, use of tools, building well-being.

The cards are used in team workshops, where the leader and the team work out a team contract together. Developing a contract with the team is a mandatory part of the New Work Model implementation path for every manager (managers receive the necessary support: manuals, videos, consultations from an HR advisor and an Ambassador of Change).

The developed cafeteria of Best Practices of Hybrid Work in the form of cards encourages leaders and employees to review their existing routines in daily work, providing many hints on how to ensure individual and team efficiency, but also comfort in the new work environment and hybrid reality.

PZU also shares Hybrid Work Best Practices with other organizations in Poland through campaigns on LinkedIn. PZU's intention is that the cafeteria of best practices will be developed as the hybrid model matures in the organization.





Best practices of PZU and PZU Życie

"On the Road!" gamification platform

The "On the Road!" gamification platform is a tool that supported the implementation of new habits related to flexible work environments and the building of competencies necessary for effective work in a hybrid model. Thanks to the use of an interesting storyline, engaging tasks and mechanisms familiar from games (going through successive levels of difficulty, participating in additional challenges, appreciating effort and rewarding progress), participants are more likely to read the information provided, remember its content more easily, as well as be more likely to take the desired action.

As part of the New Work Model implementation project, the gamification platform supported mass communication of key changes, as well as aimed at arousing employees' willingness to change their ways in the new environment. The tasks made it possible to convey the most important information in an interesting and engaging way, and by using well-chosen motivation mechanisms characteristic of games, we consolidated new habits.

The material was divided into one hundred short tasks and spread over four months and six missions. As a result, the employee was introduced into the new work environment in stages. An invitation to travel together on the platform was extended to all PZU Group employees.

In addition, the platform was available before the move date to the new headquarters office for most employees, so employees could prepare for the process.

About 3,000 employees used the platform. Each of them could benefit from 100 tasks on topics such as the new office, MS Office 365 tools, hybrid work best practices, good condition.

3.1.3.1. The role of managers in shaping organizational culture

In building an organizational culture, PZU pays special attention to the role of managers. The implementation of the New Work Model means new opportunities and the needs of employees, which is why PZU's leadership role has been redefined in 2022, especially in terms of responsibility for the company's transformation:

Leadership role:

- SENSE AND CREDIBILITY. I am familiar with the assumptions and principles of the New Work Model. I explain the meaning and benefits of working in the new model.
- COMMITMENT AND AUTONOMY. I give employees an appropriate amount of autonomy. I build their accountability and commitment by focusing on monitoring results instead of controlling people.
- COOPERATION AND FLEXIBILITY. I promote cooperation and exchange of experience, including between teams. I operate flexibly, giving myself and others space to test new solutions and learn.
- WELL-BEING AND BEST PRACTICES. I know and act in accordance with Hybrid Work Best Practices. I encourage

others to develop ways to improve efficiency and comfort in the work environment. I care about my own well-being and that of the people in the team.

- INNOVATION. I know and use Group Work Tools in my work. I am an ambassador for digital transformation and a promoter of innovative solutions. I manage information and knowledge in the organization.
- SUPPORT AND INCLUSIVENESS. I support employees in the transformation process, explain the direction of change. I stay in touch with people, listen to their needs, show empathy and understanding. I make sure that no one feels excluded or ignored.

[GRI 404-2]

Development of managerial competencies

PZU focuses on the development of managerial competencies. It provides broad access to current knowledge, market trends and management practices. The role of every manager is to, among other things: initiate and proactively implement change, reinforce hybrid work best practices and build commitment in their teams. A platform for sharing knowledge, gaining information and acquiring practical skills is the PZU Leader's Path, implemented in 2022. This is a practical guide, a tool to support managers in the process of implementing the New Work Model and digital transformation of the

organization. As part of the Path, managers have access to a package of knowledge, practical tips and to-do tasks on optimizing work styles, best work practices and hybrid collaboration, broken down into a sequence of six steps.

37 [GRI 3-3, 403-6]

Wellbeing

Adopted in 2021, the well-being strategy #DobryStan (#wellbeing) reflects PZU's long-term goals in the area of caring for employees' well-being. It is a tool and an interactive plan for challenges and expectations identified (and regularly monitored), coming from within the organization and from the company's external environment. It aims to provide a comprehensive approach based on three main pillars: nurturing life energy, building mental resilience and optimizing work style. It is actively involved (either through direct action or collaboration on other projects

or organizational initiatives) in the process of shaping an organizational culture with people at its center. It conducts dialogue and listens to the needs and opinions of employees by analyzing the results of engagement surveys. Based on the conclusions of this analysis, it offers adequate action.

The well-being strategy promotes a healthy lifestyle, an optimal work style, as well as inspires and encourages employees to implement habits that improve efficiency and quality of functioning on a daily basis. Moreover, it suggests how to effectively combine professional and private roles: as an employee, parent, carer. It uses modern technology to support employees in staying physically and mentally fit. In 2022, employees were able to benefit from a range of educational activities and support, as described in the table below.

Education

The goal is to provide employees with proven and practical knowledge and develop necessary skills in the following

- Taking care of one's health;
- · Mental resilience;
- · Optimizing work style.

- A series of webinars, trainings and workshops on topics including: efficiency and collaboration in hybrid mode.
- · Access to an online training platform.
- Meetings with experts, presenting proven knowledge in the areas of mental resilience, managing emotions and energy, relaxation, preventing professional burnout
- Numerous information campaigns to promote healthy habits and lifestyles, regular age- and genderappropriate preventive examinations, vaccinations, healthy eating, healthy exercise, and cancer prevention.

Support

The goal is to offer systemic, permanent solutions when an employee or his or her loved ones find themselves in a more difficult life and work situation.

- Employee Assistance Program (EAP) #rozmawiajMY (#let'sTalk), through which they can get help with a variety of difficult professional and personal situations (e.g., stress, insomnia or lowered self-confidence). The skills of EAP staff are adapted to the current situation. In 2022, all individuals were prepared to provide crisis support.
- A free, fully anonymous psychological hotline. Employees (anonymously) benefit from psychological counseling and support provided by PZU Zdrowie psychologists.

Support in a difficult geopolitical situation

The goal of the activity is to offer a solution, tailored to the current situation and the problems raised by employees.

- Online meeting and chat with experts, psychologists in the field of mental health.
- On 10 October 2022 during World Mental Health Day all PZU Group employees were invited to participate in two webinars and discussions on building mental resilience in adults and children.

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The culmination of education and promotion activities in 2022 was the annual #TyTworzyszPrzyszłość (#YouCreateTheFuture) conference, which was dedicated to maintaining high efficiency and good health and well-being of employees, in addition to trends in the future of work. The #DobryStan (#Well-being) strategy inspires the entire organization to take into account the idea of well-being and develop practical solutions that improve the quality of working conditions and promote health and good relationships. The ideas of the #dobrystan (#well-being) strategy were incorporated, for example, in the implementation project of the New Work Model.

ESG strategy indicator: 70% of employees covered by the #dobrostan (#well-being) program

Level of implementation 2022: 39% of employees use the #DobryStan offer

Other group companies and foreign companies also prioritize concern for employee well-being. In 2022 Lietuvos Draudimas continued "Czuje sie dobrze" ("I Feel Good") program, which includes a number of actions and activities, including the creation of an online personal development website. Mindfulness practices were also implemented in the fall, with employees in collaborative online classes learning to reduce stress and anxiety. The company also carries out many activities to encourage employees to be physically active. LINK4, on the other hand, is implementing the "Harmonia życia" ("Harmony of Life") program. It gives the company's employees the opportunity to benefit from a number of initiatives, delivered in the form of webinars, workshops and online sports activities. The overarching goal of the well-being projects implemented by the two companies mentioned above is to keep employees physically and mentally fit.



3.1.3.2. Preventing mobbing and discrimination

Preventing undesirable conduct

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. The prevention of mobbing is supported by company legal acts, including the Work Regulations and the Procedure for Preventing Undesirable Conduct in the Work Environment - Mobbing and Discrimination at PZU SA and PZU Życie SA.



The current Procedure for Preventing Undesirable Conduct in the Work Environment – Mobbing and Discrimination at PZU SA and PZU Życie SA was introduced by an order of the President of the

Management Board and applies to all employees regardless of their position. Employees become familiar with the Procedure at the beginning of their employment. This procedure simply defines the actions to be taken in the event mobbing or discrimination transpires in the organization. When it is amended in 2022, it also includes rules on anti-discrimination. The existing anti-mobbing procedure 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.

Anti-Mobbing Commission and Anti-Discrimination Commission

An Anti-Mobbing and Anti-Discrimination Commission has been appointed to verify unacceptable behaviors. It reviews employee complaints and investigates each signal of actions or behaviors that may have the features of mobbing or discrimination, as well as unequal treatment in employment. Persons with an education in law and psychology sit on the Anti-Mobbing Commission and Anti-Discrimination Commission.

Training

(§)

Since December 2020, a new e-learning training has been mandatory for all employees: Preventing mobbing and discrimination in the workplace. In addition to mobbingrelated.

Whistleblowing Procedure

PZU and PZU Życie have a Whistleblowing Procedure in place, under which employees may report behavior that may be considered to be in violation of laws, internal regulations or standards of conduct, including ethical standards adopted by the Company, resulting or likely to result in the Company's exposure to compliance risks. Responding to irregularities is in the interest of PZU, as it helps to prevent the occurrence of similar incidents in the future, minimizes the extent of losses, and allows the organization to maintain transparency in its operating rules and a high standard of professional relations. Whistleblowers and those affected can count on discretion, protection of personal data and full confidentiality of the information obtained. The "report the incident" procedure also operates in the organization, which enables employees to report information about breaches of rules using an Intranet platform.

[GRI 406-1]

Number of confirmed violations related to violations of anti-mobbing and anti-discrimination rules							
	2021	2022					
PZU	0	0					
PZU Życie	0	0					

Preventing undesirable conduct - 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 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.



Bank Pekao has adopted the Anti-Mobbing Policy. 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 zerotolerance 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

3.1.4. Engagement surveys, dialog and trade unions

For years, PZU has placed a high value on having a dialog to look at the organization from different perspectives, also tapping into the wisdom of the teams. Recognizing that developing the ability to conduct dialog in the broadest sense supports the effectiveness of the entire organization, a variety of activities are being carried out in the PZU Group to listen to the voice of employees and give it due prominence

3.1.4.1 Engagement survey



Best practices of PZU and PZU Życie

Employee opinion surveys

PZU conducts periodic employee opinion surveys an annual engagement survey and an organization Puls type survey. The long-term goal of collecting and analyzing the opinions of employees is to create a work environment where people are willing to take initiatives and collaborate across areas, feel they have a real say in how they work, and take full responsibility for their own and their team's work. The engagement survey is being conducted in cooperation with an external partner - the Kincentric company.

PZU, through its organized surveys, gives all employees the opportunity to make a safe, confidential statement about their work environment. This is an encouragement for a joint dialogue so that all employees can influence the direction of PZU's development. Each year the engagement survey achieves a very high turnout in 2022 it was 78%

Surveys make it possible to measure many aspects that create employee engagement and job satisfaction. The results of the survey are a source of important management information used to make decisions and consciously shape working conditions in our organization.

Results of the 2022 engagement survey at PZU Group

The engagement survey has been conducted simultaneously for years in 12 entities of the PZU Group: PZU SA, PZU Życie SA, PZU CO SA, PZU Zdrowie SA, TUW PZUW, TFI PZU SA, PTE PZU SA, PZU POMOC SA, PZU Finanse Sp. z o.o., PZU CASH SA, Tower Inwestycje Sp. z o.o., Ogrodowa Inwestycje Sp. z o.o.

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Among other things, the results of the survey provide insight into what employees value most about working for the PZU Group. The aspects they rated highest in the latest survey were cooperation within the team (sharing knowledge, achieving common goals) and direct superiors (including showing empathy, support in daily work, setting clear expectations and appreciation for achievements) and an atmosphere full of openness and acceptance. Among the distinguishing features of the PZU Group as an employer, they most often indicated: a recognizable brand, stability of the organization, a hybrid work model, but also reasonable working hours and a friendly working atmosphere.

Comparing the PZU Group's performance to the market, PZU's biggest advantages include: providing opportunities to develop skills and gain diverse experience, engaging in developing tasks/projects, receiving regular feedback from the supervisor, feeling motivated and appreciated by the supervisor.

PZU has adopted an approach that assumes that building an engaging work environment requires action at various levels (company, manager, team, individual), and is based on a thorough analysis of the survey results, drawing conclusions and creating an action plan for specific areas of the organization. That's why the results of the survey are discussed in teams to work out the best solutions together with people to build the best employee experience.

Methodology for calculating engagement rate according to Kincentric

- According to the adopted methodology, the engagement index represents the percentage of employees who, as a result of being influenced by the company, display three attitudes that are key to engagement: speaking positively about the company, tying their future to it and making an extra effort for its success.
- For each respondent, an individual arithmetic mean of the answers to the six diagnostic questions is calculated – if it is equal to or higher than the accepted cutoff point, the respondent is classified as engaged.
- The engagement index is calculated as the number of all employees classified as engaged divided by the total number of respondents who were included in the analysis (answered at least one question under each attitude).

Results of the engagement survey	2021	2022
Attendance	76%	78%
Indicator	48%	46%
Overall work satisfaction	65%*	64%*

^{*)} Percentage of employees who are definitely satisfied and satisfied with their work at the company (based on responses on a six-point scale)

[GRI 2-30]

3.1.4.2. Dialog with trade unions

At PZU and PZU Życie, there is a continuous and cyclical dialog with all labor unions and the right of employees to freely organize and strike is respected. The employer regularly holds meetings with social partners. After the lifting of most pandemic restrictions, the social dialog continues uninterrupted, and meetings are mostly held in a hybrid format, i.e. both stationary and remote. Meetings are held according to the needs of both parties to the social dialog. Trade unions also initiate group or individual meetings with employer representatives. The introduction of new tools for remote communication in the organization (Teams) further facilitates and speeds up the interview 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 trade union organizations represent employees in collective relationships (i.a. 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).

Trade unions in subsidiaries

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 2022. 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 2022, 46 meetings of Bank Peako management with trade union organizations were held.

	20	21	2022		
Trade unions in PZU and PZU Życie	PZU	PZU Życie	PZU	PZU Życie	
Number of trade unions	12	7	12	8	
Number of unionized employees	1,786	950	1,941	910	
% number of unionized employees in relation to the total number of employees in the company	19.3%	14.0%	21.3%	13.2%	

Comments to 2022: there were 13 trade unions in PZU and PZU Życie, of which 12 were in PZU and 8 in PZU Życie. The numbers of trade union organizations should not be added up, as six organizations are active in both PZU and PZU Życie (i.e., they are inter-company). 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.

At PZU and PZU Życie, employees are not covered by the Collective Bargaining Agreement. Remuneration conditions are regulated in individual employment contracts. Bonuses and rewards, on the other hand, are regulated in separate documents.

The types of internal acts that need to be agreed upon: work regulations, remuneration and bonus rules, regulations determining the use of the company's social benefits fund.

3.1.5. Safety

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 in PZU and PZU Życie.

[GRI 403-2]

ВНР





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 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;

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• 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.



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).

[GRI 403-5]

Occupational safety and health (OSH) management training

Every newly-hired PZU employee goes through advanced training courses related to occupational safety.

Occupational safety and	PZU and PZU Życie				
health (OSH) management - training	2021	2022			
Introductory	1,848	1,943			
Periodic	171	192			
Number of participants	1,000	1,093			

Training - first aid

The first aid training in the form of workshops has resumed in 2022, during which participants learn about first aid regulations, principles and practice patterns. They practice ways to provide aid using phantoms, practice AEDs, and commonly used dressing supplies. 746 persons participated in 55 training sessions. 221 first aid trainings were conducted using VR goggles. Some of the greatest work-related hazards that pose a risk of injury with serious consequences are the dangers associated with the use of company vehicles especially in bad weather conditions, and with the liquidation of property damage such as post-flood or requiring visual inspections associated with work at height. With the aim of minimizing and eliminating these risks, employees who may

use company vehicles as part of their job duties are required, as part of their occupational health examinations, to undergo psycho-technical examinations before receiving a vehicle. In addition, during initial training, employees are informed of the risks and ways to minimize these risks, in addition, employees classified in higher risk groups periodically undergo periodic training to update their knowledge of, among other things, the safe way of performing work with protective measures. Scheduled and ongoing inspections of working conditions are also conducted.

[GRI 403-9]

OSH - accidents

A total of 55 accidents at work were reported in the PZU Group in 2022 (22 fewer than in 2021).

Total number of accidents at work	2021	2022
PZU Group, including:	77	55
- PZU	21	13
- PZU Życie	2	2

Comment: in 2021 and 2022, no fatal accidents at work occurred in PZU or PZU Życie.

COVID-19-related restrictions

The beginning of 2022 was a period of struggle against the COVID-19 pandemic. In PZU and PZU Życie, the previously introduced rules continued to apply:

- · recommendations on working conditions in the regular
- 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;

[GRI 403-2]

Number of work-related accidents by gender

		PZU				PZU Życie			
	20	21	2022		2021		2022		
	Women	Men	Women	Men	Women	Men	Women	Men	
Total number of accidents (incidents) at work	14	7	6	7	2	0	1	1	
including the number of fatal accidents	0	0	0	0	0	0	0	0	
Total number of people injured in accidents	21		13			2		2	

[GRI 403-2]

Accident frequency by gender²

	PZ	zu		PZU Życie				
20	21	20	22	20	21	2022		
Women	Men	Women	Men	Women	Men	Women	Men	
1.5	0.8	0.7	0.8	0.3	0.0	0.1	0.1	

[GRI 403-2]

Accident severity by gender³

	Pž	ZU			PZU :	Życie	
20	21	20	22	20	21	2022	
Women	Men	Women	Men	Women	Men	Women	Men
24.0	14.3	5.3	29.5	7.0	0.0	15.5	5.5

[GRI 403-2]

Absency rate⁴

	PZU				PZU Życie			
20	21	2022		2021		2022		
Women	Men	Women	Men	Women	Men	Women	Men	
6.0%	3.1%	6.3%	3.6%	6.1%	2.5%	5.9%	2.7%	

- 2) Ratio calculated per 1,000 employees using the equation: total number of persons injured in accidents / headcount * 1,000
- 3) Rate calculated using the equation: number of days of inability to work because of an accident / number of accidents.
- 4) The 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

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- recommendations on the use of catering service providers;
- rules for reimbursement of the cost of a SARS-CoV-2 virus test.

Remote work was also recommended, after taking into account the nature of the duties performed and ensuring continuity of processes and tasks carried out. Due to the lifting of government restrictions on mandatory isolation and quarantine and the wearing of face masks – as of April 2022, the above safety rules for PZU and PZU Życie employees no longer apply.



3.1.6. Remuneration and benefits

The PZU Group's remuneration and benefits system provides employees with equal treatment in shaping remuneration, guided by employees' individual potential, achievements and performance.

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.

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, Remuneration policy of PZU SA and PZU Życie.

Remuneration policy

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

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.

In the PZU Group entities, 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 remuneration in a manner consistent with the strategy of the respective entity, conducive to the attainment of goals and boosting the Group's competitiveness on the labor market.

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.

Best practices of PZU and PZU Życie

Total Rewards Statement (TRS)

Employees of PZU and PZU Życie and selected other PZU Group entities receive a personalized Total Rewards Statement (TRS) at the beginning of each year. It presents their total remuneration for the previous calendar year. The individual statement presents all financial rewards received from the employer, including non-salary benefits used. The statement additionally contains information on other available benefits and forms of support from the employer.



Best practices of subsidiaries

CASH - by the end of 2022, a total of more than 800,000 persons could use the Cash portal.

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.

[GRI 404-3]

Performance assessment



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 obiectives.



36 [GRI 3-3]

ESG strategy indicator: ESG targets in management staff's annual targets

ESG targets comprise tasks connected with implementation of ESG strategy performance indicators; they relate to key projects and are directed to selected organisational units responsible for the implementation of strategic activities. By assigning ESG targets, units which are not directly involved in strategic actions were included by PZU in the idea of sustainable development. The degree of attainment of these goals translates into the value of variable compensation to be received by these directors. Linking ESG targets to the remuneration of the management staff is a confirmation of the importance of sustainability in daily business practice. In 2022, PZU and PZU Życie implemented 30 targets which take into account ESG factors.



Gender Pay Gap

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*		2021		2022			
	PZU and PZU Życie	PZU	PZU Życie	PZU and PZU Życie	PZU	PZU Życie	
Senior management	99%	97%	99%	98%	96%	98%	
Managerial positions	96%	96%	97%	97%	97%	98%	
Expert positions	95%	96%	94%	97%	97%	95%	
Specialist positions	96%	96%	95%	96%	95%	95%	
All employees	96%	96%	96%	96%	96%	96%	

[GRI 2-21]

GPG (CEO) - the ratio of annual total remuneration for the highest-paid person to the median annual total remuneration of all employees (excluding the highest-paid person) in 2022 was 13.7% (PZU and PZU Życie)

Benefits



Most PZU Group entities have adopted the rules and regulations of the Company Social Benefit

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

[GRI 401-2]



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.

Remuneration policy - banks



In Alior Bank, the remuneration area is regulated by the Remuneration policy. The basic principles of the remuneration system are transparency and internal consistency in the process of determining

remuneration, which takes into account the adopted strategy and the Bank's business environment, as well as the applied market practice in entities engaged in banking activities. In this regard, the Bank acts in compliance with the rules under the Labor Code regarding equal treatment in employment, the right to select and evaluate employees. Through the use of appropriate remuneration mechanisms, the Bank creates a work environment that embraces all forms of diversity and supports individual potential. The remuneration system is a factor in building and protecting the Bank's reputation and creating sustainable value for all stakeholders. The overarching objectives of Alior Bank's remuneration policy revolve around promoting sound and effective risk management and discouraging risk-taking in excess of acceptable risk levels at the Bank in order to maintain a sound capital base and with the long-term interests of the Bank, its shareholders and clients in mind. The policy supports the implementation of the Bank's strategy for sustainable development, in terms of risk management policies, mitigation of conflicts of interest. It pursues the goal of maintaining a transparent relationship between individual performance and individual remuneration, by focusing on goals linked to accountability and real impact, and ensuring that the Bank's employees act in the best interests of their clients, including providing them with clear and transparent information regarding the services and products offered by the Bank.

Bank Pekao has adopted the Remuneration policy 盒 which reflects the mission and values of Bank Pekao's approach to employee remuneration 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



3.1.7. Training and development

Development

The PZU Group ensures that its employees can pursue various development activities. Planned in annual cycles, they are strictly related to the strategic objectives and business challenges, and are suited to the individual needs of the teams and employees. The PZU Group approaches the issue of development comprehensively, which entails organizing activities for all employees (across the company), specific groups of employees (such as managers), and specific employees individually.

The Group attaches great importance to selecting optimum forms of development. They contribute to both work productivity and employee engagement in the long-run. 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).



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PZU banks on modern methods of development. In 2019, it launched the "Click for development" program, promoting the use of such educational solutions such as digital courses, webinars,

microlearning (e.g. through short clips), educational and language-learning platforms and Virtual Reality. This way, it takes care of lifelong learning, the highly valued employee competence. It tracks trends in adult education, continues to extend its offer, and through digital solutions makes this offer available to large groups of employees (100 to 300 regularly use webinars at a time, whereas educational conferences host more than 1,000 people).

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 speakers or internal trainers.

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^{*)} population-weighted ratio of salaries in each group by location and valuation level

Forms of development support available in PZU:

Individual and team-tailored • professional training (revalidation) onboarding sessions • managerial training sessions (New development necessary to perform duties and support workstation efficiency • coaching programs for middle and - individual activities implemented on the basis of development plans senior management • leader debates on key, valid topics activities for teams - based on needs (best practice sharing) identified • pool of digital training sessions for development programs, such as Purchase Academy for the Purchasing managers Department · development diagnostics, e.g. preference and functioning style development diagnostics – preference tests, 360 feedback, Development and functioning style tests, • "Click for development" (supporting Center sessions • reimbursement for postgraduate courses lifelong learning using modern technologies and new Group Work other knowledge exchange workshops • #YouCreateTheFuture conference (training sessions organized by - inspirations on trends in science internal specialists) and technology, promotion of new cooperation development working methods and effective workshops, creative solution-finding personal and professional habits team workshops based on results of digital training sessions and studies on interunit cooperation and competence courses in technology and personal efficiency (list of engagement surveys sessions, e.g., Excel course, effective data presentations, data storytelling, webinars, podcasts, films covering MS Office functionalities) • #Well-Being well-being program (webinars and instructional videos) • English language courses on an educational platform managerial and personal efficiency courses at IBA ICAN platform

[GRI 404-1]

Training at PZU Group - training days and hours

Average number of training days per employee hired under an employment contract in the PZU Group was 3.4 in 2022 (0.2 days more than in 2021). In PZU and PZU Życie, the average

number of training days increased in 2022 when compared to the previous year, amounting to 3.7 (3.5 in 2021).

Average number of training hours per employee by gender⁵

PZU and PZU Życie									
	20	21	2022						
	Women	Men	Women	Men					
Total training hours	180,684	100,107	183,420	110,617					
Number of employees	6,244	3,943	6,108	3,837					
Average training hours	29.2	25.9	30.0	28.8					
Average training days	3.7	3.2	3.8	3.6					

⁵⁾ Data presented as FTEs.

Average number of training hours per employee by structure of employment

PZU and PZU Życie									
Employment		2021		2022					
structure	Total employees	Total training hours	Average training hours	Total employees	Total training hours	Average training hours			
Management	1,599	67,198	42.8	1,631	69,719	42.8			
Other employees	8,588	213,593	25.2	8,314	224,317	27.0			

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[GRI 404-2]

Training at PZU Group - management

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. The goal of the program is inform the participants about the expectations placed on managers at PZU as regards their management style and competences. 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, as well as managing the team in terms of employee diversity. This way, the program supports the implementation of PZU's strategy in diversity. This program is not only about training: it is a development process several months long. Additionally, since 2022, managers can participate in the workshop using virtual reality glasses. It is an effective way to support the implementation of new competences through repeated training in pre-arranged conditions.

The Laboratory of Managers, operating since 2020, is a platform where managers can exchange knowledge and

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best practices through regular leader debates on the most important management topics (such as Team Management in Hybrid Model, Innovation Support).



Types of digital educational efforts

• Online courses

PZU provides ready-made online courses as well as internally prepared ones whenever a specific need arises, for instance to promote specific tools handy in everyday work. These courses most often take the shape of short videos and tasks to be performed. The internal courses are on topics consistent with the needs reported by the employees, in particular the use of Microsoft 365, data visualization, or Scrum. Diverse materials is what makes those courses special, with around 100 various elements (videos, knowledge pills, checklists, exercises). Within internal online courses, we have registered 8,500 entries on the course website in the last year.

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. With the mobile version of the training platform at PZU, now, employees can listen to podcasts on their mobile phones.

· Webinars and workshops

Webinars and workshops supporting the use of new technologies in development and day-to-day work, especially Microsoft 365 tools, are organized.

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 an educational platform. 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 2022, 1,750 individuals participated in the program, including 1,529 employees of PZU SA and PZU Życie and 204 employees of other companies. More than 220 participants are reported to have been participating in the program since its launch, which means they have been learning English continuously since June 2021.

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Best practices of PZU and PZU Życie

#YouCreateTheFuture conference

The internal two-day-long #YouCreateTheFuture conference was held for the fourth time in November 2022. It was the first time the event was organized under a hybrid formula, where PZU employees could choose to participate in person, at PZU Park, or online.

This year, the event was held under the motto "Future On Our Side", which emphasized the importance of following the trends and technological novelties, so as not to be surprised by the oncoming changes. The invitees highlighted how technology impacts our future and encouraged us to create and design it through our efforts with the competences of the future, among other things, in mind. This year, the question of technology was accompanied by the topic of well-being, i.e., taking good care of ourselves and our relations with others in line with the principle that it is the human being, and not a machine, that lies at the heart of operations, and technology is supposed to support, not inhibit it.

Additionally, synergies were achieved by combining the conference with the final Innovation Day, which allowed the event that supports innovative projects implemented by PZU with the help of the Innovation Lab to be promoted. By combining these two events, we strengthened our employees' awareness of one of the four values of PZU: Innovation.

Employees appreciated the inspirational nature of the conference and would definitely recommend attending it, as the results showed surveys (rating 9.34 points out of 10) Over 1,000 employees took part in the online conference, and the stationary conference was watched by about 130 people.

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Training – subsidiaries

PZU Zdrowie

 implementation of onboarding for new employees with the "Healthy Start" one-day training session. Training is held once a month at PZU Park;

- implementation of individual and group training sessions in line with the training plan for 2022 (internal and external);
- implementation of the "Leader Academy" training program for Leaders at the Medical Service Management Center.
 Starting in December 2022;
- implementation of the "Healthy Labor Law" program dedicated to Senior Management;
- launch of the first series of "Development Bomb" a program promoting exchange of knowledge within the organization;
- ICAN development platform made available; the tool offers various interpersonal and managerial training sessions;
- reimbursement for postgraduate and MBA programs;
- · corporate event organization.



Training and development efforts for PZU Zdrowie employees planned for 2023 (apart from the continuation of the above):

- · implementation of a language platform;
- · meetings with the Management Board;
- corporate event organization;
- training on First Pre-Medical Aid;
- training on mental resilience;
- implementation of the "Leader Academy" training program dedicated to headquarters employees.



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. In 2022, as part of employee

development, the Bank made it possible for all interested persons to sign up for an English language course, and after the pandemic, returned to the cyclical events organized under the motto of "Development Zone".



The Pekao Group 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" which also defines procedures governing processes related to employee participation in various forms of professional qualification improvement.



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Bank Pekao has for years been investing in the development and education of its employees, allowing them to improve their competences and offering a wide range of educational programs. The

key initiatives launched in 2022 include

- 1.Academy of the Future comprehensive development project prepared by an experienced team of experts who have been specializing in the competences of the future for years. Each webinar and workshop incredibly boosted the knowledge related to key competences of the future.
- 2. Bank Sales School including such training as: SPIN®
 Selling Understand the Client, PREMIUM Relationship Sales
 Model, Advance Business Negotiations and Business Advisor
 Academy. The project aims to support the implementation
 of tried and trusted sales behaviors and raise competences
 in upselling, reaching new Clients, holding meetings and
 coping with difficult situations. The knowledge and skills
 gained are improved on during practical workshops.
- **3. Omnicash** the training aims to provide participants with skills in client cash service and cash handling using OmniCash, which allows service provision as regards cash transactions and other cash-handling activities.
- 4. Moto Project with the aim of incorporating motor insurance to the bank's offer.
- 5. Authenticating Currency training for Sales and Customer Service Specialists. During the training, employees are able to learn, recall or delve deeper into the ways in which Polish and foreign currencies can be authenticated (PLN, EUR,



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GBP, USD and UAH). The employees learn about security features in Polish and foreign currencies and current legal regulations concerning trading in tenders.

- 6. Robotization Academy the year 2022 saw the continuation of an original training program developed by the practitioners employed at the Bank in cooperation with a partner who is the largest global automation vendor. The program helped employees to develop their digital competences and learn the basics of automation, among other things, how to build robots, for their own purposes.
- 7. Agile Forge a cycle of training sessions offering indepth knowledge on Agile and Lean methodologies with certification. The comprehensive program which involves training, practical knowledge exchange, and coaching, is dedicated to those who work in product teams but also to all employees and potential stakeholders in agile methodologies. The Agile Forge and Agile Path being a part thereof allows every employee to embrace the necessary agile competences at every level of knowledge required to orient the organization towards Agile: more transparency, performance measurements, and a friendlier working environment. The Lean Path provides comprehensive knowledge and skills to tap into the potential of employees and reach efficiency in exercising roles involving process improvement and optimization.

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 twice a quarter 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, self-discipline, effective learning, stress management, 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

The usefulness of training courses is verified by an online questionnaire in which participants share their feedback.

3.1.8. Knowledge and experience sharing

The knowledge and experience of the PZU Group's employees represent the company's enormous capital. We understand its tremendous significance for society and economy, which is why we eagerly participate in various events and conferences to develop business, science, new technologies and financial education. One important example of expert knowledge sharing is programs addressed to the younger generation and cooperation with the academia. This is also a way to reach ambitious students who, in the near future, will find themselves on the labor market and will be able to launch their professional career with PZU precisely.

PZU initiatives - knowledge sharing

Programs for students

PZU initiatives addressed towards the academia are implemented under the motto PZU Student Talent. These programs allow participants to gain practical knowledge and their first professional experience, and learn the organizational structure of a large corporation. These include a nationwide apprenticeship and internship program, Open Business Days, and the Ambassador program.

• The Apprenticeship and Internship Program ensures the inflow of young talents to the organization and build the image of the company as an attractive employer. In 2022, close to 2,500 students and graduates applied. After over 230 remote meetings with the candidates, 51 participants were recruited: 30 apprentices and 21 interns. The program started in July: the term of the apprenticeships was three months and of the internships – six months. It was offered by various business areas of the company in different locations, e.g., in Warsaw, Kraków, Poznań and Wrocław. Participants were involved in a two-day training cycle on innovation, design thinking, competences of the future, as well as good communication and cooperation. After the program is completed, nearly 70% of 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.



PZU and PZU Życie have a procedure for apprenticeships and internships in place, which defines the rules of organization of programs and specifies the course of the processes related to

application, recruitment and employment of apprentices and

- Open Business Days at PZU is another flagship venture of PZU in expert knowledge sharing. These are practical workshops for students all across Poland during which they face real business problems and learn about the nature of day-to-day challenges in their selected area. They are also able to extend the knowledge gained during their studies. In 2022, the venture was held from 28 to 30 November at PZU Park and concerned such areas as innovations, corporate sales, ESG, IT, risk modeling and e-commerce. Close to 120 people took part.
- PZU Ambassadors are a group of active students, who represent the PZU Group in their universities. They help engage the best students 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. The recruitment of this year's Ambassadors was fully remote. The yearly cooperation was started off with a two-day meeting in person at PZU Park. In the academic year 2022/2023, a total of 17 PZU Ambassadors have been active in the largest academic centers in Poland. They provide very strong support for PZU during recruitment for flagship programs dedicated to students.



Best practices of PZU and PZU Życie

In 2022, PZU also took part in the 7th edition of "Go4Poland - Wybierz Polske!" ("Go4Poland - Choose Poland!") organized by the WSE Foundation within the framework of which PZU became involved in an internship program, mentorship program as well as the Go4 Poland Summer School. PZU experts shared their knowledge in sports marketing, savings programs and ESG with students. PZU has also continued its partnership with the SGH Warsaw School of Economics. Within its framework, PZU employees took part in the "SGH Career Day" job fair, SGH career consultations, and also regularly published materials promoting programs addressed to students at Gazeta SGH. The Company is always first to be chosen for projects organized by the School. PZU was also involved in "Dobra Kariera" ("Good career"), a project organized by the Staszic Institute and under the patronage of the Ministry of State Assets. the purpose of which is to develop talents (students and graduates) from all across Poland.

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 and for junior positions.



Best practices of PZU and PZU Życie

Employer brand campaigns "For Professionals. For You" and "Strong in IT"

In 2022, efforts promoting PZU as an attractive employer under the motto "For Professionals. For You" were continued. In communications, we emphasized the advantages being at the core of PZU's Employer Value Proposition. They include, primarily, stable employment, a work-life balance, friendly working atmosphere, professional development, and interesting projects.

The year 2022 also saw the launch of the campaign "Strong in IT" which promotes work within PZU's IT function, the aim of which it to raise the employer brand awareness among specialists in this field. The need to pursue further efforts for this target group results from the insufficient number of candidates on the labor market and tremendous competition in acquisition. PZU's campaign emphasizes the fact that the organization is oriented towards modern solutions, scale of operations, the friendly working atmosphere so valued by the employees, and the real impact that each employee has on the actions taken.

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3.2. Client

The PZU business model 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, which exerts positive impact on the quality of client experience. By insuring millions of people, 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. Additionally, thanks to its products and investment funds, PZU supports its clients in accumulating savings and increases their awareness and knowledge of economy. In recent years, the PZU Group has been undergoing a transition from a collection of companies operating separately towards an offer of comprehensive products under one ecosystem.

Clients can take advantage of the offer in fixed-base locations (at branches, by contacting the agent) or remotely via sales hotline and the Internet ("mojePZU" application/website). This allows PZU to meet the needs of different generations and groups (including families, the youth, seniors, persons with disabilities, clients making use of various on-line tools and those who prefer face-to-face contact). PZU is responsible in its approach to selling products and extending its offer by adding products for individuals and entrepreneurs who pay attention to issues of climate change. Also, the solutions addressed to corporate clients are important (e.g. Benefits

Ecosystem, Ecosystem for Health and Medical Care), since decisions taken by these clients impact the quality of life of their employees or business partners.

In the event of a claim, the aim of PZU is to help restore the client's condition to that prior to the loss, by placing the client in the center, or even anticipating the client's needs – this is how the Before-You-Call Service and priority claims handling work. PZU is also developing programs providing postaccident support, and offers which take into account elements of social involvement. PZU striver to communicate with clients in a clear manner. This to this end, communication is based on clear and plain language as well as ethical advertising principles. PZU Group regularly conduct client satisfaction surveys, implement improvement processes, and should the need arise developed complaint processes are also in place.



Preventing exclusion - offer for seniors

PZU pays special attention to the needs of seniors and ensuring appropriate standard of services they are provided with. A special offer was prepared with seniors in mind: "Ecosystem – special offer for seniors". Its goal is to help improve the well-being of seniors. Also, the option to visit a fixed-base PZU branch is of particular importance for seniors, as not all of they are fluent with on-line tools.

Preventing exclusion - marketing measures

In recent years, the PZU Group conducted research to more precisely formulate expectations of the 60+ generation. Thanks to this, it was possible to create solutions so that senior clients may feel secure at PZU and be certain that the offer will meet their needs.



Five steps theory

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 boils down to providing information in an

understandable manner. In 2021, PZU began cooperation with the National Institute of Silver Economy, and in 2022 this cooperation served as the framework for a series of trainings to ensure that senior clients receive even better services in PZU branches. This special care paid by PZU to the needs of seniors was validated by receiving the International Quality Certificate OK SENIOR®. PZU was the first institutions in the insurance industry to receive this award in Poland. PZU branches successfully completed audits of seniors pertaining to infrastructure and provision of services for this client segment, and thus satisfied the conditions to receive the Certificate. This recognition is awarded by OK SENIOR® Polska in cooperation with the National Institute of Silver Economy. The extended network of branches and their adequate accessibility also serve to prevent digital exclusion.

The starting point was the preparation of guidelines for communication, meaning instructions on how to present the information on the offer to seniors. In early 2022, the National Institute of Silver Economy performed an expert audit of PZU informational materials in terms of accuracy for the needs of senior clients. These recommendations and results of other tests served as the basis to create main principles of preparing marketing materials dedicated to this group. The guidelines pertain to, among others, creating and presenting the content, selecting the font, graphics or highlighting the most relevant information. In addition to linguistic, technical and graphic guidelines, also numerous general recommendations were prepared to be useful for those working with senior clients. Also, works began on first product materials prepared following these guidelines. They differ from standard materials. For instance, they have different narration, scope of product information, smaller amount of text, bigger font and more clear contrast.



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Preventing exclusion - infrastructure

Following the example of seniors, principles were defined on how to serve people with disabilities, 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. They are equipped with, among others, solutions that aid mobility:

- 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.

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 were made in all of the properties with parking lots owned by PZU 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. Moreover, approximately 43% of PZU branches are equipped with accessible toilets for persons with disabilities. Thus, the

new seat of PZU, Generation Park Y – PZU Park, meets the highest standards of adjusting the building to various needs of employees.



Post-accident support

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 such trying times, PZU does not only pay the claim but is also able to provide the injured persons with assistance under its Rehabilitation Program. PZU addresses this program to those persons who suffered bodily injury in an accident in which the perpetrator had third party liability insurance with PZU. The Rehabilitation Program

- faster physical recovery process and comfortable family and professional life,
- treatment and rehabilitation at the highest level in reputable centers of PZU Zdrowie and other cooperating with PZU,
- organization of tests, consultations and procedures without the need for the injured person to bear any costs, with only minimum formalities.

The Rehabilitation Program serves as an excellent example of using the potential and synergy of different PZU Group companies, in this instance of PZU and PZU Zdrowie, which are dynamically developing its network of medical centers.

The correctness of this rehabilitation process is overseen by the PZU Relationship Manager - an experienced mobile expert responsible for Organizing Assistance. They support the injured person and their family at each and every stage of recovery. They help the Relationship Manager to establish the actual situation of the injured person and correctly assess the personal injury. The multidimensional help that the PZU Relationship Manager offers to the injured person may comprise, among others:

- psychological support in the form of stationary therapeutic and recreational camps for children and their families suffering from trauma caused by an accident,
- support in the form of home or remote psychological consultations for those experiencing post-accident trauma,
- · Rehabilitation Program for those severely injured in an accident, carried out in medical centers of PZU Zdrowie and other cooperating with PZU,
- prosthetic supply program for people who lost limbs in an accident and need properly selected supplies, which are provided by prosthetic facilities cooperating with PZU,

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- · legal information of a PZU expert on obtaining a court permit to enter into a settlement in a personal injury case in favor of a minor,
- informational support regarding eligible claims and documentation required for claims handling, as well as the possibility of obtaining benefits and other allowances from state institutions and non-governmental organizations.

PZU also cares about the needs of the disabled in its prevention initiatives. An example of such actions may be the comprehensive service provided to drivers and passengers with disabilities in cooperation with the SPiNKa Association of Disabled Drivers. This long-term cooperation bears fruit in the form of financial support to individuals suffering from various disabilities (movement, speech or hearing), whose active dayto-day existence requires a specialist technical adaptation of their vehicle. Beneficiaries who wish to be professionally and socially active may receive funding for specialized adaptation of the car to meet their needs. Financial support can also apply to entities that provide services to people with disabilities and want to adapt vehicles for this purpose (e.g. driving lessons). Car adaptations are carried out with new types of equipment, which increases the comfort of the cars. In addition, the equipment is mostly of Polish manufacture. Every year, PZU supports the adaptation of vehicles for tens of drivers.

ESG strategy indicator: Developing the product offering taking into account elements of social involvement

Level of implementation 2022:

Free motor TPL insurance for citizens of Ukraine >54,000 policies issued.

Psychological support in the form of home and remote consultations is provided by psychologists working together with PZU Zdrowie and the Rakiety Oncological Foundation. Beneficiaries are those who were directly or indirectly injured in an accident caused by a driver who has TPL with PZU. PZU prosthetics program - the injured person may receive full funding for the creation of a prosthesis following an amputation resulting from an accident, or the repair of a damaged prosthesis. Actions going beyond GTCI, financed from the product budget. Legal Information Program – assistance for parents of a child who was injured in an accident.



Best practices of PZU and PZU Życie

It is planned that the ESG Strategy at PZU (assistance programs: psychological support, prosthetic supplies and legal information) are to provide different forms of help to 325 people in 2023, and 350 people in 2024.

Needs of parents

PZU 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 in the previous year, by the end of 2022, there were playroom corners in 13 branches.

[GRI 2-23]

3.2.1. Responsible sales

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 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: Rules of product management system of PZU and PZU Życie.



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3.2.1.1. Product design

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 (Insurance Product Information Document),
- 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).

ESG issues in product design

Changes in ESG came into effect in 2022 under the Commission Delegated Regulation (EU) 2021/1257 of 21 April 2021 amending Delegated Regulations (EU) 2017/2358 and (EU) 2017/2359 as regards the integration of sustainability factors, risks and preferences into the product oversight and governance requirements for insurance undertakings and insurance distributors and into the rules on conduct of business and investment advice for insurance-based investment products. **Under this Regulation**, **PZU and PZU** Życie need to consider sustainable development conditions when creating a new product or materially modifying **existing ones.** Moreover, required changes were introduced to PZU Życie investment products in terms of client preference surveys on sustainable development.

Violations of principles of fair competition

[GRI 206-1]

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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.

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The number of proceedings underway against the

	2021	2022
PZU Group, including:	4	2
- PZU	0	0
- PZU Życie	0	0

Regulations in subsidiaries

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 Mutual Insurance Company.

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 and the Policy for the sale 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.



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 sales processes are subject to regular monitoring for the threat of misselling. There are defined rules of handling identified cases of inappropriate sales.

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.

3.2.1.2. 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. The marketing activities are particularly consulted with 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.

[GRI 417-1]

Code of Ethics in Advertising

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
- 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 practices of PZU and PZU Życie

Marking cooperation with opinion leaders (influencers) on Instagram in the form

We prepared unique GIFs in order to satisfy the current guidelines of the Office for Competition and Consumer Protection (UOKIK) on the applicable rules for marking advertising cooperation between brands and opinion leaders (influencers). They are used to mark on Instagram influencer collaborations with PZU. This out-of-the-box solution, which meets UOKIK's requirements is also visually attractive.

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Best practices of PZU and PZU Życie

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, i.e. the Agent Ad Generator. This application contains ad templates (e.g. flyers, banners, billboards, print ads, etc.) that can be filled in by the agents with their contact details. The standardized advertising templates that cover a wide range of products and offer multiple formats. 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;
- time-saving and new opportunities for agents.



Best practices of PZU and PZU Życie

Tool improving experience of clients visiting the PZU website

The pzu.pl is visited 20 million times a year on average. Clients want to find information quickly, therefore simple navigation and site readability are important. PZU implemented a solution that analyzes user behavior on the website and thus allows to implement changes to improve the visitor's experience. The tool provides precise information on client behavior and helps optimize the product, sales and marketing content presented. The technology combines qualitative and quantitative data using neuromarketing and behavioral analysis. The solution also positively impacts the number of contact details left by potential customers through the PZU website.

[GRI 206-1, 417-1, 417-2]

Advertising ethics in subsidiaries



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. The key regulations in this area in terms of assessing compliance risk are referred to in the Policy for new product deployment and the Rules for creating marketing communication, and they were prepared in connection with the decision of the Bank's Management Board to adopt the Corporate Governance Rules for Regulated

Institutions. Among other things, these regulations take into account the basic requirements for the content of marketing and advertising materials, taking into account the nature and specifics of the product in question, including: consumer credit, mortgage credit, bank account (in particular, savings account, savings and checking account or savings term deposit account), insurance product, as well as investment product.



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.

3.2.1.3. Plain language

The PZU Group makes sure to have honest relations with associates, clients and business partners that are based on trust. Thus, the foundations of effective communication of PZU are based in clear and understandable language. Leading simplifying communications, PZU does not only set language standards and change communication, but also educates and shares experiences.

At PZU, plain language is important both in internal and external communication. The plain language work model is based on people and strategy. Every employee is responsible for clear and friendly communication, which is determined in the "Effective communication management policy" approved by the Management Board. In line with this document, the Plain Language Department of PZU is the unit responsible for effective communication - it supports employees, coordinates processes for simplifying communication, educates, promotes plain language and reports on the state of language in the organization. The Policy is appended with the "Standards for Communication at the PZU". This is not only a set of rules of simple language, but also specific solutions for correspondence standards – with the client and within the organization, traditional and electronic.

Training and education

Every PZU employee can participate in plain language trainings. They take various forms: onboarding, e-learning, open training, with external experts, workshops and consultations. During practice sessions, participants simplify



Dorota Macieja

Member of the PZU Życie Management Board, PZU Group Director at PZU

'In mature markets, it is increasingly difficult to compete in terms of price or quality. In this situation, a company's advantage can be the simple, understandable and friendly language we use to speak to the client. Plain language speeds up getting things done, and reduces the room for misunderstanding and overinterpretation'

complex content and announcements, which may be used later on in their areas. Over 1,220 people participated in 2022 training sessions.

The Plain Language Department popularizes the principles of plain Polish in internal communications through articles and tutorials on the intranet or columns in the "Świat PZU" magazine. These are cyclical activities, so employees regularly receive educational materials. For several years now, the Plain Language Department has been publishing a language handbook "PZU. To proste". In November 2022, readers had the opportunity to read its 100th edition. At the end of each month, the Department prepares language puzzles. Through them, employees can not only test their knowledge, but also learn something new about language and effective communication.

Simplifying letters and documents

Employees of the Plain Language Department take care on a daily basis to simplify the message that goes out. They design content, revise documents and client communications so that they are approachable and do not raise doubts about intentions. They also work on the aesthetics – simple content is well-designed content. The Department cooperates with business teams – they get to know the specifics of the area, then provide guidance and language recommendations. It also conducts a content audit. In doing so, it relies on digital tools, such as the Logios program, developed at the University of Wroclaw. After the research, the office starts working together with the business – there are trainings, workshops, content design and system implementations.

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Experience sharing

Conferences on plain language are an important point on the map of educational events at PZU. They have been held for six years and are very popular among employees. In 2022, business and science experts discussed how to communicate better and effectively in a hybrid world. The event was held on-site and on-line, and was attended by more than 1,500 people.

PZU also promotes plain language in the media and at industry events. In 2022, representatives of the Plain Language Department discussed plain language and business communication at the 590 Congress and the Plain Language Forum, among others. They also talked about how they are changing communication during a lecture for future simplifiers - students of the Plain Language Circle at the University of Warsaw.

In order to share good practices, the Plain Language Department made the "Encyclopedia of Simple Polish" available on the pzu.pl website. This allows anyone interested to use it at any time.

Tools

PZU employees use the "To proste!" app – a tool which supports their everyday activities. The Plain Language Department created this app with linguists from the University of Warsaw. It allows you to quickly and easily check any text in terms of plain language. Just paste in the content and the tool will indicate, for instance, whether sentences are too long or whether they contain difficult expressions.

The Plain Language Department employees rely on research tools. They use the Logios app, which allows for quantitative language research. They check the level of linguistic accessibility of texts with the PLI (Plain Language Index). With its help, they measure to what extent the verified texts approach the plain language standard. The PZU Plain Language Department assumed 40% of the PLI index as the standard.

Distinctions

The Plain Language Department simplifies texts in various areas, and their simple and understandable style is appreciated by experts. PZU is the only company to have as many as 5 "Certificates of Plain Polish Language" - this distinction is awarded by the Laboratory of Plain Polish Language at the University of Wroclaw. In 2022, PZU received this certificate for the language of documents in individual capital-protection insurance. The Laboratory of Plain Polish Language examined the content of general insurance terms and conditions, documents and letters, i.e. all the communication the client receives from entering into the agreement to its termination.

The certified texts meet the requirements of the international plain language standard. To determine this, texts undergo a rigorous quantitative and qualitative evaluation.

These were not only PZU documents that were awarded certificates. Also, in 2022, employees of the Plain Language Department passed specialized exams and earned: "Certificate of a language consultant", awarded by the Laboratory of Plain Polish Language at the University of Wroclaw, and the "Language Quality Mark" of the Polish Language Foundation at the University of Warsaw.

Plain language - subsidiaries

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 2022, all general terms and conditions of motor insurance and housing insurance are written in plain language. A brief plain writing guide was prepared, 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



Best practices of PZU and PZU Życie

Language game - "How simple!"

PZU promotes plain Polish and uses various tools to do so. In 2022, the Plain Language Department prepared a social language game called "How Simple!". Employees learned it at the annual Plain Language Conference. The game promotes clear and understandable language, teaches language correctness and surprises with interesting facts.

The game's 100 cards contain more than 1,000 words and phrases, more than 600 questions and more than 100 trivia questions, and above all – lots of fun. Players can test their knowledge in six categories: corpus, language news, simple language, grammar, spelling and linguistic trivia.

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insurance should be simple, and using clear and easy to understand language is a natural part of the process.



Bank Pekao strives to make its language of daily communication friendly and fully understandable for all clients. The main idea behind these measures is to reduce to a minimum the client's

time required to understand professional jargon. In 2022, the Bank:

- · introduced new simplified model regulations and agreements. New simplified definitions of terms for representative services were implemented in communications with clients;
- appointed a special team of more than 40 plain language consultants to support employees on a daily basis in simplifying documents, letters, handouts and communications;
- trained 1,500 employees on the key principles of creating simple and correct texts:
- · conducted dozens of information activities for all employees as part of its "Simply in Polish" program.

Moreover, representatives of Bank Pekao actively participate in the work of the working group on simple communication at the Polish Bank Association.



In 2022, Alior Bank continued its efforts in the area of simplifying communication. Internal regulations state that all employees who create communications for the client need to use plain

language. The simplification team focused on internal education as part of which training sessions were held with internal trainers and an external linguist. This training also included further educational materials for bank employees. Meetings within the working group at the Polish Bank Association also continued. Alior Bank promoted plain language externally – in its social media. It implemented further simplified communications, which also included the first legal documents. The principles of plain language are written down in the "Simple Writing Manual," which was made available to all bank employees. The Communication Simplification Project covers: agreements, regulations, SMS, letters, emails, AI messages (IVR, InfoNina), as well as responses to instructions.

3.2.2. Dystrybucja

[GRI 2-6]

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.

The PZU sales and service network

- 409 branches with convenient access across the country with 189 in small communities;
- 9.5 thousand tied agents and agencies;
- 3.7 thousand multiagencies;
- over 1 thousand insurance brokers;
- sales and service hotline
- · electronic distribution channels.

The PZU Group's clients in Poland have also access to Bank Pekao's distribution network (597 branches) and Alior Bank's distribution network (534 branches, including 168 traditional branches, 7 Private Banking branches, 13 Corporate Banking Centers and 346 partner centers; Alior Bank offers its products through the network of 10 mortgage centers and approximately 3,000 intermediaries. The Bank also conducts its business through a Branch in Romania, where customer service is provided through remote channels). 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 13 banks and 23 strategic partners. The PZU Zdrowie network has almost 2,200 partner and over 130 own centers.



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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 2022, more than 7.9 thousand banking advisors (4.6 thousand in Bank Pekao and 3.3

thousand in Alior Bank) were enrolled in the Register of Insurance Agents.

A comparable number of advisors compared to the data for 2021 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 2022, PZU examined and registered approximately 1,700 new individuals who obtained license from the Polish Financial Supervision Authority.

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3.2.2.1. Traditional channels

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 comprehensive sales and aftersales service of PZU Group's non-life, life and pension insurance and investment products in each outlet. 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 agent network helps with the accessibility of products and services for clients. 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. To this end, an important change was implemented in 2022 in the sales structure of the Own Sales Department. In the new structure, the sales function is clearly separated from the administrative and support functions. The purpose is for all sales managers to be able to focus more on supporting their agents in retaining existing clients and attracting new ones.

There were 4 Macroregions, 20 Sales Networks and 215 Sales Teams established. Also, 4 Sales Process Support Teams were separated for product and system support to the Agent Teams.

At the level of Agent Teams, there was a change to divide salespeople into Premium Agent Teams, Key Agent Teams and Tied Agent Teams, depending on the volume of sales made by salespeople and their business maturity.

The changes resulted in a significant increase in the efficiency of the underwriting process, which has a direct impact on the competitiveness of the channel's Tied Agents in the insurance distribution market. In addition, additional positions were identified within the structures to support business processes: Product and System Trainer and Group Offer Coordinator. The role of the trainers is to develop the competence of agents by updating their knowledge and learning new skills in order to ensure that the quality of advice, for which this channel is famous, remains consistently high.

One of the priorities remained the development of the sales network in terms of its universalization and comprehensive service. 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' life. Thus,

through one agent, a client can insure assets, buy medical and life insurance, take care of retirement and obtain financing from a PZU Group bank. However, in late 2022, over 3,000 out of approximately 5,000 tied agents had authorizations to sell PZU and PZU Życie products.

The number of tied agent offices in Poland amounted to over 1,4000 as at 31 December 2022. 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. 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.

PZU Życie Tied Agent network

In 2022, also PZU Życie continued its development and professionalization of the PZU Życie Tied Agent network, increasing client service standards and implementing new products. These activities are primarily aimed at high quality and availability of products and services to the client.

The MDRT.PZU Club was launched in 2022. It is a mentoring program aimed at supporting salespeople in achieving sales goals that enable them to join the Million Dollar Round Table (MDRT), an organization of the top 1% of the world's best financial agents and advisors. The program includes development activities to improve participants' sales skills and competence in organizing and managing their own work.

In 2022, the PZU Życie Tied Agent network introduced the Mystery Shopping program. After the meeting, the assessors prepare a report on the meeting. The result is to obtain detailed information on compliance with sales standards, and then to implement directed development and management actions to correct potential deficiencies.

Increasing importance is being given to an effective and legally compliant way of obtaining referrals to potential clients. In 2022, work began on an electronic application to support the referral conversation during a sales meeting and to ensure that the referrer is comfortable with providing the agent or advisor with contacts to third parties. This will result in the use of an electronic process for communicating with the referral before direct contact is made, obtaining confirmed consent from the referrer for the referral, and a secure and GDPR-compliant process for processing and archiving personal data.

3.2.2.2. Remote channels

PZU sales hotline

Clients interested in buying insurance remotely can contact PZU via a dedicated number: 600 600 601. On the other hand, clients with active contracts are taken care of by specialists who take care of the continuity in insurance cover, which allows to keep in touch with the client.

Thanks to modern technologies, including the integration of automation and robotics into the phone service process, the risks of spam or phishing are minimized. In 2023, an effort was launched with partner Hiya to identify the hotline number with the PZU logo. In 2022, the possibility for clients to call back a PZU consultant was introduced. In 2023, text messages announcing a call from PZU and informing of an unsuccessful attempt to contact the customer were also launched.

Number of sales hotline calls:			
2021	982.5 thousand		
2022	1.05 million		

Remote insurance distribution contributes to the omnichannel strategy. The client can talk to a consultant at their convenience about any insurance, including insurance previously concluded with an agent or in a branch. The

development is supported by innovative AI-based tools such as Comadso (an interactive GTCI comparison engine) and Nexidia (AI that supports listening to recorded calls).

Premium written in the remote channel

Year after year, an increasing percentage of customers are choosing a remote form of signing an insurance agreement. Premiums written by PZU in remote channels increased by 29.2% y/y to PLN 180.1 million in 2022. The number of clients using this form of purchase is also growing steadily. As recently as 2021, it was 229,000. In 2022, the number increased by 33% - to 303,500.

The client satisfaction rate for purchasing insurance over the phone reached 97% satisfied customers and 83% – very satisfied in 2022. As a result, telephone sales contributed to PZU receiving the Institution of the Year award for best service in remote channels.

Development of offerings

The hotline's product offerings in 2021 focused on vehicle, housing, travel and personal accident insurance risks. In 2022, the portfolio of products offered by telephone sales expanded to include crop insurance, among other things. This was accompanied by technological changes in the purchasing process, focused on client satisfaction. The breakthrough was the implementation of the property inspection function via the Video Inspector application. This solution meets the needs of clients interested in quickly purchasing insurance that requires vetting by a PZU employee, especially MOD insurance or unusual real property, such as a vacation home. At the same time, it safeguards the interests of PZU and prevents the risk of extortionate claims. The sales hotline is also piloting the sale of selected insurance from offerings of PZU Życie starting in

In 2022, PZU made it possible for Ukrainian customers to purchase a border liability insurance policy over the phone. For this purpose, a team of Ukrainian-speaking consultants has been established, and the already existing team dedicated to the English-speaking client has been strengthened.

Client feedback after purchase:

"I always forget when my insurance agreement expires, so a phone call from PZU with an offer to re-insure me was a pleasant surprise."*

*Report "Client satisfaction surveys after purchasing PZU products", January 2023, PZU Customer Experience Management Office

mojePZU - all services in one place

Remote operation of the mojePZU portal is a way of fundamentally modifying client interactions. Thanks to the platform customer always has an access to

selected services and PZU Group's products. This is a one-ofa-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:

purchase a policy,

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· receive an insurance offer from an Agent,



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- · view their policies and report changes,
- · make an appointment with a physician,
- · check their medical records and extend an e-prescription,
- · invest their savings,
- report a claim and check its current status,

mojePZU is accessible through the website or the mobile app..

At the end of December 2022, the mojePZU portal was used by more than 3.3 million users.

mojePZU - development in 2022

The service is continuously being developed and upgraded with new functions. In 2022, a number of redesign-related changes were made to the moje.pzu.pl website, including: a new layout of tabs, simplification of the top menu, all with the aim of providing a user-friendly and intuitive tool.

In the health area in 2022, the view of the page for managing medical services was redesigned by adding, among other things, new tabs and options. One of them is the ordering of an e-prescription for follow-up treatment without additional consultation with a doctor, the option to conveniently schedule laboratory tests ordered by a specialist, or the presentation of medical records issued by PZU Zdrowie physicians in one place. The health offer was expanded to include more medical packages for individual clients or special offers for 67+ clients and young clients up to 28 years of age.

In the area of insurance product sales and renewals, it is now possible to offer PZU Gospodarstwo Rolne, General TPL and PZU Firma. With this solution, clients may easily start insurance without the need to leave their home.

In the category of client communication, PZU Auto renewals were fully transferred online in 2022. Clients whose insurance is coming to an end receive a reminder containing a renewal offer and the option to renew their insurance directly through the service. This has had a positive impact on paperless rates. In addition, a pre debt collection process was launched, thanks to which the client receives a reminder of an upcoming or overdue payment with the option of paying it immediately. Communication in the claims handling process was also

expanded. With messages in the inbox and push notifications in the mobile app, the user has quick access to information about the claim documentation.

In 2022, the payment area was expanded. Relying on the intuitive nature of the solution, PZU created its own payment gateway. Thanks to this, it was possible to extend the offer of payment methods by adding, among others, Blik, OneClick or Google Pay. Also, basket payments were introduced. As it is possible save a payment card, recurring payments, so much desired by users, were implemented. At the same time, the client has access to upcoming payments and the history of completed transactions in mojePZU.

By the end of 2022, over 1,560,000 users downloaded the mojePZU app. We know how important it is to make the mobile app time-saving and intuitive, so its functionalities are constantly being developed. In the health area, over 450 screens were designed and implemented over the past year to best adapt processes to the mobile device user.

In the interest of client data security, changes were made to the password rules for mojePZU. In addition, we show the strength of the entered password.

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.





inPZU - an online platform for selling and handling mutual funds and pension products

Since October 2018, the online in PZU transaction service has been selling mutual fund units. 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, and since November 2022 – all other TFI PZU SA products, for instance Employee Pension Schemes (EPS), Employee Savings Plans (ESP), GPE products, registers at PZU FIO Parasolowy, SEJF+ products. 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 lowcost special purpose funds in Poland.

inPZU in numbers



117,000

active users handling ECS accounts, investment portfolios PZU FIO registers, EPS and ECS registers, and IRA and IRSA products



16 special purpose funds and 5 life-cycle funds in direct sales



4.5 million

website views in 2022



141,000

purchase transactions regarding in PZU SFIO participation units by TFI PZU clients

inPZU - development in 2022

In 2022, the following was performed on inPZU:

- migration was performed for both productive systems of transfer agents, which comprised migration of client servers. The inPZU platform became the sole client service handling all TFI PZU products under one login and
- Seven special purpose funds were added to the offer;
- The IRA and IRSA offer was extended by adding seven special purpose funds;
- Sales and handling were implemented for a new pension product based on special purpose funds – "Higher Retirement Package", consisting of EPS, PPO, IRA and IRSA products;
- · New method of identity verification through video identity check was implemented;
- A newsletter was sent out for the first time to inPZU clients;
- The video identity check process was changed, introducing the option to verify identity based on a Polish passport and residence permit;
- Actions were continued to increase sales effectiveness in the online channel and to strengthen communication with new and existing clients by organizing webinars, video recordings, e-mail communication, text messages and in social media;
- · Product campaigns were conducted for IRA and IRSA.



3.2.3. Claims handling

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.

Relationship Manager



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 based on support from the manager allows 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.

Handling serious personal claims

Insurance is more than paying out claims. Insurers should ensure support and give a feeling of safety, stay with the client in difficult situations. That is why the PZU Group is with its clients when they need support the most and helps them return to a functional life. In 2022, PZU launched a series of initiatives in claims handling concerning persons seriously injured in accidents. Following the identification of substantial damage or damage from which the person injured may recover through physical rehabilitation, claims are handled with emphasis put on the cooperation with the client. Solutions suggested are adapted to the specific situation in which the injured person finds themselves, such as physical rehabilitation schemes, assistance in the choice and purchase

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Best practices of PZU and PZU Życie

Prioritization in claims handling

If an injured party is unable to occupy their residence due to a fire or gas explosion, they require immediate assistance, which is why we have launched a claims handling process for claims requiring priority handling. These are claims arising from events which due to their scale require fast-tracked assistance and comprehensive service as soon after the incident as possible.

The process implemented is based on close cooperation between the claims handling teams, from the consultant accepting the report to potential medical consultant. The Relationship Manager stays in contact with the injured person, informing them about the respective claims handling stages, including the date for the inspection of damaged property and documentation required for such assistance as, e.g., temporary hotel accommodation or psychologist appointment. This model has a positive impact on the relationship with the client who may count on our support and assistance at every claims handling stage, in what is a difficult time for them.

of prosthetics, assistance in the choice of treatment and place of treatment, or mental support. These types of claims are handled by Relationship Managers with high substantive and interpersonal competences. Claims are handled in a way to minimize the injured person's engagement, as well as to satisfy their claims as fully as possible at the stage of claims handling.

Handling such a claim does not come to an end with the payment. It is possible to support the injured persons further, e.g., through efforts oriented towards professional activation and labor market re-entry.

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 intended for clients who have experienced an unpleasant random event in which their property was damaged.

After the occurrence of an insured 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

Before-You-Call Service	2021	2022
Events registered	77	30
Events in which PZU clients were injured	8	9
Injured PZU clients	137	269
Persons who managed to made contact with	137	262
Registered assistance cases	135	262

of the claim may be performed on a different day, at a time convenient for the client.

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 2022 caused damage of a significant scale. Catastrophic events are seasonal, mostly in summer, but the year 2022 saw catastrophic losses already in January and February (due to a winter storm). In these two months, we received almost 49,000 reports of property and agricultural claims (including vehicle claims). From June to September, approximately 47,000 claims were filed, out of which 16,000 involved damage to agricultural crops.

The efforts and improvements undertaken allowed for these claims to be handled expeditiously. 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. A team of experts was appointed, which followed weather reports and media publications on potential hazards.

Claims handling for corporate clients

The comprehensive model of corporate customers' claims handling, implemented in PZU, is intended for 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 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 fleetwide solutions designed to improve the client's loss ratio. Every client is serviced by their appointed claims handling relationship managers. Managers hold meetings with client representatives. The necessary formalities in contact and communications are determined, and upon prior analysis, PZU suggests solutions to lower the claims ratio of the client.

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.

Proactive claims handling

TUW PZUW has implemented a modern model for handling claims resulting from medical errors. It is based on close cooperation with the insured medical facility.

Proactive claims handling provides quick assistance to a patient who has been the victim of a medical error. Among other things, it involves supporting a specialist or arranging rehabilitation to reverse or minimize the effects of the medical error. It allows quick payment of benefits, without litigation, which is complicated and lengthy in the case of medical events. The benefit for the insured medical facility is to receive full insurance coverage, expert support and objective analysis of possible patient claims.

Modern technologies 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 semiautomatically. The implementation translates into significant financial savings and improvement of client satisfaction.

In 2022, Ailik3 was incorporated into motor claims handling. With this tool, the Relationship Manager can calculate the cost of repair without specialist knowledge in this regard. Even with respect to a simple motor loss, after it is reported, the client may receive a link to a web-app through which they may easily send all the photographs required for fast claims calculation. Artificial intelligence assesses the photograph, locates all visible components and assigns the degree to which

they are damaged. After analysis, the system decides whether the component damaged should be repaired, replaced, or merely painted. The AI algorithms used are able to identify and analyze in detail close to 80 vehicle components. The cost estimate for repair works is provided to the relationship manager who may edit and modify it, so that the valuation may be subsequently presented to the client.

The year 2022 also saw the end to tests of AI algorithms in handling claims concerning crops due to the risk of hurricane or torrential rain. These algorithms conduct precise analyses of satellite images of crops in order to determine the area radically damaged. This way, they shorten the time needed to handle agricultural claims, and allow the scale of damage to be precisely and objectively determined.

Robots

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.

Implementations in robotics	2021	2022	
Business processes	18	29	
 incl. claims handling processes 	12	19	

Comment: in 2022, robots were also used to search through entities from the list of the Ministry of Internal Affairs and Administration, which allowed identification of entities sanctioned due to the war in Ukraine.

Example applications of robots

· Repair Network MOD Robot

This robot handles claims where the client is within PZU's repair network at the stage of reporting. Within this process, the robot handles the claim from the very start, notifies the repair shop to present documents, sends a letter to the client, and most of all pays out an advance on amounts claimed, and later an additional payment once the invoice is sent. The robotization of the process allowed its significant acceleration - after the cost estimate or invoice is accepted, the robot becomes involved and immediately prepares and approves the decision. The robot's work accounts for the life cycle of claims and situations in which they should arise in the process as a standard. Thanks to looping, the robot may return to a claim despite a business exception and consider it again in the queue.

Robot BLS TUS

Claims handling automation. Claims are handled substantively at another insurance company. PZU receives information about claims reported. It subsequently confirms the guarantee or insurance. After the decision is issued, PZU receives the decision to be uploaded into the system. Within the robotized process, manual steps performed by the Claims Handling Manager have been transferred onto the robot.

· AI Assistant in claims handling

In 2022, PZU was the first insurer in Poland to offer its clients innovative tools based on artificial intelligence (AI) to handle motor claims. The AI assistant prepares the initial repair cost estimate based on photos uploaded by the client via the app, which greatly enhances the claim estimation process. Another innovative solution, it is based on advanced artificial intelligence algorithms used by PZU in claims handling.

With respect to selected motor losses, the client may receive a link to a web-app through which they may easily send all the photographs required for fast claims calculation. Artificial intelligence assesses the photograph, locates all visible components and assigns the degree to which they are damaged. After analysis, the system decides whether the component damaged should be repaired, replaced, or painted. The AI algorithms used are able to identify and analyze in detail close the external damage to the bodywork. The solutions provide support mostly for PZU employees. The cost estimate for repair works is provided to the relationship manager who may edit and modify it, and finally accept it individually, so that the valuation may be subsequently presented to the client. The client's benefit is that their claim may be considered immediately, even in several minutes.

· Al Home Assistant

The AiHome system expedites valuation and their preparation. The solution was developed in cooperation with a Swedish start-up. Ai-Home is an application which uses cutting-edge technology to support PZU employees in valuing household movable property, including in particular brown goods and white goods. The solution not only expedites the process of valuing the damaged household property, but also ensures that this process is uniform thanks to day-by-day price updates from leading vendors and provision of the same data to all Relationship Managers. Furthermore, the application searches for and suggests replacement equipment if certain models are not produced, thanks to which the clients are able to get a valuation of equipment not sold. The solution allows non-cash claims handling by organizing replacement equipment. Apart from valuation process optimization, PZU's solution carries with it several other benefits. Thanks to the platform, PZU employees have all products available in Poland in one place, the simple search engine. Apart from this, the application shows the client where they may buy new models of products which became damaged or replacement products, and delivers a clear and automatically generated valuation report with all the key details for both the client and the insurer.

[GRI 2-25]

3.2.4. Complaints and grievances

Complaint examination process

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.

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.

Complaint prevention system

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 Client Improvement Database (BUK). 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.

Ratio of complaints handled within 30 days

	2021	2022
PZU Group	97.9%	97.6%
PZU and PZU Życie	98.4%	98.0%

[GRI 2-27]

Penalties and proceedings

In 2022, the Polish Financial Supervision Authority imposed financial penalties on PZU, these penalties were imposed because of PZU's failure to pay out claims timely, as referred to in Article 14(1) and (2) of the Act on the Mandatory Insurance, Insurance Guarantee Fund and Polish Motor Insurers' Bureau Act, and in conjunction with PZU's failure to satisfy the disclosure obligation referred to in Article 14(3) of the said

- 25 February in the amount of PLN 397,000 (after reviewing PZU's request for reconsideration, the FSA upheld the September 2021 decision);
- 13 May in the amount of PLN 685,000;
- 27 May in the amount of PLN 546,000;
- 22 July -in the amount of PLN 115,000.

Penalties for consumer rights violation	PZ	ZU	PZU Życie		
	2021	2022	2021	2022	
Non-financial sanctions due to legal or regulatory non-compliance (number)	0	0	0	0	
Total material penalties for legal or regulatory non-compliance	0	0	0	0	
Cases under dispute resolution mechanisms	0	0	0	0	
Financial penalties imposed by KNF	1	3	0	0	
Total financial penalties imposed by KNF (in PLN '000)	397	1,346	0	0	

Comments to 2021: penalty became effective in 2022.

Comments to 2022: the penalties amounted to 0.01% of PZU's premium in 2022.

Other PZU Group companies: did not report penalties for consumer rights violations in 2021 or 2022.

[GRI 2-25]

Complaints and grievances - agents

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.

Management of complaints and grievances in subsidiaries



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.

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".

TUW PZUW has a "Procedure for examining complaints in TUW Polish Mutual Insurance Company".

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 intended for various professional groups in medical centers. It is also conducted 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. PZU Zdrowie monitors the level of loyalty and client satisfaction at the selected stages of the medical service booking and provision process, such as contact with the hotline and reception desk, visit at the treatment room and at the doctor's surgery. 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. PZU Medical Centers also enjoy a package of regulations concerning medical safety.



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" 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 read it before entering into the Agreement. TFI PZU also has the internal "Customer Service Procedure for Mutual Fund Clients of TFI PZU", 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

TFI PZU also has a procedure in place for handling complaints submitted by its clients and clients of its mutual funds. It 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. Furthermore, TFI PZU developed a customer service procedure for clients who use the portfolio management service of Towarzystwo Funduszy Inwestycyjnych PZU. 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. The Customer Experience Team continuously monitors

the quality of service, prepares market benchmarks, as well as engages in customer experience surveys and improvements through Customer Journey analyses. It also continues to build new and improve current customer service standards, having in mind all the points of contact between the client and bank. The Customer Experience Team also has the transfer of clients into the digital world in mind. It wants to encourage clients towards self-service, educate them in using Alior Bank's functionality which its competitive edge on the e-banking market. It pursues duties within the Recommendation Group, the main objective of which is to minimize the number of complaints filed with the bank. The Group gathers key substantive and technical units, owners of business products and processes, systems, e-banking, risk, sales and quality. The Group analyzes the largest complaint categories in terms of volume, and verifies the factors which have led to the complaints, in terms of both products and processes, and issues recommendations concerning their amendment/ modification.

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 undertakes educational efforts since many questions forwarded to him or her pertain to the functioning of an insurance product. In 2022, the Client Ombudsman received 1,172 cases to consider.

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.

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Cases reported to the PZU's Client Ombudsman

		2021*	2022
<u>— — — — — — — — — — — — — — — — — — — </u>	motor insurance	46%	40%
	protection insurance	25%	29%
(Ó)	health insurance	12%	5%
	property insurance (buildings and residential units)	8%	9%
	other	9%	17%

^{*)} adjusted figures

LINK4 Client Ombudsman

In difficult and complex cases that require additional analysis, LINK4 clients can count on the support of the Client Ombudsman. The Ombudsman analyzes the cases of clients who completed the complaint procedure and still disagree with how their case was resolved. Clients can contact the Client Ombudsman via a short form available on the website, and also via mail or e-mail.

The Client Ombudsman is the voice of the clients in LINK4, but may also 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. The Client Ombudsman also analyzes the cases forwarded to the Management Board of LINK4.

TUW PZUW Client Ombudsman

TUW PZUW appointed a Customer Ombudsman in 2022. He or she assists customers in difficult cases and those requiring quick intervention that cannot be handled according to the standard complaint procedure or require additional legal or expert opinions.

The Customer Ombudsman also initiates and implements activities in the Society to improve, unify and streamline customer service standards

PZU's 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. It is a unique function, which has no equal in the entire private medical care and insurance market. The chief duty of the Ombudsman is to engage in a dialog with patients and support them at every stage of their medical care, from the moment of purchase to visit or examination at medical facility. The Health Ombudsman analyzes cases reported by the patients impartially, objectively assessing service quality and the procedures applied. Close contact with patients allow him or her to have real impact on the development of new solutions and health products. Patients have slightly different requirements, needs or problems compared to insurance clients. Clients may contact the Health Ombudsman through an online form or e-mail. In 2022, the Health Ombudsman received 108 cases to consider.

Best practices in subsidiaries

LINK4 client negotiations

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.

Additionally, difficult cases which due to various reasons cannot be resolved by means of a settlement at the claims handling stage are referred to the Mediation Center of the Arbitration Court at KNF. It was observed that attorneys of injured persons are eager to use this form of mediation. Thanks to the efforts undertaken, we have significantly reduced the number of appeals, complaints to the Financial Ombudsman and costly civil proceedings.

The Health Ombudsman's duties also include educating clients and promoting healthy lifestyle, preventive medical testing and physical activity. Thanks to their skills and competences, the Health Ombudsman supports the employers who have decided to take out insurance at PZU in caring for the health of their employees.



At Bank Pekao and Alior Bank, we have Client Ombudsmen who deal with specific cases which cannot be resolved within the standard complaints procedure or which 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.

3.2.5. Client satisfaction surveys

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
- 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);
- · Net Promoter Score (NPS).

Best practices of PZU and PZU Życie

Customer satisfaction indicators embedded in employees goals

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.

Surveys and interviews

- PZU has deployed a permanent benchmark audit to compare the satisfaction of PZU clients with the satisfaction of clients of insurance industry competitors.
- In a guarter, PZU carries out more than 50 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 2022, the post-anniversary letter satisfaction survey was extended, with every client receiving an anniversary letter from PZU now being subject to a satisfaction survey.

Net Promoter Score (NPS)

One of the key indicators reported within satisfaction surveys is the Net Promoter Score. The indicator is standardized and applied all over the world. It allows comparing and verifying the condition of the brand with respect to competitors over time. Clients are asked how willing they are to recommend the brand to their family and friends. The response is selected from a scale of zero to ten, where zero is "definitely would not" and ten is "definitely would". The clients selecting values from zero to six are highly unlikely to recommend the services, seven to eight are neutral, whereas those willing to recommend choose between nine and ten. The score is the difference between the share of critics (zero to six) and promoters (nine to ten).

At PZU, clients are asked how willing they are to recommend brands after they take out insurance and after they avail themselves of insurance (e.g., payment of benefits, handling of claims, use of assistance, medical visit).

Net Promoter Score (NPS) - loyalty indicator for PZU SA/ PZU Życie clients	2021	2022
After insurance is purchased	31	44
After insurance is availed of	25	25

Professional service and sales handling indicator (PRO)

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.

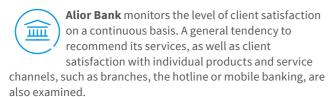
Audits are carried out on-site within all channels except for field agents without an office, where service is provided remotely.

Mystery Shopping audits in branches and office agencies were carried out on-site in 2022, with the exception of the first quarter, when audits were suspended due to the pandemic. 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.

PRO indicator	2021	2022
Average value annually	95.9	96.7

Satisfaction surveys - subsidiaries

LINK4 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 purchase process, aftersales service, loss adjustment and provide their comments. We use the information received to continuously improve the quality of service and to streamline processes.



Clients' assessments and opinions are analyzed on an ongoing 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. Results are analyzed with the ongoing support of analytical dashboards allowing far-reaching automated processing of information obtained for clients, ensuring a faster and more approachable presentation of results.

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 2022, with a 37 score, confirmed that 2022 was another year in which the client satisfaction improved (the score for the previous year was 36).

The bank also conducted e-NPS among its employees to check 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.



Bank Pekao – in 2022, Bank Pekao updated the guidelines for applying the highest retail customer service standards, including for people with special disability-related needs. The guidelines were

enhanced with new Bank values: #prosto, #razem, #odważnie, #odpowiedzialnie. (#simple, #together, #brave, #responsible). The updated accounted for changing market conditions, regulations and client expectations. Bank Pekao was also involved in intense efforts to improve business customer journeys, resulting in going two places up in the Forbes ranking (from 5th in 2021 to 3rd in 2022). The bank also made its way up in the Golden Banker ranking.

Bank Pekao strives to provide valid information on the quality of its services. Because of this, it is carrying out a client satisfaction survey on an ongoing manner. In 2022, within the framework of client satisfaction surveys, Bank Pekao conducted interviews with clients who availed themselves of the Bank's service at their departments and remote channels. Additionally, consultants interviewed premium clients, businesses, SMEs and corporations within the relationship audit. Apart from the quantitative study, we carried out qualitative studies concerning customer service processes which were material business-wise in various segments.

Banks and subsidiaries are subject to the Bank Pekao S.A. Group Policy on countering anti-competitive practices and practices violating the collective consumer interests. The policy sets out the principles for Bank employees to work in line with provisions on anti-trust and unfair market practices, and the chief duties of the Bank's organizational units in this respect. In 2022, the Bank did not pay any penalties for collective consumer rights violations or free competition. Furthermore, the Code of Conductor of Grupa Pekao clearly forbids practices which violate collective consumer rights.

3.2.6. Dialog and improvement process

[GRI 2-25]



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 guidelines for handling all complaints submitted to PZU and PZU Życie have been described 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 handling process. Dedicated Complaint Handling Teams 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.



Best practices of PZU and PZU Życie

A series of "Client Oriented" competitions

In 2022, a series of "Client Oriented" competitions was launched for PZU employees, with the aim of engaging employees in the process of initiating change for the benefit of the client and building a sense of influence for change in the organization. There have been two editions, during which a total of 108 initiatives were submitted, and the 6 best were awarded – work is currently underway to implement them.

Closed Improvement Loop

PZU 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

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.





Best practices of PZU and PZU Życie

"Recipe for good cooperation"

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 2022, the program was still being deployed and promoted inside the organization. The program also includes proactive client initiatives.

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Client Improvement Database

A tool under the name of Client Improvement Database (BUK) was made available to PZU employees in January 2022, through which they may propose initiatives and improvements and thus influence actions and changes inside the organization. In 2022, 75 initiatives were submitted of which: 13 have already been implemented, 16 are in the process of implementation and 25 are under review. 21 initiatives were rejected on the grounds that the proposed solution already existed, the initiative duplicated those previously reported, or its implementation outweighed the benefits achievable.

Client Academy

In 2022, PZU created an elite group called "Client Academy." The initiative brings together employees from different areas of the company who care about designing positive client experiences. The task of the Client Academy members is 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 attend workshops and training in the areas of, among others, Client Experience, problem solution methods or idea generation and assessment, as well as introduce proactive client solutions. These measures have made it possible for the group of employees engaged in designing the best client experience to be extended. By the end of 2022, 21 initiatives had been reported, of which 2 had been implemented.

Raport Customer Experience (CX) - www.pzu.pl/raportcx

In 2022, PZU released the second, expanded edition of its CX report under the title "With the client through thick & thin". It analyzed how companies in 8 leading service industries respond to client needs. PZU's spectrum of interests included the most important areas of client functioning in the realm of traditional and digital services. Conclusions presented in the report are based on a client experience survey conducted in 2022 using the CAWI method among clients of insurance, private healthcare, banking, telecommunications, e-commerce, traditional and online services and streaming companies.

Client Experience Management Days (CX Week)

From 3 to 5 October 2022, PZU celebrated Client Experience Management Days (CX Week / CX Day). This is a celebration for all PZU employees who care about the client experience on a daily basis. CX Day is celebrated by the world's biggest brands, and PZU has once again joined the ranks. The main theme was "With the client through thick & thin."

During the 4 October 2022 conference, employees had the opportunity to, among other things:

• get acquainted with the new CX Report "With the client through thick & thin" and find out, based on the latest research, what Polish clients' expectations and needs are,

- take part in an expert debate during which the future in CX was discussed with invited guests (including Brand24, Digital University and Kantar Polska),
- participate in lectures by representatives of selected areas of PZU and a special guest.

Customer Journey - handling of Individual Continuation insurance benefits

The Customer Journey is a tool that describes all events and experiences of the client in his or her interaction with the brand. It provides information about know 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 – quick and simple results. This allows us to create products that more effectively meet client expectations, improve the systems and applications the client uses, make improvements in communication, process and documents, among other things. The map engages the employee encouraging him or her to cooperate more efficiently with the client.

As part of the Customer Journey, a number of recommendations and actions concerning the Individual Continuation insurance were developed, e.g.:

- · product and offerings changes,
- changes in the area of communication with the client: modification of letters, e-mails,
- · system changes to make it easier for clients to verify insurance coverage.

In 2022, activities were carried out to make it easier for clients to obtain information, i.e., modification of the website, supplementation of information on benefit notification, and planned implementation of changes to the online benefit notification form.

Training

At PZU, "Focus on the Client" microlearning training available to all employees has been implemented. The training is aimed at educating employees in the areas of Client Experience and Employee Experience and, additionally, at boosting a clientfocused organizational culture.

It teaches designing positive client experiences and shows how to use the acquired knowledge in everyday work. A participant with the positive result of guizzes at the end of the training receives a certificate as a PZU Client Experience (CX) Ambassador. In 2022, CX Ambassadors who completed the "Focus on the Client" course were eligible for recruitment to the elite "Client Academy" group.

In 2022, the Focus on the Client course was introduced on a test basis into the HRM system as mandatory training for all employees in the claims handling area. In 2023, the plan is to continue promoting the course and to make it mandatory for all new PZU employees.

Strategic challenges in the product area

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 with the client and make sales processes more effective. There are also operational actions between PZU and PZU Group banks, i.e., implementation of CRM campaigns for bank clients where banks were granted the marketing consent.

PZU Group wants to develop a strong position in all sales channels. In addition to its own channels, it works with multiagencies, brokers and banks, as well as leaders in the growing e-commerce market and energy suppliers. It is very intensively developing the digital channel in the form of the mojePZU platform. 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 and complete the purchase online via the mojePZU platform.

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.

360 Offer° The broadest offer on the market

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 the Polish population. The main growth driver will be a

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.

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 81% while assisted recognition is 99%)*.

uous brand monitoring, CAWI, nat-rep 18-55, data for 2022

3.3. Society

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. Therefore, since the pandemic, the PZU Group has paid special attention not only to prevention and physical health, but also responded to the challenges of maintaining mental balance and preventing mental health problems.

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.

PZU and PZU Życie have a Code of Ethics in Advertising that, among other things, regulates the general rules for conducting 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. PZU Zdrowie conducts social engagement activities based on the "Code of Ethics in Advertising" and the "Best Practices of the PZU Group". Furthermore, the company has a dedicated sponsorship procedure. Alior Bank also conducts social engagement activities on the basis of the Code of Ethics in Advertising. LINK4 has 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. The Baltic insurance companies of the PZU Group 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.

Bank Pekao has implemented the "Rules of Donations and Sponsorship". 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.

PZU and PZU Życie's charitable activities are conducted by the PZU Foundation. It operates pursuant to the Act of 6 April 1984



Sylwia Matusiak

Member of the PZU Życie Management Board, PZU Group Director at PZU

"An important part of PZU's operations is its involvement in the social area. We realize that, as the insurer of millions of Poles, we have a responsibility not only for their financial security, but also for their lives and health. Especially after the pandemic, a lot of attention is focused on activities that promote active lifestyles and preventive health care. Among other things, we are a co-organizer of the nationwide "Zdrowe Życie" ("Healthy Life") project, under which Poles can benefit from free medical examinations and consultations. This socially important action is of great interest. Under this project, last year nearly 34,500 times Poles took advantage of free medical examinations and services. We are also trying to minimize the movement deficit among the younger part of the population. "Under the "Dobra Drużyna PZU" ("Good PZU Team") program, whose ambassador is the world's first racquet, Iga Świątek, we support more than 70,000 children and young people from sports teams and academies across the country, mainly from smaller towns."

on Foundations (Journal of Laws of 1991, Number 46, Item 203 as amended) and its Articles of Association.

LINK4's charitable framework is defined in an internal document. It is a 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.

In addition, PZU, PZU Życie and TUW PZUW, in accordance with the Act of 11 September 2015 on Insurance and Reinsurance Activity, have established a prevention fund (each company separately) intended to finance activities aimed at preventing or reducing the effects of acts of fate

The PZU Group's expenditures on the areas listed in recommendation 1.5 of the Best Practices of WSE Listed Companies 2021 were as follows:

A summary of the expenditures incurred in 2022 by PZU and the PZU Group that are covered by Rule 1.5 of the "Best Practices of WSE Listed Companies 2021" issued by the Stock Exchange in 2021 is presented in the table below.

The PZU Group's expenditures on the areas listed in recommendation 1.5 of the Best Practices of WSE Listed Companies 2021

Expenditures incurred for the	2021		2022	
support of (PLN million):	PZU	PZU Group*	PZU	PZU Group*
• culture	2.4	5.2	1.8	5.1
sports and physical activity	7.5	24.1	11.9	36.2
 community organizations and foundations 	15.1	27.8	18.4	39.4
charitable institutions	0.0	0.0	0.0	0.0
• media	0.7	2.3	1.4	4.6
• trade unions	0.0	0.6	0.0	0.7

^{*)} Capital Group, including Bank Pekao Group and Alior BankGroup

Prevention fund

In 2022, PZU and PZU Zycie within the framework of the prevention funds operating in these companies, incurred expenditures for, among other things, anti-accident activities, health care and safety at workplaces.

Expenditures incurred from the prevention fund

Expenditures incurred from the	2021		2022	
prevention fund for (PLN million):	PZU	PZU Życie	PZU	PZU Życie
anti-accident activity	24.3	0	17.3	0,0
• health care	0.0	17.1	0.0	18.0
safety at workplaces	0.0	5.8	0,0	8.0
 other directions (including fire and anti-theft activities, public security) 	2.7	0.4	9.1	1.8

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3.3.1. Local communities

The promotion of health and active lifestyles is a special area in which PZU has been involved for many years. PZU is implementing a number of initiatives to encourage the public to be physically active, change their eating habits, perform regular preventive examinations and take care of their mental health. The PZU Group promotes and is willing to financially support such activities. With this attitude, PZU wants to get its employees and customers to reflect more deeply on their lives and encourage them to take action to improve the quality of their lives.

(IIII) [GRI 3-3, 403-6]

3.3.1.1. Sports and physical activity

Dobra Drużyna PZU (Good Team Program)

In 2022, PZU continued and developed the Good PZU Team program, inaugurated a year earlier, which promotes physical activity for children and young people. Good PZU Team is a nationwide, universal program aimed at organizers of sports activities for children and young people in any discipline. The captain of the Good Team is Iga Świątek – a champion, an athlete for whom sports is a source of passion and



Best practices of PZU and PZU Życie

For many years now, PZU has consistently supported healthy lifestyle and sports activities among its employees. Each of them can practice 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. In 2022, a new section of Tennis was established in the Association.

Sport sections in numbers:

members of

sailing trainings cruises and windsurfing







385 members of the skiing section

active persons, including 146 section members and 38 accompanying persons

trainings, including 1 overseas and 1 training on cross-country skis

291 members of the running section

runs completed by our athletes in the colors of PZU Sport Team

km and 775 hours run in registered competitions

> athletes competed in the aforementioned runs



Tennis

Volleyball Mountain climbing

186

Sports sections at PZU:

success. She motivates children to act, she is an example that sports can be a chance for great success. As a Good Team ambassador, Iga actively supported the initiatives promoted by the program, participated in special events and shared her space on social media.

Dobra Drużyna PZU under which clubs and sports associations received funding to organize amateur sports activities, tournaments and competitions for children and young people up to the age of 18, including those with disabilities. PZU is certain that the program will significantly increase physical activity among children and young people, which will have a positive impact on their health and certainly reduce their susceptibility to diseases and injuries in adulthood.

Dobra Drużyna PZU (Good PZU Team) program - objectives:

- promoting a healthy lifestyle;
- having an impact on the psycho-physical development of children and young people active in sports, including those with disabilities;
- · forming appropriate social habits and attitudes among the youngest athletes;
- · supporting the development of sports for children and young people in smaller centers with limited access to financial resources:
- · stimulating the movement of children whose normal physical development has been disrupted by the pandemic.

A total of 1,667 entities applied for the program, which ran until 30 June 2022. Ultimately, 351 of them received funding. In total, Dobra Drużyna PZU prevention program reached 45,000 children practising 43 sports across the country, primarily in smaller towns.

In addition, as part of the Dobra Drużyna program, a survey was conducted among parents and adolescents aged 16–18, which showed how the physical condition of children and adolescents has changed from their perspective after the pandemic. ⁶ It turned out that there was an epidemic of inactivity. Only half of Poland's children spent their leisure time on physical activity. They spent 3 hours and 15 minutes of their free time per week on recreation. In physical education classes, they did not exercise because they felt discomfort. They stressed that they had inadequate physical condition. That's why PZU, as a socially engaged company, has responded to this problem – by offering the best remedy – exercise, sports and contact with peers.

The communication strategy was to promote the Dobra Drużyna program as the "largest sports club" in Poland and to launch a prevention program and an open call for applications for 2022. This was accompanied by a campaign to promote the program. The goal of the campaign was to communicate the program's recruitment and attract as many applications as possible, as well as to build awareness and information on a nationwide scale about the initiatives implemented by PZU.

Dobra Drużyna PZU (PZU Good Team) Program - support provided

Under the prevention program, more than 351 entities have received funding, and more than 70,000 children have already been appointed to the Dobra Drużyna PZU. In addition, during the vacation season, PZU organized Dobre Kolonie (Good Summer Camps) – week-long integration and sports camps in the Mazury region for several hundred participants from Poland and Ukraine. The Good Summer Camps were guided by the motto of the Dobra Drużyna PZU (Good PZU Team) program – equality, integrity and team spirit of sports. Thanks to the program, PZU influences the sports development of children and young people, expands the educational and sports offer and thus creates the right conditions for sports, especially in centers with limited access to financial resources.

Partner of the National Association of People's Sports Teams

In addition, PZU has become a strategic partner of the National Association of People's Sports Teams – under this partnership, PZU will support projects and sporting events and initiatives supporting the most popular sports organized by the People's Sports Teams. Thanks to PZU's financial support, local sports organizations are able to develop, which affects the leveling of opportunities in access to sports in small towns as well. More than 350 later Olympic participants started their career in the People's Sports Teams.

Other forms of support for sports

PZU supports the development of Polish sports. It is the main sponsor of Iga Świątek, who is ranked number one in the WTA rankings as of April 2022 and has already won a total of 3 Grand Slam tournaments. PZU, as an official sponsor, also supports the country's largest cycling event, the Tour de Pologne. It is also a strategic partner of the Amp Futbol Polska association, which implements various projects for amputees and people with disabilities. Since 2021, PZU has also been a sponsor of the FKS Stal Mielec sports club and a strategic sponsor of the Academic Sports Association. In 2022, PZU was also a sponsor of the 46th Bieg Piastów (Piast Race).

36 [GRI 3-3]

Support for local communities - foreign companies

AAS BALTA strives to be an active member of local communities not only in the Latvian capital Riga, but also

INSURANCE | HEALTH | INVESTMENTS | BANKING



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⁶⁾ The survey was conducted among a representative sample of parents of children and adolescents and among young people in April 2022 by the PBS research agency. Interviews in the form of a survey conducted via the Internet (CAWI) with a sample of n = 1,250 interviews. Respondents: parents of children aged, 7–9 years n = 250, 10–12 years n = 250, 13–15 years n = 250, 16–18 years n = 250 and adolescents aged 16-18 years n = 250.

in smaller cities where AAS Balta branches are present. The promotion of active and healthy, yet safe lifestyles is also one of Balta's most important directions in supporting society. In the summer of 2022, the multi-purpose recreational and playground "Saules Parks" (Sun Park) in Dobele opened to the public. AAS BALTA is the official insurer of this recreational site, and also supports the creation of one of the park's playground tools. The creation of "Saules Park" was made possible by the initiative of the association "Children of Dobele" and a total of 55 companies from Dobele and other localities, as well as the support of the municipality of Dobele.

AAS BALTA is working with the Big Cleanup initiative. This is a traditional environmental event in Latvia that has been held since 2008, with the goal of "making Latvia and the Baltic Sea region the cleanest place on the world map." In 2022, AAS BALTA employees engaged in a campaign to plant two thousand trees in Ogre, Latvia.



3.3.1.2. Health prevention

Nationwide Campaign - Zdrowe Życie (Healthy Life)

PZU has been conducting and supporting various health prevention campaigns for years as part of its prevention activities. In June 2022, under the honorary patronage of the Presidential Couple, in cooperation with the Ministry of Health, the National Health Fund, the Ministry of State Assets and the Ministry of Education and Science, PZU conducted a nationwide health prevention campaign called Zdrowe Życie (Healthy Life). The campaign was also joined by the National Blood Donation Center, the Sanitary Inspectorate, the State Pharmacy Chamber and the National Security Office.

The aim of the campaign was to emphasize the importance of prevention and encourage the public to pursue a healthy lifestyle and preventive examinations, which has taken on particular importance after the coronavirus pandemic.

The project was inaugurated on 3 June 2022 at the Presidential Palace. On that day, the first mobile health zone was opened, which then traveled across Poland, visiting 12 locations, covering more than 5,000 kilometers. On site, residents and tourists were able to consult specialists free of charge and perform a number of tests, including blood pressure measurement, ECG, spirometry, lung ultrasound and mammography. In total, more than 34,000 free examinations, consultations and medical services were provided in all cities where the mobile health zone prepared by PZU appeared. The zone made available blood donation bus of the National Blood Donation Center, providing the opportunity for honorary blood donations. At the co-organizers' booths, it was also possible to make a card for EHIC health insurance recognized in the European Union, confirm a trusted profile and get a

pharmaceutical consultation. Information about current prevention programs, treatment policies, and spa treatment options was also available on site.

The program was supported by an extensive communications campaign to build awareness of health prevention and encourage the use of mobile health zones. The leading medium of the campaign was the Internet, which allowed for precise outreach to specific target groups and nationwide outreach activities. High audience engagement was ensured by working with opinion leaders and social media. This was complemented by a campaign on local radio stations.

Promoting health prevention in the media

In 2022 – as part of its prevention efforts – PZU continued its commitment to producing the Zacznij od zdrowia (Start with Your Health) television program in cooperation with TVP 2. Broadcast again from October 2022 every Sunday, the program addresses the most important issues in health prevention, prompts viewers to change their attitudes, suggests how to take care of their health in a simple way, and points out the importance of regular examinations and an active lifestyle. Experts, including PZU Zdrowie physicians, answer questions about, for example, the state of health of Poles after the pandemic, insomnia, diabetes, obesity and depression. The program emphasizes the importance of physical activity in health prevention, with a particular focus on sports activities for children and young people.

Mental health protection

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 "Życie jest warte rozmowy" ("Life is Worth Talking About") platform is a service where free and anonymous help is provided to people in suicide crisis and their loved ones, as well as those who have lost a loved one in suicide crisis. It also serves broadly to educate the public and promote an up-to-date database of places with free specialized assistance available. A module of specialist on-line help is seen as very valuable and enjoys a lot of attention of the platform users. In 2022, it featured nearly 1,500 responses to the "write to a specialist" tab, and the site itself was visited by more than 257,000 people. The website still has a very low bounce rate. www.zwjr.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 2022, around 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 and psycho-oncological consultations not only in face-to-face meetings, but also by phone or via other remote channels.

Promoting prevention and a healthy lifestyle

PZU Zdrowie undertakes a range of activities, both nationwide and locally, with the aim of improving Poles' health, including: PZU Zdrowie's corporate social responsibility activities have been described in industry reports, including a report prepared by the Responsible Business Forum, "Responsible Business in Poland. Good Practices" and in the UN Global Compact Network Poland publication "Green Hospitals". PZU Zdrowie also conducts many activities aimed at promoting prevention and healthy lifestyles, such as:

- "Summer Senior Academy" a series of 10 webinars on prevention in adulthood, conducted in cooperation with the National Institute of Silver Economy,
- The OK Senior Passport a material supporting preventive care for seniors, distributed among senior institutions supported by the National Institute of Silver Economy and at PZU Zdrowie medical centers,
- "Siła KobieTy" [Women's Strength] a preventive action by "Dziennik Bałtycki" under the auspices of PZU Zdrowie educational articles and an information campaign with an exhibition on women's health,
- "Wstążka z wąsem" [Moustache Ribbon] PZU Zdrowie educational webinar on cancer prevention for men and
- "Miasteczko Zdrowia" [Health Town] in Gdańsk and Wrocław - PZU Zdrowie field actions in cooperation with the Veritas Foundation, providing free medical services and advice,
- Senior Day in Gdańsk and Kielce preventive actions carried out by PZU Zdrowie medical centers addressed to seniors,
- Day of Smile in Poznań a preventive action carried out by PZU Zdrowie medical centers, addressed to children,
- "Wbiegnij na Varso Tower" [Run up Varso Tower] towerrunning under the auspices of PZU Zdrowie to the highest building in the European Union (Varso Tower in Warsaw),
- "Międzypokoleniowy Marszobieg po Zdrowie" [Intergenerational March for Health] - run, whose partner was the PZU Zdrowie medical center in Kielce.
- Polish Cup in cross-country running in Cetniewo run under the auspices of PZU Zdrowie,
- Further development of the PZU Zdrowie Guide blog "Health Guide" with articles on healthy lifestyles and selected medical issues.

PZU Zdrowie also gave patronage to and co-organized events supporting the development of Polish medicine and the healthcare system:

- "Zdrowie w rozmowie" [Health in Conversation] in partnership with the AI in Health Coalition - a podcast series on medical innovation:
- "AI in Health" in cooperation with the Coalition in Health a conference on the application of artificial intelligence in
- "Top Disruptors in Healthcare 2022," in collaboration with the AI in Health Coalition, a report that inventories the Polish healthcare start-up market,
- "Supertalenty w medycynie" [Supertalents in Medicine] in cooperation with Puls Medycyny – a competition for physicians of the younger generation,
- "Plebiscyt Hipokrates" [Hippocrates Plebiscite] in cooperation with Polska Press – a competition for the bestrated physicians and medical centers,
- "Mother and Child Startup Challenge" in cooperation with the Mother and Child Institute – a competition for start-ups in the field of obstetrics and neonatology,
- "Złoty Skalpel" [Golden Scalpel], in cooperation with Puls Medycyny - a competition for scientists in the field of medical innovation,
- "Dziecięcy Szpital Przyszłości" [Children's Hospital of the Future] in cooperation with the K.I.D.S. Foundation – a competition for innovative solutions in children's hospitals,
- "Zdrowie Dzieci" [Children's Health], in cooperation with the Medical University of Gdańsk - a conference on issues of child and adolescent health,
- "Polska w Europie" [Polish woman in Europe], in cooperation with the Association of Health Care Journalists - a training conference for medical staff;
- Partnership with the Student Government of Warsaw Medical University – publishing of the academic calendar; patronage of the 87th congress of the Commission for Higher Medical Education.

PZU Zdrowie was also the medical operator of the "Healthy Life" campaign organized by the PZU Group, the Ministry of Health and the National Health Fund, under the patronage of the Presidential Couple. During June-October 2022, 12 health zones were implemented, providing free medical services and advice to visitors.

PZU Zdrowie is also the sponsor of 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

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found themselves in a similar situation and to provide support in many areas related to pediatric oncology.

PZU Zdrowie centers take 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 also conducts activities to support the Ukrainian community. Persons affected by the war in Ukraine can receive free-of-charge medical care in more than 50 PZU Zdrowie medical centers, implemented under the National Health Fund. PZU Zdrowie provides basic health care and specialist consultations, laboratory tests and diagnostic tests. A Ukrainian-speaking team has been established to serve patients on the PZU Zdrowie hotline. 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. In addition, PZU Zdrowie provided surgical supplies to a hospital in Rivne, Ukraine, and local PZU Zdrowie facilities actively supported medics in Tomaszów Lubelski. PZU Zdrowie is also the operator of the NFZ's Ukrainian-speaking information hotline "First Contact Center Platform." The company also took part in the "Good Morning Ukraine" information fair in Kraków for Ukrainian refugees.

3.3.2. Prevention

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.

Safety Academy

Started in December 2017, PZU Foundation's 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 2022, the sixth and seventh editions of the project were successfully implemented. It was attended by 26 elementary schools from: Gościszewo, Sandomierz, Marcyporeba, Tłuczań, Zielin, Moryń, Czelin, Kruszyna, Brzyszów, Aleksandria, Hrubieszów, Leśniowice, Uchanie, Kolno, Pisz, Stawiska, Namysłów, Domaszowice, Wołczyn, Kosieczyn, Ołobok, Międzylesie, Zelgno, Cekcyn, Kraszkowice, Zielęcin. In other words, the project reached out to 12 voivodships and almost 12 thousand pupils. In total, the Academy has already visited more than 100 schools in Poland since the program

Best practices of PZU and PZU Życie

Rehabilitation stays for children and minors at risk of post-accident trauma and at risk of posttraumatic stress disorder due to chronic illness in the family

Since 2013, PZU has been running a comprehensive system of psychological support 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.

Since 2021, PZU has also been directing this form of support to people who have lost family stability as a result of the loss of a loved one or severe damage to their health, such as an oncological disease. In 2022, a total of 90 persons benefited from this form of support.

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3.3.2.1. Cooperation with the emergency services

Safety in the mountains - collaboration with the Voluntary **Mountain Rescue Service (GOPR)**

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 over 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 2021, PZU, together with the GOPR Foundation, launched cooperation on the GOPR Academy educational project. The GOPR Foundation has conducted numerous educational and prevention projects, in which GOPR rescuers have conducted preventive workshops as well as participated in various educational ventures throughout the country – working to protect and promote health, as well as popularize an active and safe lifestyle. In 2022 alone, we managed to conduct more than 150 free GOPR Academy lectures dedicated to children in schools and other educational institutions. The Academy was also present at the Andrzej Zawada Mountain Festival in Ladek Zdrój, the Kraków Mountain Festival and 25th Świdnica Mountain Days – Świdnica Mountain Festival. PZU has also developed content and commercially conducted GOPR Academy trainings on mountain safety. Training topics included skitouring, avalanches, winter mountaineering, climbing, caving. The trainings were conducted in the Karkonosze, Sudety, Jura, Beskidy and Podhale GOPR groups, by GOPR Academy instructors and at the same time GOPR rescuers for individual and business clients in the autumn/winter 2021/2022 period. Commercial trainings were carried out for individual clients, but also for business clients, such as KGHM, ING Bank Śląski, Polish Tourism Organization, etc. Educational support was also 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 "Kreci 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 10,000 safety-symbolizing gadgets, provided, among others, by the PZU Foundation.

Polish Freeskiing Association and TOPR - avalanche training

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.

Safety by the water

PZU has been influencing safety by the water for many years, helping rescue units financially, especially on Zegrze Lake and the Great Mazurian Lakes route. In 2022, Legionowo Water Volunteer Rescue Service (LWOPR) used the financial support it received from PZU to purchase diving equipment, clothing for rescuers for work in water and winter conditions, tools for repairing and maintaining rescue equipment and small rescue equipment. In previous years, from the prevention fund as well, LWOPR purchased a rescue boat equipped with the necessary water rescue equipment, as well as sonar for searching for people under the surface of the water. 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.

From the prevention fund, the 2022 unit of the Mazury Volunteer Rescue Service purchased and replaced the air tubes in two hybrid RIB-type rescue boats, thereby restoring them to full working order. CPR teaching phantoms with computer software were also purchased. They will raise the level of training of MOPR rescuers and be used to teach first aid to schoolchildren. A year earlier, the unit was equipped with the basic equipment necessary for rescue operations: neoprene foams, dry and wet suits, portable radios, signal and sound tubes and GPS.

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 "Kreci mnie bezpieczeństwo nad woda" (Turn On Safety By/On The Water). The scope of the 2021 edition has been extended to include activities covering safety

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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 209,000 gadgets provided by the PZU Foundation.

Supporting Voluntary Fire Brigade

PZU also supports voluntary fire brigade units by subsidizing the purchase of specialized equipment and protective clothing. Voluntary fire brigade units are active even in the smallest towns, and volunteer firefighters are most often the first to help those in need. They put out fires, rescue victims of traffic accidents, provide assistance during floods, storms and other natural disasters.

Digitalization of the Insurance Museum Collection

PZU is the first insurer in the world to have an Insurance Museum. The Museum's collection includes documents related to the beginning of insurance in the Polish lands. In an effort to preserve the collection in the best possible condition, selected objects were digitalized. As a result, the exhibits are safely stored in optimal storage facilities, and their digital representations can be made available on websites.

3.3.2.2. Cooperation with corporate clients

PZU Group conducts numerous 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.

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, ultrasounds to scare off animals, or parking sensors and 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. As part of the program's implementation, 76 implementations of Risk PRO have been made at 58 PZU SA clients between 2019 and 2022.

Training - PZU LAB

PZU LAB in collaboration with the Main School of Fire Service continued in 2022 a training course entitled the **Pyramid of** Competences, devoted to issues related to the safety and risk management in enterprises. 2022 trainings were held in March, May and October and included topics such as fire safety of production and storage buildings and public utilities, types of fire protection and their role, audits for insurance purposes, analysis of hazards in facilities: theaters, museums, archives, cinemas, offices, high-rise buildings or "Lessons from History" on the example of fire damage.

In March 2022, the Conference Center of the World War II Museum in Gdańsk hosted the next edition of the conference Maritime Industry Safety Forum organized by PZU LAB with the Pomeranian Special Economic Zone, the Gdańsk Science and Technology Park, the Polish Innovation Zone and PZU and PZUW. The issues discussed during the conference were divided into 4 thematic blocks on safety of offshore wind farms, energy storage, technological innovation at sea and smart port.

CBOINT Program - PZU LAB

PZU LAB has joined the CBOiNT Program, of which it has been an Executive Partner since November 2022. The signatories of the Program are: The Institute of Fluid-Flow Machinery of the Polish Academy of Sciences (KEZO Research Center of the Polish Academy of Sciences), the EKO- PARK Research Center, the Polish Automotive Electrification Program (PPEM) and the CFBT.PL Fire Service Foundation, as well as the SITP Association of Fire Service Engineers and Technicians. The purpose of CBOiNT is to implement and monitor standards and good execution practices affecting the increase in the level of safety, including energy and fire safety in public and commercial spaces, among other things, by researching and developing methods of fire protection for RES installations

and energy storage facilities, recommending technologies and good execution practices, preparing and developing recommendations and recommendations for departments of architecture, construction supervision and appraisers as to fire protection principles of fire safety, preparing recommendations on good execution practices and fire safety for companies and installation units, preparing and developing recommendations on fire extinguishing and fire safety techniques and methods for Fire Brigade units.

Cooperation with start-ups - PZU LAB

The Gdańsk-based start-up THR System, which was selected for the Poland Prize program by PZU LAB together with Blue Dot Solutions, which runs the program in cooperation with the Polish Agency for Enterprise Development, is already in the final stage of acceleration and has created a working prototype, ready for the first demonstrations and tests in the target operating environment – industry. On 30 September 2022 PZU LAB, together with BDS, received the prototype device that the startup worked on in the program. The solution proposed by THR System has been developed using the most modern technologies available, which are in line with Industry 4.0 and IoT. The prepared prototype is an advanced device in the form of a mobile station (proTHectoR) for monitoring fire-hazardous work and a dedicated operator and supervisor application (ThermoView). This is a globally innovative solution that will significantly streamline and automate the process of conducting fire-hazardous work commonly performed in many enterprises. The system can be used on a mobile or stationary basis for monitoring, alerting and warning. Due to its form, the system and its accompanying devices will also work well in other applications such as monitoring charging stations, monitoring and controlling workstations that use thermal processing, monitoring server rooms, etc.

3.3.2.3. Prevention in the area of health

For years, PZU has been involved in organizing health prevention campaigns as part of its prevention activities. In addition to nationwide campaigns, PZU also conducts campaigns at workplaces. Health Zones organized at **PZU clients** offer examinations and preventive advice and promote a healthy lifestyle. The goal is to convince as many people as possible to take care of their health, get preventive examinations and medical consultations with specialists, and encourage employees to get regular checkups.

In 2022, as part of its preventive health care efforts, PZU, in cooperation with Dutch startup SkinVision, launched a nationwide "Minute for Skin" prevention program. The program is a response to the increasing incidence of the most dangerous type of skin cancer - melanoma. The program aims to detect skin cancer early using an innovative, medically

certified, artificial intelligence-based application. The application was made available at workplaces as part of PZU's prevention program.

3.3.3. 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 cultural institutions in Poland:

- Thanks to the PZU's support, the Warsaw Rising Museum carried out a number of significant projects in 2022, notably the August celebrations of the 78th anniversary of the Warsaw Uprising outbreak. Community singing of uprising songs at Piłsudski Square, the concert of Kwiat Jabłoni & invited guests, theater play "Kwatera bożych pomyleńców" [Lodging of God's Cranks], the educational meeting for families, the Commemorative Cycle Rally "Rowerowa Masa Powstańcza" – these are just some of the events prepared by the Museum to mark the occasion.
- The Royal Łazienki Museum held exhibitions of exceptionally valuable artifacts this year. Special mention should be made here of one of Rembrandt's most recognizable works and one of only two known horse portraits by this Dutch artist -"The Polish Rider", once in the collection of King Stanisław Augustus, and now in the New York's Frick Collection.
- The National Museum in Warsaw celebrated its 160th anniversary in 2022. The celebrations started with the exhibition "Chagall". The events prepared to mark the anniversary included also concerts, educational projects, meetings and publications devoted to the Museum's history and collection.
- The National Museum in Kraków, among many outstanding exhibitions, presented the works of one of Poland's most recognizable artists, Tamara Łempicka. The exhibition featured 35 paintings from museums and private collections in Europe and the United States.
- Events organized by the Fryderyk Chopin National Institute included the Fryderyk Chopin Birthday Concerts, with a notable performance by Bruce Liu, the winner of the 18th Chopin Piano Competition.
- The Grand Theatre National Opera held over 220 events in 2022, including four premiers, repertoire plays and educational projects. The theater was visited by nearly 200 thousand guests: spectators of plays and exhibitions, and participants of educational projects.



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• The Polish Royal Opera celebrated its fifth anniversary in 2022. During these five years, under the patronage of PZU, it held 580 events for the public, 25 premiere operas and 145 premiere concerts, which were attended by over 180 thousand spectators.



Bank Pekao, which aims to promote Poland's cultural heritage at home and abroad, made its art collection available to the general public in November 2021 through Bank Pekao S.A.'s virtual

Art Gallery. www.pekao.com.pl/galeria-sztuki.

Three publications promoting art were prepared and issued in 2022. These are: "Żubr na Wall Street" [Bison at Wall Street] - an album documenting the poster competition held as part of celebrations commemorating the 25th anniversary of the Bank Pekao's Private Banking; "Zabytkowe kamienice Banku Pekao S.A." [Historic Tenements of Bank Pekao S.A.] - a publication documenting the architectural monuments where the Bank's branches are located; and "Między sztuka a komercją" [Between Art and Commercialism] – an album showing archival advertising materials authored by prominent Polish visual artists. The materials on the subject will soon be available in the Bank Pekao S.A.'s virtual Art Gallery.

In 2022, under its new project called "When Art Creates Business", Bank Pekao decided to return to the model of promoting the brand through art (art branding), also in the virtual environment. The idea revives a decades-old tradition, the times when the Bank's promotional materials were prepared by artists associated with the Polish School of Posters, such as Waldemar Świerzy or Wiktor Górka. This approach became a key to create new compositions for printed advertisements: the collage figure of a cyclist and the accompanying slogan "Be Home Free" appeared in display windows, leaflets and the Internet. The new graphic line, in a modern way, draws on the Bank's design from years ago. Further, with the reference to the poster and, above all, to the work of Wojciech Fangor, the Bank moves away from communication in which stock photos are the dominant image. Moreover, in 2022, Bank Pekao became the first universal financial institution to tokenize art. NTFs with elements of Rafał Bujnowsk's painting composition are linked to 440 Unique payment cards introduced jointly with MasterCard. Each card will have a piece of the painting "Ściana pracowni" [Studio Wall] printed on the front, with a non-exchangeable token associated with this piece. In the same year, Bank Pekao unveiled the NFT project in the metaverse. Tokens with works by Kaja Renkas, made for the 25th anniversary of the Bank Pekeo's Private Banking, will be on display in the PeoPay Gallery, that is virtual environment localized in ESKA World – Poland's first metaverse. In addition to NFTs, there will be animations and an interactive game.

3.3.4. Charity

3.3.4.1. PZU Foundation

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 2022, subsidies were awarded to 457 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 selfsufficiency and activity of persons with disabilities, while the "PZU Foundation with Culture" contest expands access to high culture.

In 2022, grants were awarded to carry out 64 projects in favor of 5,761 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".

Support for Ukrainian citizens

The PZU Foundation cooperated with organizations working in the areas of social assistance, culture and education to ensure comprehensive support to Ukrainian citizens, namely to provide them with material, nutritional and medical assistance, language courses and vocational training, scholarships and recreation activities for children and young people, including integration events, rehabilitative care, psychological support, as well as cultural initiatives as an expression of solidarity with the fighting Ukrainians.

In the face of the war in Ukraine, the PZU Foundation aimed at subsidizing projects within social assistance, education

and culture implemented to, among other things, help organizations engaged in humanitarian, educational and artistic activities supporting Ukrainian citizens who had been forced to leave their country due to ongoing hostilities. The PZU Foundation provided financial assistance for the purchase of daily necessities, clothing, devices, medical equipment, kits and accessories for people with disabilities, medicines, health and hygiene products, food, and other things. In addition, support was provided to organizations which had prepared an educational offer including language courses, vocational trainings, scholarships, integration classes, workshops and trips, as well as psychological assistance for children, youth and adults who had left Ukraine. Funds were granted also to organizations that organized cultural events, including concerts for peace and solidarity with the fighting Ukraine.

To meet the needs of those affected by the yoke of war in Ukraine, the PZU Foundation subsidized 14 projects proposed by organizations which prepared activities in the areas of social assistance, education and culture. The support was provided to Ukrainian citizens, that is children, youth and adults, including people with disabilities. The projects involved provision of humanitarian aid and a variety of educational offerings to facilitate Ukrainian children and youth to get a good start in Polish schools, and adults to learn Polish and English. There were also cultural and artistic events, including concerts for peace.

Nearly PLN 800 thousand was spent in total for this purpose, and about 200 thousand people benefited from the projects subsidized by the PZU Foundation.

Support for Ukrainian citizens - foreign companies

PZU Lietuva Gyvybes Draudimas sponsored the SOS Children's Villages Association in Lithuania, which makes every effort to keep Ukrainian children and families safe. The association takes care of the transportation of children and families, provides new housing, food, medicine and other necessities.

Shortly after 24 February 2022, AAS Balta was one of the first companies in Latvia to publicly show its support for Ukraine and condemn Russia's unlawful violence. AAS Balta donated EUR 50 000 to the Ukrainians through the Latvian donation platform Ziedot.lv. The company's staff have participated in two donation campaigns so far, sending cars with humanitarian aid to Ukrainian refugees in Latvia. The company is promoting an internal campaign encouraging employees to donate warm socks to Ukrainian freedom fighters.

PZU's Estonian branch, instead of Christmas gifts for its partners, supported those who need it most. They helped Ukrainian refugee children visit the theater and made a donation to the NGO Slava Ukraini.

Support for organizations caring for homeless animals

In view of the changes in the reallocation of funds administered by cities and municipalities, that is the redirection of support to, among other things, combat the effects of the COVID-19 epidemic, and in view of the war in Ukraine, the PZU Foundation decided to start cooperating with organizations – foundations, associations and shelters – that have homeless animals under their care. The support was given by providing funds to meet immediate needs of these organizations, including necessary purchases and services.

The goal of the PZU Foundation was to actively engage in helping homeless animals by awarding grants to organizations, that is foundations, associations and shelters, that have homeless animals under their care, including sick, injured or lost animals brought from war-stricken Ukraine. The funds were provided to meet the most urgent needs of these organizations. The following was purchased thanks to this financial support: pet food, including specialty, wet and dry foods, animal feeds, medicines, supplements, hygiene, disinfection and grooming products, veterinary services, including vaccinations, operations and treatments. The financing also covered purchases of small accessories necessary to provide care and assistance to homeless animals.

To alleviate financial problems faced by organizations caring for homeless animals, including animals brought from Ukraine, the PZU Foundation has financially supported 15 projects. The projects aimed at financing immediate needs of those remaining under the care of these organizations, and that included paying for necessary and urgent purchases and services.

Nearly PLN 500 thousand was spent in total for this purpose, and the projects subsidized by the PZU Foundation brought benefits to even 2 thousand wild and domestic animals, including cats, dogs, horses, goats, sheep, ponies and donkeys; animals for adoption and those non-adoptable: old, sick, crippled or dangerous; animals from Poland and those coming from Ukraine.

Bison protection

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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

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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 stocktaking. 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.

In 2022, the Bank started cooperation with the VARIA Foundation for the Humanities of the University of Warsaw to support the Foundation in issuing the publication entitled "Ochrona żubra w Polsce w okresie międzywojennym Rola Narodowego Muzeum Przyrodniczego" [Protection of the European Bison in Poland in the Interwar Period. The Role of the National Museum of Natural History]. The aim of this publication is to gather scientific facts and popular science information as well as documents which contributed to the establishment of institutional protection of the bison in Poland and Europe. The book is also a contribution to the discussion about the need for a national museum of natural history in Poland.

3.3.4.2. Volunteerism



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.

Each year, the PZU Foundation organizes two editions of the competition "Volunteerism is the Joy of Action", in spring and in fall, awarding grants of up to PLN 6 000. Applications for the competition may be submitted by any employee who would like to get involved in helping others and making an impact on the environment.

As part of the volunteering activities, PZU employees implemented 78 original projects and devoted 8,024 hours to their volunteering work in 2022. This is how they helped 39,300 beneficiaries, the majority of whom were children and young people. Their efforts also reached 1,360 animals in need.

ABC of Empathy

In the second half of the 2021/2022 school year, 39 PZU volunteers held meetings about empathy in 40 educational establishments (schools or preschools) 764 students participated in these activities. The workshops were part of the pilot project "ABC of Empathy – Inclusive Education and Rearing for Empathy", preformed 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.

Hybrid Employee Volunteerism

As part of the project "Hybrid Employee Volunteerism", the PZU Foundation, in cooperation with the Dobra Sieć Foundation, organized a series of webinars for PZU employees "About Volunteerism in Multiple Voices". The following topics were covered at the meetings:

- Effective cooperation of business with NGOs with NGOs within the framework of employee voluntarism;
- What does intergenerational volunteerism look like? A dose of inspiration from the POLIN Museum;
- · How to combine online and onsite volunteerism to do a lot of good? Implementation of hybrid volunteerism in the National Auschwitz-Birkenau Museum;
- How to help online and hybridly during a humanitarian
- Employee volunteerism of the future;
- · Digital tools useful in the implementation of social activities;
- Successes and failures, or the glories and shadows of digital social projects;
- How to include seniors in online activities?;
- Employee Volunteerim Ecosystem.

Volunteerism for Ukraine

With regard to the war in Ukraine:

- 35 employees applied to the PZU Foundation for fuel reimbursement to carry out aid activities for those affected by the war in Ukraine;
- 62 people proposed a total of 70 initiatives, expressing willingness to perform aid activities authored by them for those affected by the war in Ukraine;

- 23 people in total were granted only fuel reimbursement;
- 18 people in total were granted only funding for the initiative authored by them;
- 12 people in total were granted both funding for the initiative authored by them and fuel reimbursement.

Activities organized by the PZU employees included: furnishing rooms and apartments for refugees, purchasing foodstuffs, cleaning products, clothes and household chemicals, supporting a boy with a disability, supporting the functioning of an aid facility in Ukraine, supporting MOP (family assistance center) in Markusz, subsidizing lunches at school for newly admitted children, purchasing bedclothes for children and their carers at the orphanage in Zaporizhzhia, purchasing backpacks with student accessories as school starter packs. Volunteers – PZU employees – were the initiators, organizers and physical executors of all this aid.

PZU Volunteerism Leaders Academy

PZU Regional Volunteerism Leaders are passionate about helping. These are people who act, look and see, listen and hear, take the next steps and go – always forward. They like people and are happy to do something for them. They care for the environment and their four-legged friends. At the PZU Volunteerism Leader Academy, they train and learn new skills. They say it is a great adventure for them.

In 2022, they gained knowledge imparted by trainers from the Zaczytani.org Foundation. Fairy tale therapy, effective collaboration, inspiring speeches, motivating action - these were the topics explored by our 30 community leaders. The training ended with a joint volunteer action in the "Reading Storage". The seemingly simple sorting of books turned out to be a constructive project, and thus a perfect complement to the training and a practical test of effective collaboration skills. The books which had been sorted and packaged during this operation were provided to hospitals, care homes, orphanages, and other establishments cooperating with the Zaczytani.org. Foundation.

Insurance education

In 2022, the PZU Foundation, in cooperation with the Youth Entrepreneurship Foundation, carried out two projects aimed at insurance and financial education.

• "From a Penny to a Dollar - Insurance Education with the PZU Foundation"

The program was addressed to students of 2nd and 3rd grades of primary schools, their parents and teachers. The main goal of the project was to provide insurance education, showing benefits that insurance offers to the insured and their families. Additional content concerned safety, accurate

predictions and how to avoid various risks. The aid was to increase students' knowledge and skills in insurance and safe behavior in emergency situations as well as in rational money management. Total number of project recipients in the school year 2021/2022: 33,798

"My Finances – Insurance Education with the PZU Foundation"

The "My Finances" program covers topics within the scope of economic and social education. The main modules of the program provide educational tools for various fields and aspects of everyday life. The new module "The World of Insurance" includes topics on health insurance, life insurance and motor insurance. The project was addressed to students aged 15-19 who have to choose their further education path, thinking about their future profession. The "My Finances" program provides reliable, professional and practical information and tools on how to navigate the labor market. One of the areas where young people need support, knowledge and tools is insurance. The ability to navigate these issues not only gives young people a sense of security but also enables them to protect themselves, their families and property. The new module "The World of Insurance" shows benefits that insurance can bring for households and individual family members. Topics covered by the program extend students' knowledge of (health, life, motor) insurance and help them to develop skills needed to effectively manage their personal finances, and build their own social and economic capital as well as shape their professional and life futures. Total number of project recipients in the school year 2021/2022: **375,337.**

Selected volunteerism projects authored by PZU employees

- "With a Clock Around The World". Thanks to the Project, the Primary School No. 2 and the First-Level Music School in Milicz, gained an educational and therapeutic place where children can learn how to read time on traditional clocks and get used to such a manner of time measurement. In addition to popularizing this manner, the place aims at promoting teaching through experience of time zones in the world. A section of the corridor was used to create this place: after the walls had been repainted and the wallpaper hung, PZU's volunteers installed clocks. They arranged furniture, a globe and lamps. In addition, they organized a competition to design the clock face.
- "Happy, Colorful Corner for Single Mums and Others" PZU's volunteers renovated two rooms at Hostels for Homeless Women and Women with Children in Katowice. As part of the Project, they equipped the rooms with bookcases, a table, chairs, a range of art accessories, toys and educational materials for children, such as books, a globe, textbooks and board games. In addition, they also renovated the sandbox and replaced the sand in it.

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- "Move your head for HEALTH" In cooperation with the Dr. Clown Foundation, PZU volunteers published a children's booklet promoting healthy lifestyle: physical activity, healthy eating habits and health prevention. The booklet also sparks smile and laughter as a natural medicine we have in us. The rhymes, puzzles and quizzes published in hard copies are distributed in pediatric wards which are full of young patients, with the limited physical access to the wards by their parents and volunteers.
- "Spartakiad in a Fun Way". It was a project aimed at children, youth and people with disabilities. As part of the Project, volunteers organized sports activities: bowling, squash, swimming and diving. First aid classes were also held. Volunteers organized sports competitions in every discipline to verify the level of skills of the beneficiaries from the Special Olympics Club ONI in Atak from Olsztyn. At the end of the Project, there was a family festival with many attractions and prizes.

Statistical data: PZU and PZU Życie

	2020	2021	2022
Regional Volunteerism Leaders	40	43	55
PZU volunteers	407	900	2,490
Volunteers from outside the company invited to volunteer activities by employees	330	563	480
Number of hours devoted to volunteerism by PZU employees	6,743	12,179	75,865
Number of hours devoted to volunteerism by people from outside the company	5,624	7,509	6,305
Number of volunteerism projects authored by PZU employees	65	97	78
Number of volunteerism actions organized by the PZU Foundation	0	6	9
Beneficiaries (total)	12,264	39,423	457,500

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- 4.1. Business in the face of climate change
- 4.2. Taxonomy disclosure under Article 8 of Regulation (EU) 2020/852
- 4.3. Direct environmental impact













4.1. Business in the face of climate change

The PZU Group, as one of the largest financial institutions in Central and Eastern Europe, is aware that the insurance industry is important in the transformation of the economy towards zero emission. The Group intensifies its efforts and undertakes activities which are to contribute to mitigating climate change. This mostly concerns development of product offer, rethinking the way it is delivered, and developing innovation in reducing environmental risk and mitigating climate change. The Group invests in projects that support the climate transition, including the development of the renewable energy sector.

The strategic activities are being implemented based on analyses conducted, which have allowed for identification of opportunities and risks.

4.1.1. Global challenges to sustainable development

Climate change and environmental issues are currently one of the greatest global challenges to sustainable development. The Global Risk Report by the World Economic Forum¹ shows that the decade to come will be characterized by social and environmental crises driven by the fundamental geopolitical and economic trends. Even though the cost of living crisis is currently classified as the most serious global risk, it refers to a short-term two-year perspective. One of the most rapidly exacerbating global threats in the ten-year perspective is the loss of biodiversity and the collapse of the ecosystem. The report shows that as many as six environmental threats are among the top ten key threats in the upcoming ten years. The two referred to hereinabove notwithstanding, these include, in order: failure to mitigate climate change, failure of climatechange adaptation, as well as natural disasters and extreme weather events.

The Emissions Gap Report 2022² shows that the world is not achieving the Paris Agreement's goals. Since COP26 in 2021, there has been little progress in reducing the emissions gap until 2030, the gap being defined as the difference between national commitments to reduce emissions and emissions reductions necessary to achieve the Paris Agreement goal of limiting temperature rise. The report underlines that the current policies and efforts without additional action point to a 2.8°C increase by the end of the 21st century. The current unconditional and conditional Nationally Determined Contributions, if implemented, will limit the temperature rise to 2.6 or 2.4°C, respectively. This is far from the Paris Agreement, the goal of which is to limit global temperature

increase to significantly below 2°C, and to 1.5°C in the bestcase scenario.

The report finds that only an urgent system-wide transformation may ensure tremendous reductions necessary to reduce greenhouse gas emissions to 2030. A 45 percent reduction in global annual emissions is needed to reach the 1.5°C target and 30 percent to reach the 2°C target.

IPCC Climate Change 2022: the Physical Science Basis³ emphasizes that the climate change effects and threats related thereto are becoming more and more complex and difficult to contain. Many climate threats will be occurring simultaneously. At the same time, they will be interacting with other, non-climate threats, which will raise the general threat level in various sectors and regions.

Conclusions from the documents presented imply that the risks related to climate change, both the physical and those related to transformation, will need to be more fully and expressly accounted for in the PZU Group's management. They affect the operations of the PZU Group, but in turn the Group's activities may contribute to mitigating the adverse impact of climate change. Both perspectives will have a more and more important impact on the financial results.

Monitoring the efforts of international organizations

The PZU Group is monitoring the activities of financial institutions and international organizations, i.e., the United Nations (UN), Organization for Economic Cooperation and Development (OECD) and the European Commission. 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). When working over solutions to address environmental and climate change challenges, the PZU Group is also accounting for the efforts of the Polish government, and the assumptions found in the Energy Policy of Poland until 2040.

PZU Group's participation in initiatives for sustainable development

Preventing climate change and adapting to new requirements means that decision-makers, companies and the financial

sector have to act in a coordinated manner. That is why PZU takes active part in industry initiatives, is engaged in social consultations and issues opinions on draft acts concerning climate protection. In 2022, PZU became significantly more committed to external initiatives for sustainable development:

- UNEPFI since June 2017, PZU has been a signatory to the United Nations Environment Programme Finance Initiative, UNEP Finance Initiative. The global partnership between the United Nations Environment Programme and the financial sector serves the purpose of mobilizing the entire financial system (including the insurance sector) to act towards the achievement of sustainable development goals.
- UNEP/GRID-Warsaw Centre in April 2022, PZU joined the institutions cooperating with UNEP/GRID-Warsaw Centre to achieve the environmental Sustainable Development Goals within the SDG Partnership "Together for the Environment." Another aspect of the cooperation between PZU and UNEP/ GRID-Warsaw Centre was participation in the third edition of the Climate Leadership program. This way, PZU joined the community of business leaders who understand the need to limit environmental impact and who perceive an opportunity for growth therein. Within the program, PZU has committed to develop a methodology and prepare the organization with a view to satisfying the CSRD Directive in reporting three greenhouse gas emissions for PZU and PZU Group.
- **UNGC** in May 2022, PZU joined United Nations Global Compact – the largest global initiative supporting sustainable business. Another Member of UNGC is Bank Pekao. At the end of the 2022, PZU joined Climate Positive, an initiative coordinated by UN Global Compact Network Poland. In 2023, within the framework of the partnership, PZU will be involved in selected activities in six thematic areas: green and sustainable finance, climate education in Poland, circular economy, energy transition, sustainable food production, green cities.
- Partnership for SDGs in June 2022, PZU joined the Partnership for Sustainable Development Goals, initiated by the Ministry of Economic Development and Technology.
- Projects of the Ministry of Climate and Environment - PZU continues to be involved in implementing the assumptions of the Polish Offshore Wind Sector Deal and Sectoral Agreement for the Development of the Hydrogen Economy in Poland. 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. One Member of PZU Management Board serves as member of the Offshore Wind Coordination Council.
- **Sustainable finance** the PZU Group systematically takes part in the dialog on sustainable development and finance. PZU representative chair the Task Force on Sustainable Finance at the Polish Chamber of Insurance (PIU). PZU also chairs the Natural Disaster Risk Management Team, one of whose tasks is to support The Polish Financial Supervision Authority Office (UKNF) in defining climate change stress tests. PZU is also involved in the works of the Polish Sustainable Finance Platform at the Ministry of Finance.
- Taxonomy since 2022, PZU publishes taxonomy disclosures in line with Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the

ESG strategy indicator: Joining at least 3 new initiatives promoting sustainable development

Level of implementation 2022: Participation in 7 initiatives promoting sustainable development

4.1.2. Analysis of climate change and risk identification

As analyzing the impact that climate has on PZU Group's operations, in the context of growth, results and capital position, PZU has performed risk identification process, accounting for the guidelines of the Task Force on Climaterelated Financial Disclosures (TCFD) and European Commission and conducted a climate change scenario analysis.

Risks related to climate change

The European Commission's Guidelines on non-financial reporting, providing for the disclosure of detailed climaterelated 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 chronic 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, technology, market and reputation risks.

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¹⁾ https://www3.weforum.org/docs/WEF_Global_Risks_Report_2023.pdf

²⁾ www.unep.org/resources/emissions-gap-report-2022

³⁾ www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_Full_Report.

An analogous approach was suggested in April 2019⁴ by The Network of Central Banks and Supervisors for Greening the Financial System (NGFS), an organization gathering together central banks and supervision 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.

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, European Insurance and Occupational Pensions Authority (EIOPA) assigned two long-term scenarios of temperature increase (above and below 2 degrees Celsius) to the four global pictures defined by the NGFS.

Stress tests and sensitivity analyses

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.

Identification and analysis of risks, identification of key risks

To supplement the processes governing the management of respective risk categories, PZU, as parent company, cyclically conducts identification and analysis of risks, as well as identification of key risks. All risks identified in this process are assessed as to their frequency and scale of materialization (accounting for the financial aspect and reputation). 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 analyses conducted have identified the following climaterelated risk factors which may influence the PZU Group's business model and financial results.

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 Low risk of materialization Risk factor **Actions taken** Medium risk of Difference between the dynamics of Polish economical transition and changes in the reinsurance market, resulting in lower availability of reinsurance offerings for projects in extractive industry and coaldependent energy sector. Materialization may lead to the following consequences: Medium-Term / Renewals of contracts involve **negotiations with reinsurers and clients**. Clients are offered • Limited insurance sales for this type of projects a cover adjusted to the available reinsurance offering. Restrictions on liability limits are Long-Business risk Term (analysis of key risks) Additionally, it is assumed that PZU's portfolio will be gradually transformed in line with the Polish economic transition. Short-• Higher reinsurance cover prices Term **TRANSITION RISK** Reinsurers' credit quality is assessed based on market data, figures from external sources, as well as the internal model. The model divides reinsurers into several classes, depending Higher capital requirements for the risk of default by Medium on the estimated risk level. A reinsurer will not be accepted if its risk is higher than a pre-Credit risk counterparties due to placing of part of the portfolio defined cut-off point. The acceptance is not automatic and the analysis is supplemented by Term at lower-rated reinsurers assessments by reinsurance brokers. Within credit risk monitoring, the assessment of a given entity is updated once a quarter. Market risk is subject to continuous monitoring and internal limits. As for credit risk, there is a comprehensive counterparty assessment and limit establishment system (including by industry). When it comes to credit risk assessment, internal credit Lower share price and corporate bonds valuation Market risk/ Mediumratings are set for the given entity (the approach differing, depending on the type of entity). for companies in selected sectors due to higher Term Credit risk Ratings are based on quantitative and qualitative analysis and are one of the fundamental regulatory burdens elements to the process of establishing commitment limits. Counterparties' and issuers' credit quality is subject to cyclical monitoring. One of the basic elements of monitoring is a regular update of internal ratings. The PZU Group monitors changes in regulations on an ongoing manner, takes part in Raising capital requirements due to revision of Medium-Compliance risk consultations, and analyzes the impact of changes planned or introduced on its equity parameters in standard formula for selected risks Term situation. Extreme weather events happening more often, which Actuarial risk Shortmay lead to higher reinsurance prices The risk management system at PZU Group ensures cyclical monitoring of exposure, and the Term / reinsurance program implemented allows a significant reduction of potential catastrophic Long-PHYSICAL RISKS Intensive forest fires in suburban localities and loss on the deductible to acceptable levels which do not threaten PZU's financial stability. Term Actuarial risk croplands due to growing droughts Higher mortality, in particular in cities, due to extreme weather events and higher temperatures in the cities **Analysis and monitoring of exposure factors** concerning risk in selected product groups. compared to surrounding areas, which may lead to Long-Actuarial risk higher payouts and the need to readjust assumptions Term Actuarial control cycle, i.e., setting adequate assumptions. or the future by increasing mortality factors in the best-estimate liabilities (BEL).

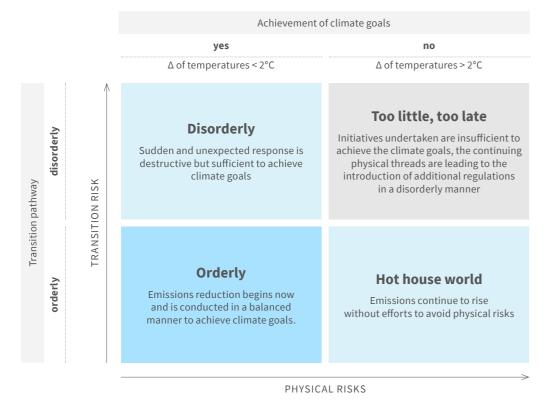
The risk factors itemized in the table above have been analyzed under 2 scenarios for which the starting point is the structure of the scenarios proposed by The Network of Central Banks and Supervisors for Greening the Financial System (NGFS).

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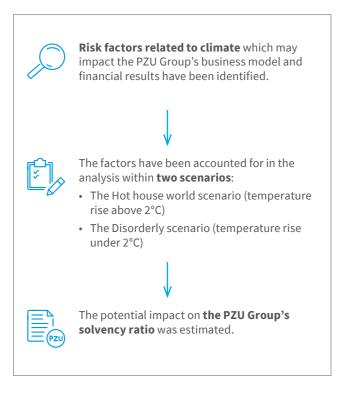
⁴⁾ A call for action; Climate change as a source of financial risk, April 2019

Structure of scenarios



Source: A call for action; Climate change as a source of financial risk, April 2019

Analysis of climate-related risk factors



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During the current phase of analyzing climate risks the PZU Group studied:

- 1. The "Hot house world" 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 "Disorderly" scenario in which the transition risks play the main role, which in a simplified approach involve the assumption of a zero impact exerted by physical risks.

The following assumptions and risk factors have been taken into account:

 Extreme catastrophic events: (i) floods - the value of loss 1 to 200 years is set out in line with the standard formula used to determine the capital solvency requirement; (ii) forest fires in suburban areas and croplands - maximum loss per risk on own share. Short-term horizon: payouts due to catastrophic risks in line with the current reinsurance program, lower equity. Long-term horizon: higher reinsurance prices and legitimate portions, higher SCR due to higher net best-estimate liabilities (net BEL). Higher mortality, in particular in cities, due to extreme weather events and higher temperatures in the cities compared to surrounding areas Short-term horizon: payouts due to higher claims ratio in first year, lower equity. Long-term horizon: higher mortality rates used to determine BEL, lower equity and change in solvency capital requirement (SCR). 		
200 years is set out in line with the standard formula used to determine the capital solvency requirement; (ii) forest fires in suburban areas and croplands - maximum loss per risk on own share. Short-term horizon: payouts due to catastrophic risks in line with the current reinsurance program, lower equity. Long-term horizon: higher reinsurance prices and legitimate portions, higher SCR due to higher net best-estimate liabilities (net BEL). Higher mortality, in particular in cities, due to extreme weather events and higher temperatures in the cities compared to surrounding areas Short-term horizon: payouts due to higher claims ratio in first year, lower equity. Long-term horizon: higher mortality rates used to determine BEL,	Hot house world scenario	Disorderly scenario
	 200 years is set out in line with the standard formula used to determine the capital solvency requirement; (ii) forest fires in suburban areas and croplands - maximum loss per risk on own share. Short-term horizon: payouts due to catastrophic risks in line with the current reinsurance program, lower equity. Long-term horizon: higher reinsurance prices and legitimate portions, higher SCR due to higher net best-estimate liabilities (net BEL). Higher mortality, in particular in cities, due to extreme weather events and higher temperatures in the cities compared to surrounding areas Short-term horizon: payouts due to higher claims ratio in first year, lower equity. Long-term horizon: higher mortality rates used to determine BEL, 	 portfolio at lower-rated reinsurers. Depreciation of stocks and corporate bonds in selected sectors. Regulatory risk related to the readjustment of standard formula parameters used to set the capital solvency requirement The transition risks are expected to materialize in

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Analysis results

- Should the scenarios assumed materialize, the solvency of the PZU Group will not be under a threat.
- The regulatory requirements and the assumptions concerning the internal limit system are satisfied in both scenarios. The table below shows the sensitivity of the PZU

	Sensitivity of PZU Group's solvency ratio
Greenhouse effect scenario	(32) p.p.
Unorganized scenario	(6) p.p.

- Group's solvency ratio, estimated based on forecasts as at the end of 2023.
- 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 probability that the risk related to the global economy transition into a low-carbon one (transition risk) will

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materialize is much higher than the probability that the most extreme physical risk related to the climate change will

The analysis above presents the impact of key risks related to sustainable development, especially climate change, on the PZU Group. 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 PZU Group pursues efforts to limit the likelihood of transition risk materializing by investing in lowemissions economy as well as adjusting its offering to prevent climate risks and support the adaptation capabilities of the Polish economy.

ESG strategy indicator: Preparation and implementation of climate change impact analyses to ensure compliance with regulatory requirements

Level of implementation 2022: Realized

4.1.3. ESG Strategy- approach to management in climate

The climate risks identified have been accounted for in the ESG "Balanced Growth" Strategy, in particular the "Trusted Partner in green transformation" environmental pillar. The PZU Group focuses its activities to reduce climate change on several levels, and at the same time looks for opportunities to grow its business in them. These include:

- adequate product offering allowing and encouraging clients to pursue efforts to limit carbon dioxide emissions;
- · using new technologies in the claims and benefits handling
- developing advisory services in risk mitigation, building awareness and a more effective approach in clients towards climate change mitigation;
- making investment decisions supporting the development of renewable energy sources and changing the energy mix of the Polish economy;
- engaging in efforts to study and better understand ESG risks within the investment and insurance portfolios;
- engaging in efforts reducing the immediate environmental impact of the PZU Group.

Opportunities related to climate change

Risk analysis makes it possible to identify precisely the risks associated with sustainable development, and in particular climate change. The PZU Group's strategy and entire operations are focused around addressing the risks identified, so that it is possible to effect a transition towards a sustainable product offer which not only corresponds to the clients' needs or identified climate challenges, but is also an opportunity to grow the business and build a competitive edge on the market. 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 sectors of the economy and those sectors that harness renewable energy also contributes to the development of these sectors. In this manner the positive impact exerted by the Group's product offering on the climate and environment can be manifested.

Direct impact on climate change

Group companies are running their business using natural resources. However since most of the Group's companies are

Best practices of PZU and PZU Życie



Sustainable Investment Policy of PZU and PZU Życie lays down general principles for investment, ESG factors taken into account in that process, and the manner of implementing the sustainable investment goals specified in the ESG Strategy and PZU Group's Strategy. This is applicable when investing own funds and the funds satisfying insurance-related obligations. Furthermore, the Policy indicates example ESG factors taken into account in the PZU and PZU Zycie investment activities. The policy has been adopted by virtue of relevant resolutions. The policy is publicly available at: https://www.pzu.pl/_fileserver/item/1535345

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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.

It is the ambition of the PZU Group to become a trusted partner in energy transition and have an offering that supports the development of a low-emissions economy. Details on how the PZU Group shapes its insurance offer and banking offer so as to support the Polish economy on its pathway towards climate neutrality, and how it exploits climate-related opportunities, are presented in section 4.1.4. Product offering - prevention and adaptation.

In 2023, the PZU Group plans to update the policies so that they better address the climate risks identified, correspond to international organization guidelines, and support business growth.

4.1.4. Product offering - prevention and adaptation

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.

PZU Group's product offering and efforts account for various climate change scenarios. That is why efforts are multidirectional. On one hand, they contribute to the counteracting 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 activities contribute to adapting to climate change, i.e., building the country's resilience to climate change. To address the challenges related to climate change, the PZU Group looks for and implements innovative product solutions.

PZU's insurance business is oriented towards providing 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 fossil 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.

ESG strategy indicator: Development of insurance offerings for technologies supporting the energy and climate transition in Poland

Level of implementation 2022: Two insurance products for corporate clients and one product for individual client and SMEs.

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4.1.4.1. Corporate clients

Due to the scale of impact that its corporate clients have, PZU Group systematically grows the product offering addressed to those clients precisely. The PZU Group aims to deliver solutions which will

support them on their path towards climate neutrality. This is the PZU Group's response to the largest climate challenges. Thanks to its products on offer, the PZU Group contributes to a lesser adverse environmental impact, and its offering is adjusted so that it accounts for the specific nature of the Polish economy.

RES Insurance - "PZU Wind Power" and "PZU Solar Power"

Addressing the needs arising from the growing renewable energy market, PZU has included insurance for corporate clients who invested in RES in its offer. The PZU Energia Wiatru (PZU Wind Power) and PZU Energia Słońca (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 designed to generate energy (the PZU Wind Power: gondolas, towers, foundations, internal cabling and the PZU Solar Power: 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.

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RES Insurance – "PZU Power of the Wind" and "PZU Power of the Sun"

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 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 is pursuing its obligations by insuring entities in the broadly understood coal energy sector which are in the process of changing their so-called energy mix, in particular taking into account those areas of activities of energy companies that develop renewable energy sources, i.e., wind parks, solar farms, water plant networks and biogas plants. TUW PZUW has in its offer the insurance products for wind farms, Siła Wiatru ("Power of the Wind") and for photovoltaic installations, Moc Słońca ("Power of the Sun"). 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.

PZU LAB Smart Energy Management System for corporate clients

This service allows a more cost efficient energy management in buildings and reduction in carbon dioxide emissions. The Smart Energy Management System makes it possible to integrate all material energy sources with a view to limiting its unnecessary or excessive consumption. Combining modern information technology, monitoring of living conditions in buildings, algorithmic control of significant energy-consuming equipment while in use and when idle may bring savings of up to 15 to 30%. Benefits of implementing the Smart Energy Management System - lower consumption of all sorts of energy - and tangibly lower CO2 emissions are in line with the companies' need to adjust to the challenges related to the situation on the energy market and potential limited access thereto.

Limiting adverse impact in value chain - iAgro

The PZU Group sees to it that the environmental impact of its product is limited not only in the process of creating and offering it, but throughout its whole life cycle. On the one hand, this is additional support for PZU Group clients, contributing to reducing their environmental impact. On the other hand, this is the way in which the PZU Group address its adverse environmental impact in the value chain. Within the PZU iAgro initiative, it implements a service allowing clients to reduce the costs of agricultural production and optimize environmental impact. The aim of the project is:

- · optimize and make accurate the level of consumption of plant protection products per hectare of crops;
- reduce the number and costs of plant protection treatments;
- · allow the use of natural or mechanical plant-care procedures instead of spraying;
- provide access to several dozen disease models;
- · implement prevention policies for PZU clients (the client can access the crop damage risk estimation system, alerts and
- provide clients with support in reducing CO2 emissions.

PZU iAgro system involves specialist measurement stations (of more than a dozen parameters), software with advanced Al algorithms and disease models, online data review and management platforms (incl. disease alerts). The assumptions



TUW PZUW offers insurance to companies acting in segments using low-emission natural gas-based energy sources (such as Gaz System, PLNG, new Baltic Pipe investments). 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.

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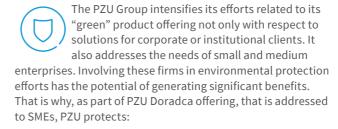
of PZU iAgro and its pilot (in 2021-2022) also involved building a program and method of measuring CO2 balance in agricultural production. In the wider rollout of the PZU iAgro service, the so-called CO2 calculator will form part of the solution offered to PZU clients. The system of monitoring and signaling pests and infections allows pinpointing when and to what extent protective procedures should be applied. A procedure carried out too late, or a wrongly identified pathogen, may decrease the quality of the crops. This contributes to financial losses. Within the pilot in 2022, 13 clients reported a reduction in CO2 emissions by 35 tons.

Fleet electrification

The growing interest in electric vehicles on the part of car fleets, arising from changes in EU legislation and the Polish act on electric mobility and alternative fuels, have led to PZU growing its efforts in this regard. Along with the technological operator of PZU iFlota, PZU has implemented a prevention program based on a fleet management information system for corporate fleet clients. The program allows an additional advisory module for those PZU clients who are transitioning from a gas to electric fleet. The aim of PZU iFlota EV is to support clients in making their fleet more secure, and at the same time facilitating the process of fleet electrification which will be key in the coming years in reducing CO2 emissions in the fleet market. PZU also made available reports, a configurator, and a calculator to evidence the cost efficiency of electric mobility - the tool being publicly available on PZU iFlota's website, https://www.pzu.pl/pzuiflota.

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4.1.4.2. Individual clients and SMEs



- 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).

RES Insurance - "PZU Eco Energy"

In property insurance, PZU offers a product which covers equipment generating energy from renewable sources. The insurance also covers owners of photovoltaic installations against the risk of disruptions in or lower efficiency of electricity generation. PZU Eko Energia (PZU Eco Energy), is a solution addressed to, i.a., households as well as small and medium enterprises and farms which use photovoltaic cells, solar thermal collectors or heat pumps to generate energy for their own use. The insurance is available in three variants, and clients may select the one best tailored 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 damage 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.

MOD insurance - electric cars

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 shown by the Polish Association of Alternative Fuels, as at the end of October 2022, there were 56.9 thousand personal cars and 2.6 thousand delivery cars and trucks with electric drives registered in Poland (59.5 thousand in total). This represents a 72% increase against the corresponding period in 2021, whereas the increase in personal cars was 39%, and as much as 137% in delivery cars and trucks. The number of electric buses, mopeds and motorcycles is also growing. 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. Figures as at the end of October 2022 show that users of plug-in cars in Poland

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have 2,494 publicly available charging stations across the country (4,821 points), and only in October, 34 new publicly available charging stations (83 new points) were launched. Forecasts say that the number of electric vehicles will rise eightfold compared to 2022 by 2025. Therefore, it is extremely important to further develop the publicly available charging structure, especially for delivery cars and trucks, which will affect the further development of PZU's offerings.

Limiting adverse impact in value chain - Green Parts

The PZU Group sees to it that the environmental impact of its product is limited not only in the process of creating and offering them, but throughout its whole life cycle. This in particular concerns the claims handling process. Within TPL and MOD insurance, an innovative process called Green Parts is in place, which regulates the question of disposing waste produced in repairing the damaged vehicle. Annually, PZU covers the cost of producing around 4 million spare parts. 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 Green Parts partners who receive remains of vehicles after repair are companies experienced in disposing motor vehicles and spare parts. They hold all the required permits. Their professionalism and reputation guarantee that each part provided to them is handled in line with legal regulations and 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. PZU's 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. An important element limiting the environmental impact within the claims handling process is also the ability to rent a replacement electric car which positively contributes to lowering greenhouse gas emissions.

Sustainable investment products

In response to the growing environmental and climate awareness of individual investors, PZU Group companies are introducing products in its offer that allow them to invest in sustainable projects. TFI PZU offers an



Best practices of PZU and PZU Życie

Bicycle instead of a replacement car

In April 2022, just as in previous years, PZU launched the "Bicycle instead of a replacement car" program. Under this program, clients who get into an accident and the necessary repairs last 7 days or more, may choose from a replacement vehicle, for the time of the repair, or a bicycle to keep. The program aims to promote a healthy lifestyle and the care for the natural environment and emissions reduction. Additionally, PZU promotes replacement electric cars as an alternative for combustion-engine cars.

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Best practices of subsidiaries

Assistance TUW PZUW

TUW PZUW offers its clients an assistance insurance product through which it promotes repairing damaged equipment instead of purchasing new devices. It is designed to generate financial savings for the client and helps to protect the environment by reducing waste. Owing to their cooperation with TUW PZUW, power companies offer to their clients TUW PZUW's Fachowcy product, that enables 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. 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.

investment product which promotes the environmental aspect referred to in Article 8 SFDR (Regulation 2019/2088 on sustainability-related disclosures in the financial services sector), i.e., the so-called light-green product. in PZU Akcje Sektora Zielonej Energii is a subfund within in PZU SFIO which acts an indexation fund that aims to reflect the mix and reach the return rate equal to the MSCI Global Alternative Energy Net Return Index. TFI PZU analyzes whether it is possible to introduce further similar funds in its offering, so that investors can enjoy a broader range of investment products in line of the ESG trend.



Pekao TFI offers the Environmental Pekao subfund, oriented towards supporting sustainable investment. Companies from environmentallyfriendly 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.



PZU Group banks are engaged in efforts to support SME clients on their path towards climate neutrality. Alior Bank offers Biznes Kredyt Zakupowy, a loan to implement environmental

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 minimize 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 collateral for the loan is the guarantee of Bank Gospodarstwa Krajowego: a de minimis guarantee and bills of exchange for Alior Bank and Bank Gospodarstwa Krajowego.



PZU Group banks have prepared a special credit offering for individual clients. In 2022, Alior Bank continued to offer "Czyste Powietrze" ("Clean Air") Cash and Installment Loan to finance, among other

things, the replacement of old heat sources, purchase and installation of new heat sources, thermal modernization of single-family buildings, and purchase of photovoltaic installation together with new heat sources. The Environmental Loan - a special loan for clients planning to purchase a new electric vehicle - was offered until the end of May 2022.



In 2022, Bank Pekao offered Express Loan for environmental purposes, such as renewable energy sources, purchase of central heating boilers,

windows, doors, or materials for thermal insulation. The loan could also be used to finance the purchase of personal cars with electric or hybrid drives, or mopeds and motorcycles with electric drives, electric bikes, as well as to refinance the purchases made 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.

4.1.4.3. Investment in and support of energy transition



Piotr Dmuchowski

Vice President of the Management Board of TFI PZU

"At PZU, we understand the role of our institution in Poland's financial and economic system, so we believe that we have an important role to play in the transformation of our economy. For this reason, we approach this as a strategic challenge but also an opportunity for both our Group and Poland more broadly. The PZU Group has already introduced a number of solutions and products both on the insurance side but also on the investment business side. We are currently doing further work to offer our customers new products, especially investment products. We are taking this very seriously and want to make sure that this offer will fulfill the highest standards and criteria in this area."



A broad approach to investments supporting energy transition is an important direction of and visible change in how we approach climate impact management. In line with the strategic

commitment, TFI PZU and PZU added ESG topics to the traditional risk assessment criteria. These include, among other things, debt or equity market scoring methodologies, and ESG factors accounted for in all stages of the investment process.

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In 2022, we developed a uniform methodology for assessing investment portfolio assets. Several tools allowing ongoing portfolio monitoring in line with this methodology were also implemented. Analysis shows that a majority of those assets is included in internal or external ratings/assessments/reports. Assets totaling PLN 55 billion were analyzed, two-thirds of which are PZU Group portfolios. The analysis covered bonds, equities, as well as private debt, private equity and property portfolios. PZU also developed an ESG scoring methodology for countries and corporate issuers used by the Group.

ESG strategy indicator: Assessment in terms of ESG factors of 55% of investments in ESG-sensitive sectors

Level of implementation 2022: 82% of investments assessed against ESG factors

TFI PZU examined the potential of the ESG investment market. The analysis covered, first and foremost, the condition and prospects for the global ESG investment market. It was characterized by dynamic growth in recent years, and according to forecasts indicated in the analysis, one may expect further dynamic increases in assets. Additionally, TFI PZU conducted a detailed analysis of the potential of the Polish investment market both in terms of increase in assets managed but also investment prospects for individual asset categories.

Financing wind farms in Poland

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In 2022, PZU and TFI PZU continued actions started in the previous year in terms of financing energy transition in Poland. In march 2022, TFI PZU started financing a wind farm in Biały Bór with a target installed capacity of 144.9 MW. The project is located in the West Pomerania and will consist of 42 turbines with a unit capacity of 3.45 MW each. The sponsors of the project are the Spanish group specializing in RES projects, Uriel Renewables, and the French financial investor, Mirova, part of the Natixis group.

In April 2022, TFI PZU granted financing to construct 4 wind farms with the total power of 108 MW. The projects are located in Pruszcz, Markowice (Kujawsko-Pomorskie Region), Piaski and Wyszki (Wielkopolskie Region). The project sponsor is the experienced Dutch infrastructure fund DIF Capital Partners, whose completed investments in renewable energy reach 3.3 GW globally. According to the schedule, the two smaller projects (Wyszki, Piaski) were completed in the third quarter of 2022, while the other two (Pruszcz, Markowice) should be completed in early 2023.

Annual production of wind farms financed by the PZU Group should provide green electricity for over 800,000 households

ESG strategy indicator: Increase of the current exposure to investments supporting climate and energy transition by o PLN 500 million in 2021-2024

Level of implementation 2022: The engagement of PZU and TFI PZU in investments supporting the climate and energy transition increased by PLN 716.7 million since 2021.



In 2022, Alior Bank providing financing auction project in renewable energy sources (RES). The offering is addressed to entrepreneurs who won an auction for energy sales held by the Energy

Regulatory Office. Within this model, the bank proposes financing for the construction of new wind or photovoltaic plants over 500 kW. Special-purpose small, medium and large vehicles managed by investors who are experienced in implementing RES projects may avail themselves of this offering. The advantage is the opportunity to finance as much as 80% of capital expenditures and adjust the installments to seasonal increases and decreases in energy sales, along with the long repayment period correlated to the duration of auction assistance. 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, Lesser Poland, Podlaskie, Pomerania and Kujawy-Pomerania.

In 2022, Alior Bank offered financing for thermal modernization as loans with bonuses 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 and reimbursement for the costs of the audit and technical documentation.



In line with the 2021 strategic declaration, Bank Pekao continues its operations in sustainable finance, such as social and environmental projects and ESG bond issue support for its clients. Bank

Pekao chiefly intends to see to a major reduction in financing high-emission projects in the credit portfolio. The most important projects financed by the Bank in this area in 2022

- consortium financing for the construction of photovoltaic farms at PLN 779 million;
- financing for the construction of the largest photovoltaic farms at target output of 285.6 MW, at PLN 763 million;
- financing for the purchase and revitalization of magazine parks at PLN 450 million;
- consortium financing for the construction of over 100 photovoltaic farms at PLN 428 million;
- financing for a company belonging to the Bank Pekao group in cooperation with the European Investment Bank at EUR 132 million and the Council of Europe Development Bank at EUR 200 million. In both transactions Bank Pekao serves as arranger and guarantor for financing;
- financing the acquisition of a foreign renewable energy sector company at EUR 131 million. The bank served as MLA;
- financing the leader of the Polish energy industry, as one of its original lenders. The loan amounted to PLN 4 billion;
- · financing within an investment consortium for a leading producer and distributor of photovoltaic solutions at PLN 330 million.

Furthermore, Bank Pekao:

- · organized and served as agent for the issue of bonds for Gdańskie Autobusy i Tramwaje at PLN 65 m;
- · organized and served as agent for the issue of bonds for Łódzka Kolej Aglomeracyjna at PLN 34 m;
- · organized and served as agent for the issue of bonds for Agencja Rozwoju Miasta Krakowa at PLN 65 m;
- served as agent for the issue of bonds for Stadion w Zabrzu Sp. z o.o. to expand sports infrastructure at PLN 103 m.

The bank also signed 19 new issue contracts, including those covering sustainability-linked bonds with a multimedia company for up to PLN 4 billion, and a contract for a program of green bonds with a company belonging to an international real estate developer group at EUR 150 million.

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4.1.4.4. Adaptation to climate change

Assessment of key clients and investments against ESG

PZU has committed to include, in the wider sense, the ESG factors in its assessment of key clients and investments. According to the internal definition, the assessment covers the largest corporate insurance clients that operate in sectors which are highly and moderately sensitive to ESG risks and have a significant impact on PZU revenues.

Internal analyzes were used to select industries highly and moderately sensitive to ESG risks. These were carried out on the basis of data on national greenhouse gas emissions and the percentage contribution of individual industries to CO2 emissions. Furthermore, external data sources were used, including best market practices, guidelines from international organizations (OECD, UNEP FI, ECB) and leading rating agencies, as well as regulatory requirements (EU Taxonomy).

Highly sensitive sectors include those industries that rely most heavily on non-renewable energy sources, are responsible for the greatest level of greenhouse gas emissions from direct and indirect emissions, and have the greatest impact on environmental degradation. The following industries are classified to this group: the fuel industry, the mining industry and the conventional power industry. Mediumsensitive industries include: chemicals, transport, automotive, construction and agriculture.

The assessment of clients was carried out on the basis of two original methodologies for public and non-public entities. These methodologies were developed within the PZU Group under the supervision of PZU. Environmental, social and governance issues have been included in the methodology for public companies. The environmental area covers the following topics: greenhouse gas emissions, carbon footprint, impact of operations on biodiversity, energy intensity levels, waste management, current key company-defined environmental risks and their management, adoption of a climate neutrality target and decarbonization strategy. Issues defined in the social area include: respecting labor rights, ensuring safe working conditions, fair competition and social activities. The area of corporate governance encompasses: issues related to the diversity of management bodies, the prevention of corruption and unfair competition, the structure of management and supervisory bodies, the protection of minority shareholders' rights, the link between the remuneration of management boards and the achievement of sustainability objectives. The assessment is carried out on the basis of public data, including non-financial reports and strategies, and data from an external provider. The final

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assessment also depends on the sector in which the company operates. Non-public companies are assessed based on a simplified ESG assessment questionnaire.

The application of the ESG criteria serves the purpose of risk assessment and is not exclusionary for clients. In the following years, further corporate clients will be assessed according to an internal schedule. In addition, proposals for translating ESG assessments into business relationships will be developed in 2023.

ESG strategy indicator: ESG assessment of 55% of the biggest corporate insurance clients from sectors sensitive to ESG risks

Level of implementation 2022: 20% of largest corporate insurance clients sensitive to the ESG risk assessed against ESG factors



PZU has tailored insurance offer for sectors most exposed to climate risk, such as agriculture. It covers the protection of crops, farm buildings, movable property (including agricultural equipment), livestock, poultry and apiaries as a result of fortuitous events including flood, hurricane, hail, torrential rain or lightning.

Environmental guarantees

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.

Business interruption insurance

As part of its cover business interruption insurance, 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.

Additionally PZU offers two 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.

✓ Best practices of subsidiaries

For many years, PZU has been conducting underwriting exercises for large clients such as industrial facilities, which allows the insurer to set the premium. A detailed outcome of the underwriting exercise along with eventbased 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.

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 has an offer for waste management entities which in particular promotes pro-environmental ways of disposing waste, i.e., building installations for best waste management through, e.g., processing into fertilizers, heat recovery through thermal processing, or alternative fuel generation.

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Environmental damage liability insurance

In 2022, PZU worked on a new insurance product to provide comprehensive cover for companies against environmental damage. The new solution will promote corporate clients who are aware of their impact on the environment and who are also guided in their operations by the responsibility for the condition of the environment. This is a solution for entrepreneurs who apply adequate safeguards so as not to cause environmental pollution in their day-to-day operations. The product has been in sale since January 2023.

Within this insurance, PZU offers to cover costs efforts aimed at restoring the environment to the condition prior to damage. The insurance covers liability for damage to environment, including land, regardless of their ownership; liability for damage to protected species or habitats; costs of remedial action to repair or replace in an equivalent manner the natural components or their functions; costs of prevention or mitigation of damage to environment; third-party liability for recourse claims for costs of prevention and remedial works incurred and reported to the insurer by third parties.

PZU Policy for Associations and Co-Operatives

The PZU Policy for Associations and Co-Operatives involves comprehensive insurance cover for housing associations and co-operatives as well as social construction associations. The cover may extend to the entire assets related to the operations in real property management. The product also involves cover against climate risk, including fire and other elements, floods, winds, thunder-strikes, rain, and inundation also due to melting snow.

Addressing the needs of the clients from the group defined, including housing associations and co-operatives, in 2022, the insurance offer was enhanced thanks to the PZU Bezpieczne Lokum product. Owners of houses and residential units can now count on insurance cover for their movable and immovable property as regards such force majeure events as fire, hurricane, flood, inundation, explosion, power surge and devastation.

Teledetection

Within the claims handling process for crops, PZU has in place an innovative process for determining

damage to winter grain using satellite teledetection. 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. By the end of 2022, drones helped to establish the scope of damage in 121 cases.

Monitoring paint particle deposition

In cooperation with young researchers and engineers, PZU LAB has implemented a pioneer technological solution to monitor the effect of painting processes at the Gdańsk Renovation Shipyard on the surroundings and natural environment. The pollution detection system has automated the manual process of verifying paint particle deposition. This contributes to eliminating potential environmental problems and improving the processes involving painting vessel hulls. This is the first solution of this kind to be implemented in Polish shipyards. The design implements computer video monitoring. The artificial intelligence algorithms used allow detecting colors and shapes of the depositions and spattering. The tool activates in intervals within a 24/7 cycle, sends information on the density of deposition and its accrual in given spots to the database, along with an e-mail to relevant people. Thanks to this, paint particles deposits may be detected much faster compared to manual verification by a shipyard worker. Due to real-time measurements, this process is also much more accurate and safe, with alerts sent to interested parties automatically after paint particles are detected. Photographs with timestamps are saved, so that the precise moment of spattering may be established, and risk of environmental loss

Weather alerts

be mitigated.

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In cooperation with Skywarn Polska (Polish Storm Chasers), LINK4 shares a weather alert system with clients who took out real property and MOD insurance. In the event of a dangerous weather event, Clients receive a text message with a warning and link to a website where they can learn how to safeguard against the adverse impact of respective weather events.

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4.1.5. Employees' education in sustainable development

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. Therefore, educating employees in sustainability is one of the commitments under the "Balanced Growth" ESG Strategy. By 2024, 60% of employees will be included in the educational activities. Relevant knowledge and awareness of employees make it possible to introduce solutions in line with the ESG in each and every aspect of the business operations.

Week of Sustainable Development

Several educational activities were undertakes in 2022. The largest event was the Week of Sustainable Development, that took place in September 2022. It was part of the European initiative organized on the anniversary of the adoption of Agenda 2030 - the UN's 17 Sustainable Development Goals. For four days, employees were able to talk about ESG factors, sustainable approaches to living and doing business with PZU experts and invited guests. They included scientists, experts from partnership organizations of PZU, naturalists, travelers and a winner of the prestigious Forbs 25 under 25 list of young people changing the world. More than 700 participants took part in 13 webinars conducted by PZU experts and invited guests.

As part of Sustainability Week, employees of the Central Office of PZU had 3 days of intensive "EKO Blender Bike" work to cover exactly 406.5 kilometers. PZU planted trees for the kilometers they covered – 11,250 seedlings in the area of approximately 2 ha. PZU employees in cooperation with foresters of the Rytel Forest District in the Tuchola Forests planted pine seedlings, as they have a wide range of tolerance to environmental conditions and temperature, which is of great importance in the case of poor soil, characteristic for the Tuchola Forests. Also, pine trees are one of the best absorbers of CO2 and one 60-year-old pine produces the oxygen needed for three people to live.

During the Week of Sustainability the "SDG (Sustainable Development Goals) Challenge 2022, or how PZU may support sustainable development?" contest was resolved. It was organized for the third time for employees for their innovative business ideas. In this edition of the competition employees submitted ideas for business initiatives that can support the implementation of one of the two challenges related to the implementation of the Sustainable Development Goal 11 - Make cities inclusive, safe, resilient and sustainable. The competition was held through the Idea Generator – the platform dedicated to exchanging ideas and remarks between employees of the PZU Group. Throughout the three editions

of the competition, employees submitted more than 120 business initiative ideas.

ESG training

In 2022, PZU employees participated in several thematic training courses aimed at specific parts of the organization among them:

- ESG training in procurement under the Purchase Academy;
- · Educational meeting under the Inspiration Council of the Claims Handling and Remote Channels Division;
- Is ESG for IT training for employees of the IT Division;
- Training: Interpretation of the Commission Delegated Regulation (EU) 2021/1257 of 21 April 2021 amending Delegated Regulations (EU) 2017/2358 and (EU) 2017/2359 as regards the impact of sustainability on identifying the target client group/anti-group, testing products, monitoring and reviewing products, providing distributors with product

Furthermore, on the intranet there is a tab on sustainable development at PZU where employees will find information on newest reports, interesting events or PZU Group operations. Regularly, the organization runs educational campaigns that have encouraged employees to make green choices.

In 2023 PZU is planning to initiate a comprehensive educational program in the coming year, devoted to sustainable development, so that every employee can access information. Ultimately, ESG training will become an integral part of training for new employees.

ESG strategy indicator: 60% of employees trained in sustainability

Progress in 2022: 11% of employees trained in sustainability

4. 2. Taxonomy – disclosure under Article 8 of Regulation (EU) 2020/8525

Pursuant 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 Council⁶, 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 Council⁷ ("Delegated Act") stating more precisely Article 8 of the Taxonomy in the

- 5) 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
- 6) 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
- 7) 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

context of financial companies doing their reporting, they are obligated to present the following disclosures in 2022 in respect of 2021:

- 1. Quantitative disclosures:
- exposures to business activities eligible to participate in the system (per KPI on revenue and KPI on investment expenditure) stated as a percentage share of total assets,
- · exposures to business activities not eligible to participate in the system (per KPI on revenue and KPI on investment expenditure) 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;
- 2. Qualitative disclosures in line with Annex XI to the Delegated Act.
- 3. 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.

4.2.1. Quantitative disclosures

PZU- indicators pertaining to investment policy:

PZU	
1a. Exposures to business activities eligible to participate in the KPI on revenue system stated as a percentage share of total assets	2.3%
1b. Exposures to business activities eligible to participate in the KPI on investment expenditure system	3.0%
2a. Exposures to business activities not eligible to participate in the KPI on revenue system stated as a percentage share of total assets	5.8%
2b. Exposures to business activities not eligible to participate in the KPI on investment expenditure system	5.1%
3. Exposure to central governments, central banks and supernational issuers and derivatives as a percentage share of total assets	25.7%
4. Exposure to entities not required to publish non-financial information as a percentage share of total assets	14.5%
Total assets (PLN billion)	45.9

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Grupa PZU - indicators pertaining to investment policy

Grupa PZU	
1a. Exposures to business activities eligible to participate in the KPI on revenue system stated as a percentage share of total assets	0.5%
1b. Exposures to business activities eligible to participate in the KPI on investment expenditure system	0.9%
2a. Exposures to business activities not eligible to participate in the KPI on revenue system stated as a percentage share of total assets	2.3%
2b. Exposures to business activities not eligible to participate in the KPI on investment expenditure system	2.0%
3. Exposure to central governments, central banks and supernational issuers and derivatives as a percentage share of total assets	32.5%
4. Exposure to entities not required to publish non-financial information as a percentage share of total assets	25.9%
Total assets (PLN billion)	436.1

PZU and PZU Group - indicators pertaining to insurance **business**

Percentage share of business activities in insurance other than life insurance that is eligible to participate in the system

	2021	2022
PZU	50.2%	53.9%
PZU Group	53.5%	54.3%

Percentage share of business activities in insurance other than life insurance that is not eligible to participate in the system

	2021	2022
PZU	49.8%	46.1%
PZU Group	46.5%	45.7%

4.2.2. Qualitative disclosures

4.2.2.1. 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 (Point 1 Annex XI)

The standalone and consolidated indicators were developed in accordance with the regulations set forth in the Delegated Act and in Delegated Regulation 2021/2139 ("Delegated Regulation"), and by using the recommendations set forth in the supplementary documents published by the European Commission in 2021 and 2022. 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 18, the taxonomic disclosures have been construed from the vantage point of an insurance undertaking.

In accordance with the guidelines cited in the supplementary documents, 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, in accordance with the assumptions quoted above, identical to the one used in the consolidated financial statements, except for banks where assets have been prudentially consolidated in accordance with the CRR Regulation.

The standalone and consolidated indicators are divided into two groups according to the Delegated Act: investment policy indicators and 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.

1. Exposure definition

"Exposure": in the case of a standalone indicator applicable to PZU – the entirety of the funds originating from insurance business. 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.

"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

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 4% of the exposures and 2% of assets for the standalone ratio and 4% of the exposures and 0,2% of assets for the consolidated ratio. These exposures have been classified in indicator 4.

2. Obligatory indicators

Indicators pertaining to investment activity which constitute obligatory disclosures and are based on information (on the extent to which their activities are taxonomy-eligible) published by the companies or groups in market reports (from

Indicator 1a (KPI on revenue) – exposure to business activities eligible to participate in the system stated as a share of total assets was calculated as the sum of exposures to companies referred to in Articles 19a and 29a of the Directive 2013/34/ EU, meaning those which are subject to the obligation of publishing non-financial data, weighted by the proportion of their revenues from activities that qualify for the system to total revenues. The basis for the calculation were disclosures in non-financial reports of the companies.

Indicator 1b (KPI on investment revenue) - exposure to business activities eligible to participate in the system stated as a share of total assets was calculated as the sum of exposures to companies referred to in Articles 19a and 29a of the Directive 2013/34/EU, meaning those which are subject to the obligation of publishing non-financial data, weighted by the proportion of their revenues from activities that qualify for the system to total revenues. The basis for the calculation were disclosures in non-financial reports of the companies.

Indicator 2a (KPI on revenue) – exposure to business activities not eligible to participate in the system stated as a share of total assets, this is the difference between total exposure to companies referred to in Articles 19a and 29a of the Directive 2013/34/EU to total assets less value of indicator 1a.

Indicator 2b (KPI on investment revenue) – exposure to business activities not eligible to participate in the system stated as a share of total assets, this is the difference between total exposure to companies referred to in Articles 19a and 29a of the Directive 2013/34/EU to total assets less value of indicator 1b.

Indicator 3 is the percentage share of the exposure to central governments, central banks and supernational issuers in total assets

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^{8),} FAQs: How should financial and non-financial undertakings report Taxonomyeligible economic activities and assets in accordance with the Taxonomy Regulation Article 8 Disclosures Delegated Act?"

3. Calculation limits

The calculation of indicators 1 and 2 was conducted for the companies referred to in Articles 19a and 29a of Directive 2013/34/EU; exposures to companies not subject to nonfinancial reporting according to this directive were 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.

1. Eligibility criteria

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.

2. Calculation limits

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).

4.2.2.2. 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 (Point 3 Annex XI)

Business strategy of a financial undertaking

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.

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 EU Taxonomy. The EU Taxonomy was 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 did not describe the objectives referring directly to the Taxonomy; however, the Taxonomy was 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).

Product design

PZU relies on 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 businesses investing in renewable energy sources can utilize products and services that will support decarbonization: among others, low emission transport, environmentally-friendly photovoltaic installations, heat pumps, small and large wind farms. When designing products, PZU considers ESG elements resulting from amendments to the Insurance Distribution Directive or the EU Taxonomy. Examples of products which consider these factors are presented in chapter 4.1.4. Product offering - prevention and adaptation.

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 factors, it is also 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 and conducts ESG assessments of key corporate
- non-governmental organizations the PZU Group wants to be a partner in social, economic and climate activities.



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4.3. Direct environmental impact

Area-specific risk: Reputation risk and compliance risk in connection with direct environmental impact

Approach to management: The PZU Group monitors the consumption of resources (energy, fuel, water, paper) and takes efforts to curtail their consumption. 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 is implementing the commitment to buy the bulk of its energy from renewable sources, curtail other emissions and whenever that is not possible offset them.

At PZU, the Management Board Environmental Protection Plenipotentiary is responsible for reduction of the direct environmental footprint of the PZU Group and ensuring compliance with prevailing provisions of law.

Key regulations: PZU Group's Environmental Policy, PZU Green Standard, ESG Strategy "Balanced Growth"



[GRI 2-23] [GRI 2-24]

Environmental Policy

The key document regarding environmental impact is the PZU Group's Environmental Policy adopted in 2021 which provides for the framework of management over the impact that the Companies' operations have on the natural environment. The aim of the Environmental Policy in the PZU Group is to manage the environmental footprint of its activity effectively 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 document provides for relations with internal and external stakeholders, including clients, business partners and suppliers. The policy was created taking into account the assumptions of key documents, including: Paris Agreement, National Energy and Climate Plan 2021-2030 and Energy Policy of Poland until 2040. The implementation of the Policy is monitored in accordance with the reporting principles of the ESG Strategy "Balanced Growth." The Policy was adopted under relevant resolutions by the Management Boards of the PZU Group companies.

PZU Green Standard

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.

Also 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.

ISO 14001 Standard

The Lietuvos Draudimas company implemented the certified ISO 14001 Environment Management System. The system was also introduced in medical centers of the PZU Zdrowie POLMEDIC Radom branch. 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.

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	Š,
paper consumption	
waste generation	
air pollution emissions	

Ecological plan at PZU and PZU Życie:

- 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.

Penalties for breaches of environmental laws

In 2022, the PZU Group recorded no breaches of any environmental laws or regulations and incurred no environmental penalties.



4.3.1. Consumption of raw materials

PZU takes initiatives to reduce consumption of raw materials, i.e. water and paper in particular. The second aspect of environmental initiatives is the proper disposal of equipment set for decommissioning.

4.3.1.1. Paper

PZU takes measures to switch from paper communication to electronic one. These measures have a particular impact on sending motor and agricultural insurance renewals. In 2022, one in four clients received renewal communication electronically. This represents an annual savings of 7.6 million zlotys in the cost of materials, printing service and mailing.

[GRI 301-1]

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Total consumption of raw materials in the PZU Group

PZU Group	2021	2022
Paper [t]	1,970*	1,678

^{*}data adjusted by mass-printing

In 2022, 72% of the insurance forms in terms of the weight are prepared on certified paper – this result is for both companies (78% in PZU and 61% in PZU Życie). In 2023, 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 and PZU Życie systematically reduce the purchase and consumption of office supplies, including paper, constantly reducing the number of printers used. In 2022, paper was purchased from a paper mill located in Poland, minimizing the carbon footprint of transporting paper. Additionally, the Discovery paper is produced from the 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.

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[GRI 301-1]

Total consumption of raw materials in PZU and PZU Życie

	PZ	ZU	PZU	Życie
	2021	2022	2021	2022
Paper[t]	119	114	78	85

Paper consumption at PZU and PZU Życie

Year	Paper/tons	Change
2017	290	-
2018	277	-4.6%
2019	276	-0.3%
2020	204	-26.1%
2021	197	-3.4%
2022	199	+1.0%

The volume of used mobile phones and modems to be recycled and sold to company employees:

Year	Quantity (pcs.)
2018	2,602
2019	up to 2 030
2020	over 3 000
2021	1703
2022	1 046

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:

Reduction of the number of printers at PZU and PZU Życie

- Reduce;
- · Reuse:
- Recycle (segregate and recycle);
- · Recover (especially energy from waste);
- · Renew.

Year	Number of printing devices remaining in operation at the end of the calendar year in question	Reduction
2017	5,000	
2018	4,750	5.0%
2019	4,600	3.2%
2020	4,540	1.3%
2021	4,420	2.6%
2022	4,290	2.9%

Best practices of subsidiaries

The PZU Group companies cooperate with firms offering the highest waste management standards, confirmed by pertinent environmental certificates. PZU and PZU Życie set their goal to increase recycling in the total number of liquidated assets. In 2023, there is a plan to continue recycling in the total number of 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).

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4.3.1.2. Water

Reduction initiatives

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.

In Q3 2022, Armatura Kraków implemented an efficient system for cooling the water circuit in preparation for painting a radiator, using a chilled water system (chiller). The new solution will save an average of 4,000 m³ of water per year. Water consumption savings depend on weather conditions of the year and air temperatures.

The offer of KFA Armatura also covers a faucet series with reduced water consumption (down to a level of 5-6 l/min). Traditional kitchen and sink faucets consume 12 l/min. Faucets offered by KFA Armatura use half as much water, i.e. 5-6 l/ min. In 2022, over 20,000 units of water-saving faucets were sold, including those from the Moza, Logon, Mokait, Abasha collections.

The company's portfolio also includes the Mungo Faucet with water filtration function. The Mungo Faucet supports users' ecological attitudes and influences the reduction of the use of plastic water bottles. The filter cartridge for the faucet is installed directly under the sink, and one filter lasts for 6,000 liters of water or a period of 6 months.

The KFA Armatura brand is conducts an extensive educational project on water conservation. In 2022, its green communication activities reached more than 600,000 users

Total consumption of water in the PZU Group

Grupa PZU	2021	2022
Water [m3]	272,837	285,117

[GRI 303-5]

Total consumption of water in PZU and PZU Życi

	PZ	ZU	PZU	Życie
	2021	2022	2021	2022
Water [m3]	37,397	38,815	14,311	16,012

Planned reduction in the number of water dispensers and big water bottles1

Year (end)	Number of dispensers per big bottle Number of big 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 ²	738	3,533	+0.7%
2022 ³	117	1,353	-84.15%

- 1) 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
- 2) 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.
- 3) A tender procedure for tap water dispensers was commenced in 2021 throughout the entire country at the same time. A new agreement for dispensers was concluded. After the 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.

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4.3.1.3. Assets for decommissioning

In 2022, 15.2 thousand assets (including telephones) set for decommissioning were resold (to employees and external clients), which accounts for more than 53% of liquidated assets. More than one thousand assets were donated to schools, foundations, fire departments and others in need, including telephones, white goods - coffee makers, refrigerators, dishwashers, microwaves, LCD TVs, LCD large format displays/monitors, shredders, projectors, small office equipment.

2022	Quantity (units)	% share		
Disposal	12,480.00	43.4%		
Sale	15,249.00	53.1%		
Donation	1,009.00	3.5%		
Total decommissioning	28,738.00	100.0%		

PZU conducts a number of activities to support recycling of computer equipment. By forming responsible attitudes among employees in caring for entrusted assets, some of the decommissioned equipment use can be reused in other areas, resold or donated to public benefit institutions. In 2017-2019, this accounted for an average of 25% of the decommissioned equipment. IT operations always strive to support business objectives of PZU. Therefore, in support of the requirements of hybrid work, which has become a major business objective due to the COVID-19 pandemic and problems with regular supply chains, current employee resale processes were halted in 2020. This made it possible for employees previously not equipped with mobile work tools to work remotely. This approach enabled an almost immediate transition to a new work model, providing security for employees of PZU. Current business needs are also being analyzed and some of them are implemented through internal movement and resale. This increases the efficiency of equipment use and minimizes the environmental cost of producing these devices. Decommissioned equipment is withdrawn on the basis of dedicated agreements with companies implementing handling recycling of equipment and its components.

Information on the volume of decommissioned computers

tor 3,113 units, including:							
Disposal	2,872 units	average age 7.5 years					
Donation	138 units	average age 6.5 years					
Resale	103 units	average age 5 years					

4.43%	Share of donated computers – indicator reporting the percentage of computers donated in the period from January 1, 2022 to December 31, 2022.
3.31%	Share of resold computers – indicator informing about the percentage of computers resold in internal and external processes in the period from January 1, 2022 to December 31, 2022.

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Alior Bank continued the NFO (New Branch Format) project, increasing the number of branches in under the green format. The Branches were arranged with materials and products from local

suppliers. Most of such products were recycled. Examples include countertops made from recycled yogurt cups, upholstery and ceilings made from recycled PET bottle material. In addition, some of the furnishings were made from wood from fast-growing plants. Certified environmentally friendly biodegradable cups are available to customers.

As part of waste management, the Pekao 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.

3 [GRI 3-3]

4.3.2. Energy consumption

Energy consumption rose by 2.9% in 2022 in the PZU Group's major companies, i.e. PZU and PZU Życie. The total consumption of energy purchased and produced, representing 52% of total energy consumption increased by 0.8%. The reason was mainly the return to stationary work after the

pandemic and the resulting higher use of real estate by Group companies. Higher employee attendance at central offices translated into higher energy consumption.

Fuel consumption increased by 5.3% year-on-year, this was particularly evident in gasoline consumption. The changes are due to changes in the fleet structure - the share of gasoline cars and hybrid cars grew at the expense of diesel cars.

[GRI 302-1] PZU and PZU Życie's total consumption of energy from non-renewable fuels

Table A'	PZ	ZU	PZU Życie			
Table A	2021	2021 2022		2022		
Natural gas [GJ]¹	24,083	23,212	11,089	10,627		
Fuel oil [GJ] ²	2,173	1,312	419	425		
Gasoline [GJ] ³	58,297	65,127	19,617	21,762		
Diesel fuel [GJ] ⁴	1,281	716	28	6		
Total consumption [GJ]	85,834	90,367	31,153	32,821		

¹⁾ Calorific value of natural gas at 36,56 MJ/m3 in 2022 and 36,54 MJ/m3 in 2021

[GRI 302-1]

Total consumption of energy purchased and produced at PZU and PZU Życie

Table 10	PZ	ZU ZU	PZU Życie		
Table B'	2021	2022	2021	2022	
Electricity [GJ]	47,994	46,346	14,758	15,515	
- including energy from renewable sources	39,729	39,472	9,364	10 519	
- share of electricity (%)	83%	85%	63%	68%	
- including energy from non-renewable sources	8,265	6,874	5,394	4,995	
Heat energy [GJ]	50,706	48,491	19,738	18,727	
Total consumption [GJ]	98,700	94,837	34,496	34,242	

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²⁾ Calorific value of natural gas at 43 MJ/kg in 2022 and 2021

³⁾ Calorific value of natural gas at 44,3 MJ/kg in 2022 and 2021

⁴⁾ Calorific value of natural gas at 43 MJ/kg in 2022 and 2021

[GRI 302-1]

Total consumption of energy from non-renewable fuels as well as purchased and produced at PZU and PZU Życie

Table Al i Di	PZ	ZU	PZU Życie		
Table A' + B'	2021	2022	2021	2022	
Total energy consumption [GJ]	184,534	185,203	65,649	67,062	

Electricity from renewable sources

In 2022, 85% of the electricity contracted and purchased by PZU and 68% of the electricity purchased by PZU Życie came from renewable sources (RES³). In locations covered by direct contracts with energy companies, 100% of the purchased electricity originated from renewable sources.

Additionally, in 2022, in 7 properties PZU and PZU Życie installed photovoltaic panels – their total power was 121.54 kWp^{10} .

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

9) RES – 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

10) kWp – 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.

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electricity consumed for 36 properties in which photovoltaic panels were installed are in the range of 21%.

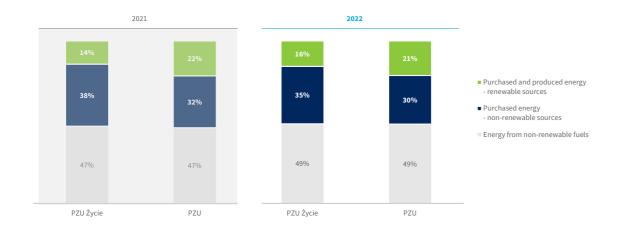
Thanks to the purchase of electricity with certificates of origin by PZU and PZU Życie, its share in total energy consumption (energy purchased, produced and energy from fuels) by these companies amounted to 21% and 15%, respectively. In the years to come, further use of RES and increase in the share of green energy, subject to its availability in the market, is planned.

In 2022, consumption of energy, both produced and purchased, increased by 10.6% in the entire PZU Group. The main drivers of the change in consumption were decreases in heat energy (-29.5% y/y), natural gas (-11.2% y/y), and LPG (-26.7% y/y), while the key contributor to the increases was increased gasoline consumption. Fleet utilization was on the

ESG Strategy indicator: Reduction in electricity consumption of PZU and PZU Życie from 3% to 10% by 2024 relative to 2019

Level of implementation 2022: Reduction in electricity consumption of PZU and PZU Życie by 15.8% compared to 2019

The share of renewable sources in total energy consumption at PZU and PZU Życie



rise in 2022, as this year was the first year after the pandemic where employees fully performed their duties using company cars, resulting in an increase in purchased and fuel-derived energy consumption.

On the other hand, the companies continued to focus on optimizing and reducing their consumption of fuel, electricity and thermal energy. The decrease in raw material consumption is due to fewer facilities, building thermal upgrades, changes in heating methods and weather

[GRI 302-1]

Total consumption of energy from non-renewable fuels in the PZU Group

Table A	2021	2022
Natural gas [GJ]	172,811	162,599
Fuel oil [GJ]	16,304	11,950
Gasoline [GJ]	172,764	193,899
Diesel fuel [GJ]	16,119	14,118
LPG [GJ] ¹	3,964	13,712
Total consumption [GJ]	381,963 ²	396,276

- 1) Calorific value of LPG at 47,3 MJ/kg in 2022 and 2021
- Value adjusted compared to the one reported in the previous year, now considers LPG energy consumption

[GRI 302-1]

Total consumption of purchased and produced energy in the PZU Group

Table B	2021	2022
Electricity [GJ]	415,719	421,492
Heat energy [GJ]	502,710	354,318
Total consumption [GJ]	918,429	775,810

conditions, among other factors. Due to higher temperatures in 2022, building temperatures have been reduced, resulting in lower heat use in buildings.

The conversion of fuels into energy for all Group companies is based on the calorific values published by KOBIZE (National Centre for Emissions Management).

Energy consumption limitation – new central branch of PZU and PZU Życie

The building in the center of Warsaw is powered by green energy, which allows for a significant reduction in CO2 emissions. The building uses environmentally friendly technologies, such as a grey water and rainwater recovery system that allows for a significant reduction in water intake. In addition, PZU Park has, among others, a ventilation system with high-end filters that provides 30% more fresh air. Adiabatic humidifiers unsure its proper humidity. Appropriate filters minimize the risk of allergies. The building's water is tested for about 30 chemical compounds. Employees have access to adequate daylight. Employees are provided with 187 bicycle spaces and several charging stations for electric cars. Air conditioning based on a chilled beam system is quiet and guarantees comfortable temperatures and energy efficiency. Issues of employee well-being are also very important in WELL certification. Subdued colors, natural materials used for furnishings, a green terrace on the 35th floor or pergolas overgrown with vegetation facilitate concentration and stimulate creativity. The lobby of the office building features a 15-meter-long, 330-square-meter green wall with more than six thousand plants. The oxygen they produce in a day would be enough for 150 people.



Alior Bank is finalizing an agreement for the construction of a photovoltaic installation at the IT central office in Kraków. It is planned to build two installations of 96.9 kWp based on the CARPORT

structure using parking spaces. In the next stage, it is planned to expand the installation by 100.35 kWp using the green areas and the remaining parking spaces based on the standard and CARPORT ground structure. The photovoltaic installation will allow partial use of renewable energy sources in the operation of the central.

[GRI 302-1]

Total consumption of energy from non-renewable fuels and purchased and produced energy at the PZU Group

Tabela A + B	2021	2022
Total energy consumption [GJ]	1,300,3921	1,172,086

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¹⁾ Adjusted value compared to reported in previous year, now includes LPG energy consumption



Best practices of PZU and PZU Życie

[GRI 302-4]

Energy consumption limitation - real property of PZU and PZU Życie

In 2022, 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 5 PZU and PZU Zycie properties was carried out;
- power compensators were installed in 1 property;
- · applications were submitted to Distribution Network Operators to reduce contracted power in 64 points of electricity consumption;
- the contracted power in 13 property was reduced;
- internal LED lighting was installed in 85 properties;
- 4 image walls with LED lighting were installed;
- the heating installation or heating source in 2 properties was modernized or modified;
- 9 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;
- 60 air conditioning devices using the environmentally friendly refrigerant R32 were installed.
- 80 air-conditioning units with an energy efficiency EER of at least 3.2, including 35 with a seasonal energy efficiency SEER of at least 6.9 were installed;
- the air-conditioning system in Leszno was upgraded to a more efficient one and retrofitted a central controller to optimize its operation;
- · training was provided to air-conditioning users of the new equipment on the proper use and optimum utilization of
- 7 photovoltaic installations with the total capacity of 121,54 kWp was installed.



In 2022, 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 socalled 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;

- 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

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 Pekao's fleet are gradually replaced with models that emit less exhaust gases. In 2022, the bank replaced its entire fleet with new cars with the Euro 6DG emission standard and purchased its first electric and hybrid cars. In addition to the introduction of 1,020 new low-emission cars with convenient consumption configurations, the Bank also purchased 4 new electric cars and 50 electric cars. This is the result of ongoing conceptual work on the possibility of replacing conventionally powered (combustion) cars with electric cars.

Armatura Kraków obtained white certificates from the Regulatory Authority, which are confirmation of upgrades to improve energy efficiency and result in energy savings. The value of the Energy Efficiency Certificate obtained is: 705.641 toe, i.e. 29 544 GJ per year. 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, at least until 2026. This will translate into CO2e emission reductions by 1.6 thousand tons CO2 going forward.

A new casting machine was put into operation at the beginning of 2022, and the continuous overhaul and modernization of existing machinery, associated with the replacement of the drive and automation, is improving production rates and further energy efficiency. The upgraded machine consumes about 30 kWh less per hour, which has generated and will continue to generate annual savings of about 230,400 kWh. As part of increasing the share of energy from renewable sources, an important element in the use of energy from RES is the construction of a photovoltaic farm with a capacity of nearly 1,800,000 Wp, which is scheduled to be put into operation in 2023. This will allow it to obtain energy from renewable sources and reduce its carbon footprint.



4.3.3. Carbon footprint

Measuring and reduction of greenhouse gas emissions

In The Global Risk Report 2022 mentioned in the section 4.1.1. Global challenges to sustainable development, the risk of failure to mitigate climate change is on the list of top 10 risks. PZU is aware of the importance of this risk and is taking measures to counteract it, and is in line with Polish and European climate policies in its commitments.

Despite the fact that the PZU Group is an insurance and financial services organization, it is aware that measures to reduce its carbon footprint are essential. Achieving climate

neutrality has become one of its strategic commitments. The PZU Group is 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 climateneutral 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 emissions calculation is independently verified by a certified verifier.

In 2022 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.

ESG strategy indicator: Reduction in Scope 1 and 2 CO2 emissions of PZU and PZU Życie from its own operations from 3 % to 10% by 2024 relative to 2019

Level of implementation 2022: Reduction in Scope 1 and 2 CO2 emissions of PZU and PZU Zycie from its own operations by 25.5% relative to 2019 (location-based method) and by 52.2% (market-based method).

The PZU Group is preparing to implement tools to measure Scope 3 emissions. To this end, Climate Leadership conducted workshops with representatives from key areas. The work resulted in the identification of the Group's main sources of Scope 3 emissions.

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 fully illustrate the impact of the reduction measures on the group's total emissions, indirect emissions (Scope 2) are calculated using two methods. The market-based method more fully captures the effects of the actions taken by using emission factors specific to the electricity sellers in question and taking into account the guarantee of origin of the electricity purchased.

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[GRI 305-1]

Total direct emissions (scope 1) in the PZU Group

2018					2	021	2022					
Mg CO2e ¹	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies
Scope 1	31,400	9,229	2,322	19,849	25,096	6,144	2,092	16,860	26,296	6,095	2,276	17,925
Refrigerants	1,945	1,919	26	-	1,156	515	86	556	1,066	147	148	770
Fuels ²	29,454	7,310	2,295	19,849	23,940	5,629	2,006	16,305	25,231	5,948	2,128	17,155

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.

Emissions (scope 1) 2022 vs. 2021

Total direct emissions in scope 1 in the PZU Group reached 25.8 thousand tons of CO2e, compared to 25.1 thousand tons of CO2e in 2021, up 4.8% (+1.2 thousand tons y/y). The increase, as compared to 2021, was caused by a higher utilization of the companies' properties and fleets, which increased demand of fuel. Fuel emissions rose 5.4% y/y (+1.3 thous. tons of CO2e, with a noticeable increase in emissions from combustion of gasoline and a decrease in emissions from combustion of diesel fuel, natural gas and heating oil. Numerous initiatives aiming to reduce scope 1 emissions were continued; among others the installations were replaced and modernized.

In PZU, PZU Życie and Bank Pekao, the cars in the own fleet were replaced with models producing lower emissions. In 2022, PZU and PZU Życie changed the address of the head office. As a result, refrigerant-related emissions fell in 2022 by 7.8% (-91 tons y/y).

Emissions (scope 1) 2022 vs. 2018

Total scope 1 emissions dropped 16.3% relative to the base year (2018), including emissions associated with refrigerant leakages which were 45.2% lower, and emissions associated with fuels dropped by 14.3% 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.

Emissions (scope 2 - market-based) 2022 vs. 2021

Market-based indirect scope 2 emissions reached 73.4 thousand tons of CO2e in 2022 compared to 101.9 thousand tons in 2021, which signifies a decrease by 27.9% y/y (-28.5 thous. tons). Emissions associated with electricity fell by 29.8% (-16,1 thous. tons), but emissions associated with heat energy fell by 25.8% (-12,4 thous.).

The decrease in electricity-related emissions was associated mainly with lower emission rate of the electricity purchased, which contributed -16.9 thous. tons, mostly through PZU, PZU Życie, Ogrodowa Inwestycje, Bank Pekao and Lietuvos Draudimas purchasing energy with certificates of origin which was to a small degree compensated by the increase in consumption of electricity within the Group (contribution of 750 thous. tons).

Emissions associated with heat energy fell by 25.8% (-12.4 thous. tons y/y), mainly in connection with the higher temperatures in the heating season which translated into lower consumption of heat energy in Poland.

Additionally, these trends were influenced by the Group's implemented reduction initiatives in the area of own properties, and measures such as thermal modernization and optimization of energy consumption through changes in, for instance, heating methods. Electricity and heat consumption remained limited as operations are still remote and/or hybrid.

Emissions (scope 2 - market-based) 2022 vs. 2018

Total scope 2 emissions calculated using the market-based method dropped 56.4% relative to the base year (2018),

[GRI 305-2]

Total indirect emissions (scope 2) in the PZU Group - market-based method

		2018				2021			2022			
Mg CO2e	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies
Scope 2 - market based	168,573	21,760	7,324	139,490	101,900	6,390	2,882	92,628	73,422	6, 219	2,835	64,367
Supplied heat energy	63,665	8,755	3,789	51,122	47,904	4,893	1,905	41,106	35,541	4,947	1,911	28 682
Supplied electricity – market-based	104,908	13,005	3,535	88,368	53,996	1,497	977	51,522	37,881	1,272	924	35,684

including emissions associated with supply of heat were 44.2% lower, and emissions associated with electricity dropped by 63.9% compared to the base year. As in the report for the previous year, 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) 2022 vs. 2021

Location-based indirect scope 2 emissions reached 112.2 thousand tons of CO2e in 2022 compared to 121.7 thousand tons in 2021, which signifies a decrease by 7.8% y/y (-9.5 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.

[GRI 305-2]

Total indirect emissions (scope 2) in the PZU Group - location-based method

		2018			2021			2022				
Mg CO2e	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies
Scope 2 - location based	156,091	21,098	7 109	127,884	121,709	13,586	4,578	103,545	112,237	13,522	4,781	93,935
Supplied heat energy	63,665	8,755	3,789	51,121	47,904	4,893	1,905	41,106	35,541	4,947	1,911	28,682
Supplied electricity – location-based	92,426	12,343	3,320	76,763	73,804	8,693	2,673	62,439	76,697	8,574	2,870	65,252

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²⁾ The PZU Group collects data on the consumption of the following fuels: petrol, Diesel oil, natural gas and heating oil

The reduction of scope 2 emissions measured with the location-based method was attributable to reduced emissions associated with the lower consumption of heat energy (-12.4 thousand tons CO2e) and increased emissions related to the higher consumption of thermal energy (+2.9 thousand tons CO2e). In the case of heat energy, the decrease in emissions (and consumption) resulted from higher temperatures in Poland. Electricity-related emissions increased to a similar extent due to the increased emission rates in Poland in 2022 and to an increase in electricity consumption as a result of higher employee attendance in the head offices, which was reflected in an increase in electricity consumption. In addition, in many Alior Bank branches used AC for heating (which also contributed to higher electricity consumption).

Emissions (scope 2 - location-based) 2022 vs. 2018

Total scope 2 emissions calculated using the location-based method dropped 28.1% relative to the base year (2018), including emissions associated with supply of heat were 44.2% lower, and emissions associated with electricity dropped by 17.0% compared to the base year.

Emissions 2022 (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 2022 stood at 9.1 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). Total scope 2 emissions (calculated using the market-based method) in other Group companies in 2022 were lower by 31% than those calculated with the location-based method.

The share of PZU and PZU Życie in the Group's emissions of greenhouse gas (Scope 1 and 2)



The share of PZU and PZU Życie in the Group's total scope 1 and 2 emissions (calculated using the market-based method) was 18% in 2022.

Emissions (scope 3) 2022 vs. 2021

Scope 3 (indirect) emissions in categories 1, 3, 5 and 6 (listed in the table above) by the PZU Group reached 20.9 thousand tons of CO2e compared to 24.5 thousand tons in 2021 (-14.7% y/y or -3.6 thousand tons). The drop was mainly seen in emissions associated with energy and fuels not covered by scope 1 and 2. However, there was an increase from purchased raw materials and services (paper, water, sewage treatment). Emisje (zakres 3) 2022 vs. 2018

Emissions (scope 3) 2022 vs. 2018

Scope 3 (indirect) emissions in selected categories dropped by 16.2%, or 4.0 tons relative to the base year (2018). The biggest impact was exerted by the drop in emissions associated with energy and fuels not covered by scope 1 and 2, mostly due to the purchase of energy with certificates of origin. Changes to the fleet policy brought about a decrease in emissions associated with diesel consumption, and an increase in those associated with gasoline, however, with a negative balance, i.e., the total WTT emissions associated with the consumption of these two fuels decreased in 2022 compared to the base year.

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 given supplier (market-based method) were derived from websites of energy providers (for instance, 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.

[GRI 305-3]

Total other indirect emissions (scope 3) in the PZU Group PZU

		2	018			2	021			2	022	
thous. tons of CO2e	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies	PZU Group	PZU	PZU Życie	Other companies
Scope 3	24,936	4,372	1,293	19,270	24,500	2,022	850	21,628	20,893	2,440	1,077	17,376
Emissions associated with energy and fuels not covered by scope 1 and 2	22,944	3,977	1,130	17,836	23,721	1,904	777	21,041	18,718	1,927	795	15,996
Purchased raw materials and services (paper, water, sewage treatment)	1,736	202	99	1 434	743	104	64	575	1,361	101	70	1,190
Waste generated in the course of operations	2	1	1	-	7	5	2	-	555	353	202	-
Business travel (plane, train, taxi)	255	192	63	-	29	9	7	12	260	60	10	190

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.

[GRI 305-4]

Intensity of greenhouse gas emissions

	2018	2021	2022
Number of employees	41,742	38,666	37,937
Consolidated assets (PLN million)	328,554	402,129	436,119
Emissions (scope 1 and 2 using the market-based method) per employee (tons CO2e / employee)	4.79	3.28	2.63
Emissions (scope 1 and 2 using the market-based method) per million of consolidated assets (tons CO2e / 1 million of consolidated assets)	0.61	0.32	0.23

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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 3.28 in 2021 to 2.63 tons CO2e in 2022. Emissions per million zloty of consolidated assets dropped from 0.61 in the base year and 0.32 in 2021 to 0.23 tons CO2e in 2022.

[GRI 305-5]

Reduction of greenhouse gas emissions

PZU and PZU Życie took actions aimed at reducing scope 1 greenhouse gas emissions associated with combustion of fuels. To this effect, in 2022, the companies expanded their fleet by 15 hybrid cars.

In 2023, 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. It will be considered as a positive factor impacting the choice of service providers.

Similarly, PTE PZU has a fleet of mostly hybrid-powered cars and intends to reduce fuel and paper consumption by 10%

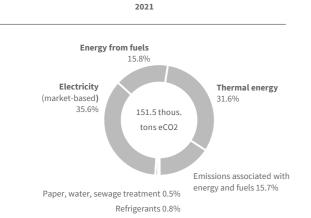
in the horizon to 2024, and also develop remote and hybrid

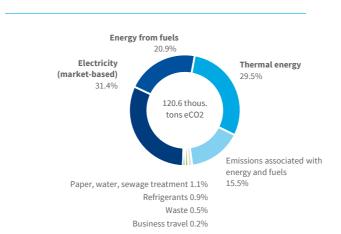
According to the commitment made in the ESG Strategy, PZU SA and PZU Życie SA carried out the offset of the CO2 emissions to which they contributed in 2021. They were also joined by PTE PZU and TUW PZUW. These emissions were offset by purchasing certified offset credits, CERs, made available by the UN Carbon Offset Platform. As part of offsetting the environment for emissions generated in 2021, the funds were allocated to wind power development in India. The companies purchased offset units corresponding to emissions for PZU and PZU Życie 17,508 Mg CO2, PTE PZU 24 Mg CO2, TUW PZUW 68 Mg CO2.

ESG strategy indicator: Achieving C02-neutrality from its own operations (scope 1 and 2) by 2024 through emissions reductions, purchase of green energy certificates and emissions offsets

Level of implementation 2022: Reduction of carbon emissions from own sources by 25.5% (location-based method). 81% of electricity contracted and purchased coming from RES. Offsetting emissions of 17,508 Mg of CO2 for 2021.

Total CO2 emissions (Scope 1, 2 and 3) in PZU Capital Group by emissions sources





2022



- 5.1. Approach to reporting
- 5.2. Dialogue with the environment
- 5.3. GRI content index
- Table of compliance with the Accounting Act
- 5.5. Taking into consideration the guidelines pertaining to disclosure of climate information
- Verification Statement Greenhouse Gas Emissions
- 5.7. Disclosure of information on the principal adverse impacts of investment decisions on sustainability factors under the Commission Delegated Regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 of the European Parliament (SFDR) for PZU as an entity in which an investment was made
- 5.8. Additional data



5. 1. Approach to reporting

[GRI 2-3]

The PZU and the PZU Group's Integrated Report contains data for the period from 1 January 2022 to 31 December 2022. 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.

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) 2021 and GRI standards 2016 for specific topics, 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).

Contact details: **Investor Relations Team** e-mail: daneniefinansowe@pzu.pl

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 2021 and 2022 have been checked by an independent external company doing business as Bureau Veritas Polska Sp. z o.o. Other parts of the report were not subject to additional external verification.

[GRI 2-2]

In accordance with the requirements of the Accounting Act, the report on the PZU Group's non-financial information in 2022 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 2022.

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.

[GRI 2-6]

There were no significant changes in the structure of the PZU Group in 2022. Detailed information in this regard is presented in the "Report of the Management Board on the activities of the PZU Group and PZU for 2022". - Chapter 3.6 Other areas -"Changes in the structure of the PZU Capital Group".

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.

In 2022, there was an adjustment to the Group's paper consumption figures (from 850 to 1,970 tons) for 2021, due to the expansion of reporting to include so-called mass-printing.

[GRI 3-1], [IIRC]

In line with the approach stemming from the principle of significance, 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 (IIRC, GRI 2021), a process comprising the following stages has been followed:

1. Update of significant topics - for the Q4 2022 non-financial data report, the list of significant topics has been updated. Changes have been made to topics identified in previous years. Diverse sources of information were used to identify key areas of impact: internal PZU Group data, rating agency assessments, external information, including data from industry reports, trend reports and changes resulting from implemented ESG regulations;

- 2. Internal evaluation of significant topics selected topics were evaluated in terms of parameters within the framework of impact significance: type of impact, extent of impact, magnitude of impact, likelihood of negative impact and possibility of remedying negative impacts;
- 3. Stakeholders' assessment of the significance of topics - a survey among the Management Board and Senior Management was conducted to determine the importance of the impact to the organization. To determine the significance of the impact, a survey was conducted among 78 representatives of internal and external stakeholders in the Group's environment;
- **4. Significance matrix** the topics assessed by stakeholders were plotted on a significance matrix. The cutoff point was determined based on the average score for the issues. On this basis, 11 topics were identified;
- 5. Expert verification the verification process was carried out in two stages. The significant topics identified were checked against GRI indicators. In addition, two in-depth expert interviews were conducted with representatives of partner organizations UNEP/Grid Warszawa and the Responsible Business Forum.

[GRI 3-2]

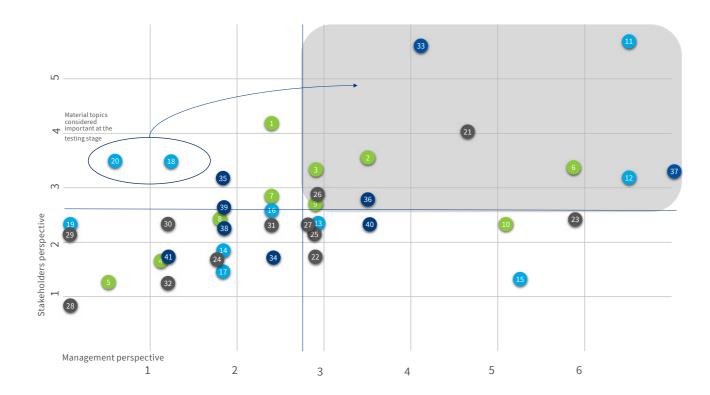
Material topics

The findings of the significance analysis 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, 13 significant topics from 4 areas (environment, social commitment, responsible governance and employee issues) were defined.

Finally, 13 issues were identified as significant, which were adopted by the PZU/PZU Życie Management Board and are described in this report.

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I. Environment

- 2 Reduction of carbon footprint
- 3 Management of energy consumption
- 6 Product offering, including consideration of environmental aspects in the design of new products
- 9 Educating and engaging clients, employees and other stakeholders in the area of environmental protection

II. Social commitment

- Advancing an active and healthy lifestyle, health prevention
- Prevention activities in safety and cooperation with rescue
- 18 Impact exerted by products and services on the quality of life (e.g. support for injured parties in accidents, countering financial exclusion).

20 Respecting and upholding human rights in business activity, including toward its employees, clients, suppliers and business partners, local communities, and other stakeholders

III. Responsible management

- 2 Plans and strategy for the future, incorporating sustainable development issues (ESG)
- The PZU Group's business performance, market position and fair competition

IV. Employee issues

- 33 Headcount structure, equal pay, headcount turnover, conditions of employment and labor conditions
- 39 Engaging employees in ESG issues, including ESG in annual management goals, and educating about sustainability
- 3 Promoting employee health and wellness, ensuring worklife balance, well-being initiatives

5.2. Dialogue with the environment

[GRI 2-29]

The PZU Group engages in dialog 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.

		Engaging stakeholders	
Group	Approach	Purpose	Method and forms
Employees	 constant, open communication between employees and the employer; ongoing dialog with trade unions; engaging workplace; 	 providing employees with development opportunities; building understanding of implementation of the strategy and the achieved results; encouraging employees to participate in new initiatives; promotion of best hybrid work practices and optimal work style; cooperation and understanding of needs between 4 generations of employees, inter-area cooperation; preparation and adaptation to change and crisis situations; engaging in social initiatives and actions (ESG volunteering); health prevention and prevention of professional burnout; strengthening responsibility for one's own development and wellbeing; building a sense of influence over performance, decisions and the work environment; providing trade unions with dialog with the employer in connection with the requirements of the law and the need to maintain good relations with employee representatives 	 engagement surveys, pulse check, focus group, surveys; clear, measurable goals to be achieved accounted for on a quarterly or annual basis; direct meetings and discussions with the supervisor on an annual or quarterly basis; internal, team meetings; function boxes to clarify ambiguities; chat rooms, discussion forums; information campaigns about opportunities for development, assistance and support; promoting engaging forms and tools, e.g.: gamification platform, online chats with experts, hotlines; live debates with experts and organization leaders; promoting plain language; encouraging to create change in the work environment, e.g.: establishing ambassador groups; preparing managers for open dialog with employees, contracting, discussions; inviting trade unions to participate in both consultation and agreement processes, as well as keeping them informed of significant changes in the company's operations; employee support program #rozmawiajMY (#Let'sTalk); #DobryStan (#Well-being) program – striving for work-life balance; internal portal/intranet; company-wide newsletter and thematic newsletters; information and awareness-raising campaigns for the organization; webinars with experts; broadcast of quarterly performance meetings with the participation of Management Board members; video materials displayed at the company's headquarters; video materials displayed at the company's headquarters; a system for reporting violations (whistleblowing).

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		Engaging stakeholders	
Group	Approach	Purpose	Method and forms
Clients	constant and open communication with clients; quality and customization of products and services; experience with purchasing and service processes; Client Ombudsman; Health Ombudsman;	 taking into account the client's opinion in the process of designing business solutions; creating transparent conditions of offerings and contracts; offering high quality client-tailored products and services; providing multiple channels of access to products and services that take into account client preferences; building a positive client experience; preventing exclusion; 	 ongoing, face-to-face meetings and physical conversations at branches, agents' offices, health facilities, and by phone – hotline, Contact Center; constant online contact, including social media profiles, chat, website contact form, e-mail function boxes, myPZU, inPZU applications; plain language in communication with the clients; satisfaction and opinion surveys on product quality and service to respond to client needs; client improvement database, through which employees can submit proactive client initiatives and improvements; omni-channel solutions, barrier removal and facilitation of access to products and services – including facilities adapted for people with disabilities; international OK SENIOR® Quality Mark Certificate, which confirms that PZU branches are tailored to the needs of clients over 60 years; participation in trade fairs, conferences, industry meetings; financial and insurance education programs.
Business partners, agents	constant cooperation for mutual benefit -including experience sharing, seeking opinions;	 learning about expectations, understanding the needs and challenges of business partners; presentation of strategic plans; a summary of the achievement of business goals; product improvement; improving contracting, product sales and client service processes; 	 building and maintaining fair terms of cooperation by, among other things, providing access to accurate and timely information, opportunities to ask questions and voice opinions (surveys, focus groups, meetings; satisfaction and opinion surveys); ongoing and regular meetings with agents (annual and monthly); internal communication portal for agents; use of social media in communications; newsletters; sales training and support programs; Elite Agent Club – meetings with key Agents.

		Engaging stakeholders	
Group	Approach	Purpose	Method and forms
Suppliers	 ongoing cooperation based on "The CSR Code for PZU Group Suppliers"; supplier audits; 	 transparent rules of selection and cooperation with suppliers; supporting the implementation of the PZU Group strategy and access to innovation; formation of business standards – conducting business in a responsible and sustainable manner; promotion of ethical purchasing practices; expanding suppliers' knowledge of PZU Group's needs and PZU Group's knowledge of suppliers' potential and capabilities; improving the quality of delivery of goods and services; increasing ESG awareness in the business environment and integrating ESG principles into business and purchasing processes; knowledge of the pre-selection of contractors willing to cooperate with the PZU Group – as part of the supplier verification process 	 ongoing and periodic meetings and negotiations with new and existing suppliers; frequent communication with suppliers on relevant cooperation issues; use of plain language principles in communicating with suppliers; providing support to suppliers in understanding relevant issues concerning the subject of communication; working together during supplier audit processes to improving the quality of delivery o goods and services; list of PZU Qualified Suppliers.
Investors and shareholders, analysts and rating agencies	constant two-way communication between the company's Management Board and capital market participants based on best capital market practices;	 building investor confidence; transparency of operations; equal access to information affecting investment decisions; activating shareholders to participate in key decisions; building an understanding of the PZU Group's business model, strategy and value creation; growth of the company's capitalization and distribution of profits; 	 shareholder meetings that allow participation by the largest possible number of eligible persons; proper performance of mandatory information obligations for listed companies – current and periodic reports; quarterly performance presentations and newsletters; quarterly performance meetings with Management Board representatives after announcing key decisions for the company (e.g.: strategy, acquisitions); live webcasts with the possibility to ask questions and English translation of quarterly performance meetings, shareholder meetings and other key corporate events; online investor relations service (in Polish and English) providing up-to-date information, including presentations and recordings of, among others, shareholder meetings, quarterly meetings, key corporate events); online integrated annual report; regular meetings with institutional investors (during investor conferences, roadshows, video/teleconferences and at the company's headquarters); WallStreet's annual conference for individual investors; loyalty program for individual investors "Moje Akcje PZU".

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		Engaging stakeholders	
Group	Approach	Purpose	Method and forms
Media	constant cooperation with journalists	 transparency of operations; easy and quick access to information about the company and the PZU Group; building insurance awareness; increasing the level of knowledge about financial products; correct perception of the external information and strategy of PZU and PZU Group; consistent media coverage of events and key corporate and business topics 	 maintaining good relations with key media and opinion journalists; inviting thematically selected editors and journalists to participate in corporate events; providing answers (consistent with the PZU Group's information policy and strategy) to questions flowing in from editors and journalists; preparing press releases; organizing press conferences; organizing and participating in expert interviews and industry conferences; social media presence.
Central administration and regulators (including KNF, UOKiK, Warsaw Stock Exchange)	cooperation in debates and conferences; ongoing dialog and consideration of recommendations; legislative cooperation with the Polish Chamber of Insurance (PIU).	 ensuring compliance with requirements and regulations; supporting the creation of new rules in the market, including best practices; ensuring compliance with regulatory and supervisory requirements, as well as the rules contained in the corporate governance sets; co-shaping the regulatory environment; identification of actual and potential impacts when implementing new regulations (laws, recommendations) from both EU and national legislation; determining preventive and mitigating actions for negative impacts; 	 active participation in issuing the opinion of legislative projects and, in the case of identifying threats, irregularities or risks of negative consequences for insurance business, commenting on the submitted proposals in cooperation with the PIU; participation in the work of committees, subcommittees and working groups of the PIU, whose tasks include carrying out legislative activities aimed at protecting and improving 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; participation in meetings, arrangements, clarifications and consultations (e.g. recommendations) with KNF to determine the market impact of planned solutions.
Local communities	 ongoing direct communication; employee volunteerism; supporting the development of local communities; 	 encouraging employees to participate in social and environmental actions; implementation of social projects – volunteerism projects based on the cooperation of PZU employees (volunteers) with local communities; improving the physical condition of children and young people; reducing disparities in the development of sports infrastructure and access to sports between large cities and smaller centers; 	 implementation of sponsorship and prevention projects to improve health and safety; opportunity for PZU employees to receive a grant for an original volunteerism project, which they can allocate to their local communities whose problems they know well; subsidies for people who find themselves in difficult life situations; activities aimed at equalizing opportunities for children and young people from small centers; supporting sports activation of children and young people by subsidizing local sports clubs and associations through the Dobra Drużyna PZU (PZU Good Team) program.

		Engaging stakeholders	
Group	Approach	Purpose	Method and forms
NGOs and public institutions	 building partnerships and conducting social diagnosis; joint planning, implementation and evaluation of projects; knowledge sharing; 	 developing the idea of employee volunteerism in cooperation with NGOs and institutions; identification of the needs of specific social groups that can be implemented through employee volunteerism; minimizing the risk of occurrence or consequences of insurance accidents; exchange of knowledge and experience, analysis of trends and challenges for sustainable development, including environmental protection; 	 participation of PZU employees in working groups led by partner organizations, participation of organization representatives in thematic meetings, creation of joint publications; implementation of volunteerism activities that meet the needs of NGOs and institutions; implementation of educational and social programs for health, safety, social welfare and climate change; organization of joint conferences and seminars and other activities with the participation of representatives of the third sector and academic communities;
Cultural institutions	 • projects promoting educational and cultural events; • patronage and partnerships; 	 promotion and protection of Polish culture and national heritage; cultural education among children and young people; 	 extending patronage and partnership to Polish cultural institutions; supporting Poland's largest cultural institutions, which, due to their size and format, require large amounts of funding to conduct status activities; promotion of high culture among children and young people as a factor supporting the building of proper cultural competence; joint planning of projects to promote cultural education; joint initiatives to promote cultural events; organization of the setting of major cultural events.



Participation in associations and industry organizations

The PZU Group is engaged in the activity of numerous organizations and associations. PZU is active in the following organizations:

- Polish Association of Listed Companies (SEG) a selfgoverning 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;
- United Nations Global Compact (UNGC) is the world's largest initiative supporting sustainable business.

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.

PZU is also involved in external sustainability initiatives, as described in 4.1.1. Global challenges to sustainable development.



Best practices of PZU and PZU Życie

Self-governing activities - strengthening protection for insurance market participants

The representatives of PZU and PZU Życie participate in the work of the committees, subcommittees 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.

5.3. GRI content index

The PZU Group and PZU report used "GRI Standards 2021" for general and material disclosures, and "GRI 2016" for thematic disclosures.

GRI Standard	Indicator number	Indicator name	Page number
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			I	
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Reporting to	pic identified a	s being significan: Advancing an active and healthy lifestyle, health preve	ntion	
GRI 3 - 2021	3-3	Management of significant issues	186	
GRI 403 - 2016	403-6	Health promotion among employees	186	
Reporting to	pic identified a	s being significan: Prevention activities in safety and cooperation with re	scue services	
GRI 3 - 2021	3-3	Management of significant issues	190	
Reporting topic identified as being significan: Impact exerted by products and services on the quality of life (e.g. support for injured parties in accidents, countering financial exclusion).				
GRI 3 - 2021	3-3	Management of significant issues	111, 158, 171	
		s being significan: Respecting and upholding human rights in business act , clients, suppliers and business partners, local communities, and other s		
GRI 3 - 2021	3-3	Management of significant issues	71	
GRI 2 - 2021	2-23	Commitments included in policies	72	



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GRI Standard	Indicator number	Indicator name	Page number		
GRI 406 - 2016	406-1	Total number of cases of discrimination and corrective actions taken on this issue	143		
	Reporting topic identified as being significant: Plans and strategy for the future, incorporating sustainable development issues (ESG)				
GRI 3 - 2021	3-3	Management of significant issues	108		
GRI 2 – 2021	2-22	Statement on sustainable development strategy	108		
26 Reporting to competition	pic identified a	s being significan: The PZU Group's business performance, market position	on and fair		
GRI 3 - 2021	3-3	Management of significant issues	104		
GRI 2 – 2021	2-6	Activities, value chain and other business relations	73		
GRI 201 - 2016	201-1	Direct economic value generated and distributed (including revenues, operating costs, employee remuneration, grants and other community investments, undistributed profits, and distributions to owners of capital and government institutions)	105		
33 Reporting to of employment		s being significant: Headcount structure, equal pay, headcount turnover, itions	conditions		
GRI 3 - 2021	3-3	Management of significant issues	129, 142, 148, 151		
GRI 2 – 2021	2-7	Employees	129		
GRI 401 - 2016	401-1	Newly-hired employees and cases of attrition	133		
GRI 401 - 2016	401-2	Fringe benefits provided to full-time employees that are not available to temporary or part-time employees	150		
GRI 404 - 2016	404-1	Average number of training hours per year per employee	153		
GRI 405 - 2016	405-1	Composition of supervisory bodies and employees broken down into employee groups by gender, age and other diversity factors	48		
GRI 405 - 2016	405-2	Average base salary ratio of women to men	150		
Reporting topic identified as being significant: Engaging employees in ESG issues, including ESG in annual management goals, and educating about sustainability					
GRI 3 - 2021	3-3	Management of significant issues	56, 149, 186		

GRI Standard	Indicator number	Indicator name	Page number
GRI 2 - 2021	2-14	Role of the most senior managing body in reporting on sustainability issues	56
GRI 2 - 2021	2-17	Collective knowledge of the most senior managing bodies	56
Reporting topic identified as being significant: Promoting employee health and wellness, ensuring work balance, well-being initiatives		ork-life	
GRI 3 - 2021	3-3	Management of significant issues	141
GRI 403 - 2016	403-6	Health promotion among employees	141

III. OTHER	TOPICS		
Economic perfo	rmance		
GRI 201 - 2016	201-1	Direct economic value generated and distributed (including revenues, operating costs, employee remuneration, grants and other community investments, undistributed profits, and distributions to owners of capital and government institutions)	105
Counteracting c	orruption		
GRI 205 – 2016	205-1	Activities assessed for corruption risks	89
GRI 205 – 2016	205-2	Communication and training on the organization's anti-corruption policies and procedures	90
GRI 205 – 2016	205-3	Confirmed cases of corruption and actions taken	90
Violation of the principles of free competition			
GRI 205 – 2016	206-1	Legal steps taken against organizations for violations of free competition and monopolistic practices	161
Tax transparence	у		
GRI 207 - 2016	207-1	Approach to tax reporting	64
GRI 207 - 2016	207-2	Control and risk management in tax reporting	64
GRI 207 - 2016	207-3	Commitment to tax policy development	65
GRI 207 - 2016	207-4	Tax reporting by foreign companies	65

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GRI Standard	Indicator number	Indicator name	Page number	
Environmental topics				
Materials				
GRI 301 - 2016	301-1	Raw materials/materials used by weight and volume	225	
Energy				
GRI 302 - 2016	302-1	Energy consumption of the organization by type of raw materials	229	
GRI 302 - 2016	302-4	Reduction of energy consumption	232	
Compliance with	h environmenta	al regulations		
GRI 303 - 2016	303-5	Total water intake by source	227	
Emissions				
GRI 305 - 2016	305-1	Total direct emissions	234	
GRI 305 - 2016	305-2	Total indirect energy-related emissions	235	
GRI 305 - 2016	305-3	Other indirect emissions	237	
GRI 305 - 2016	305-4	Intensity of greenhouse gas emissions	237	
GRI 305 - 2016	305-5	Reduction of greenhouse gas emissions	238	
Compliance with	h environmenta	al regulations		
GRI 307 - 2016	307-1	Monetary value of fines and total number of non-financial sanctions for non-compliance with environmental laws and/or regulations	225	
Ocena środowis	kowa dostawcó	w .		
GRI 308 - 2016	308-1	Percentage of new suppliers that have been assessed to meet environmental criteria	74	
Social topics				
Employment				
GRI 401 – 2016	401-1	Newly-hired employees and employee turnover	133	
Occupational sa	fety and health			
GRI 403 - 2016	403-2	Rate of injuries, occupational diseases, lost days and absences and number of work-related fatalities	145	
GRI 403 - 2016	403-5	Training for employees in occupational health and safety	146	

GRI Standard	Indicator number	Indicator name	Page number
GRI 403 - 2016	403-6	Health promotion among employees	141, 186
GRI 403 - 2016	403-9	Work-related injuries	146
Education and t	raining		
GRI 404 - 2016	404-1	Average number of training hours per year per employee	153
GRI 404 - 2016	404-2	Managerial skills development and continuing education programs that support employment continuity and facilitate the retirement process	140
GRI 404 - 2016	404-3	Percentage of employees subject to regular job quality assessments and career development reviews, by gender and employment category	149
Diversity and eq	ual opportunit	ies	
GRI 405 - 2016	405-1	Composition of supervisory bodies and employees broken down into employee groups by gender, age and other diversity factors	48
GRI 405 - 2016	405-2	Average base salary ratio of women to men	150
Countering discrimination			
GRI 406 - 2016	406-1	Total number of cases of discrimination and corrective actions taken on this issue	143
Social assessme	nt of suppliers		
GRI 414 - 2016	414-1	Percentage of new suppliers that have been evaluated according to social criteria	74
Marketing and la	abeling of prod	ucts and services	
GRI 417 - 2016	417-1	Internal requirements concerning the labeling of products and services and information regarding them	162
GRI 417 - 2016	417-2	Cases of non-compliance with regulations and voluntary codes on product and service labeling and information	163
GRI 417 - 2016	417-3	Cases of non-compliance with regulations and voluntary codes on marketing communications	
Protecting clien	t privacy		
GRI 418 - 2016	418-1	Legitimate complaints about client privacy violations and data loss	88

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GRI Standard	andard Indicator name Indicator name		Page number
Sectoral aspect:	Sectoral aspect: local communities		
G4-FS14		Initiatives taken to improve access to financial services for the disadvantaged	158
G4-FS15		Policies for the fair design and sale of financial products and services	161
G4-FS16		Initiatives to enhance financial literacy by type of beneficiary	156

5.4. Table of compliance with the Accounting Act

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Requirements of the Accounting Act for disclosure of non-financial data	Has the requirement indicated in the Act been met	Chapter
Description of the entity's business model and key performance indicators	YES	2.6. Value Creation Model
Description of management of risks identified as being significant	YES	2.5. Risk management
Description of policies, due diligence procedures and performance indicators related to the entity's activities with respect to anti-corruption	YES	2.5.2. Countering corruption
Description of policies, due diligence procedures and performance indicators related to the entity's activities in relation to respect for human rights	YES	2.3. Human rights
Description of policies, due diligence procedures and performance indicators related to topics relevant to consumer/client relations, quality	YES	3.2. Client
Description of policies, due diligence procedures and performance indicators related to the entity's operations with respect to employee issues	YES	3.1. Employees
Description of policies, due diligence procedures and performance indicators related to the entity's activities with respect to the environment	YES	4. Climate and environment
Description of policies, due diligence procedures and performance indicators related to the entity's activities with respect to social issues	YES	3. Social Responsibility



5.5. 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 nonfinancial enterprises to disclose information on climaterelated 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 climate information	Chapter
	Description of the entity's business model, the impact of climate-related risks and opportunities on the business model, strategy, and financial plans	2.6. Value Creation Model
Business model	Positive and negative impact of the organization on the climate	4.1.3. ESG Strategy– approach to management in climate 4.1.4. Product offering - prevention and adaptation
		4.3. Direct environmental impact
	Climate scenarios: the resilience of the company's business model and strategy taking into account different climate-related scenarios	4.1.3. ESG Strategy– approach to management in climate 4.1.4. Product offering - prevention and adaptation
Policies and procedures	Description of the company's climate-related policies, including approaches to climate change mitigation or adaptation.	4.3. Direct environmental impact
	Company-set climate-related targets: any greenhouse gas emission targets and how they relate to national and international plans (in particular, the Paris Agreement).	2.7.4. Ambitions 2030-2050 (long-term perspective)
	The role of management staff in the risk assessment and climate risk management process.	2.1.9. Management Board Responsibility for Issues of ESG
Results of applying policies and procedures	As indicated above	4.1. Business in the face of climate change 4.3. Direct environmental impact

	Guidelines pertaining to disclosure of climate information	Chapter
	The process of identifying and assessing climate risks in the short, medium and long term, and indicating how the company defines the short, medium and long term.	4.1.2. Analysis of climate change and risk identification
Description of climate risks	The main climate risks that the company has identified in the short, medium and long term across the value chain and any assumptions made as part of the process of identifying them.	4.1.2. Analysis of climate change and risk identification
	Climate risk management process with an indication of how the process has been integrated into the organization's overall risk management.	4.1.2. Analysis of climate change and risk identification
Non-financial performance indicators	Scope 1 and Scope 2 direct emissions, Selected GRI indicatorsI	2.7.1. Implementation in 2022 4.3.3. Carbon footprint

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5.6. 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 S.A. (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 2022 to 31 December 2022. This Verification Statement applies to the related information included within the scope

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:

PZU Group Poland

Data verified

Scopes	2022
Scope 1 [tCO ₂ e]	26 296
Scope 2 location-based [t CO ₂ e]	112 237
Scope 2 market-based [t CO ₂ e]	73 422
Scope 3 [t CO ₂ e]	20 893

Data and information supporting the Scope 1, 2 and 3 GHG emissions assertion were historical in nature and in some cases estimated

Period covered by GHG emissions verification:

1 January 2022 to 31 December 2022

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:
- 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

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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 certified 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 dayto-day business activities.

Agnieszka Potęga

Lead GHG Verifier

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BUREAU VERITAS POLSKA Sp. z o. o.

Warsaw, 27th March 2023

Member of the Board

Witold Dżugan

1 Certificate of Registration No. 44 100 160145 issued by TUV NORD CERT GmbH

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² TIC Council Compliance Code EDITION 1 December 2018

5.7. Disclosure of information on the principal adverse impacts of investment decisions on sustainability factors under the Commission Delegated Regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 of the European Parliament (SFDR) for PZU as an investee

Table 1. Statement on principal adverse impacts of investment decisions on sustainability factors

Index of adverse effects on sustainability factors	Metric	PZU (data for 2022)					
Climate and other environment-related indicators							
	Scope 1 GHG emissions (Mg CO2e)	PZU: 6,095; PZU Group: 26,296					
Greenhouse gas emissions	Scope 2 GHG emissions (Mg CO2e) ¹	PZU: 6,219; PZU Group: 73,422					
1. Greenhouse gas emissions	Scope 3 GHG emissions (Mg CO2e) ²	PZU: 2,440; PZU Group: 20,893					
	Total GHG emissions (Mg CO2e)	PZU: 14,755; PZU Group: 120,611					
2. Carbon footprint	Carbon footprint (Mg CO2e)	PZU: 14,755; PZU Group: 120,611					
3. GHG intensity of investee companies	Intensity of greenhouse gas emissions	Not applicable					
4. Exposure to companies active in the fossil fuel sector	Company actives in the fossil fuel sector	No.					
5. Share of non-renewable energy consumption and production	Share of energy from non-renewable sources consumed and produced vs renewable energy resources, expressed as a total percentage of energy resources	PZU: Share of energy from non-renewable sources consumed and produced and as a percentage of total energy resources: 79%, share of renewable energy consumed and produced as a percentage of total energy resources: 21%. Total energy consumption in the organization: 51,445 GWh of which: Total value of energy from non-renewable sources: purchased: 15,379 GWh, produced 25,102 Total renewable energy: purchased: 10,766 GWh, consumed: 0,198 GWh.					
6. Energy consumption intensity per high impact climate sector	Energy consumption expressed in GWh if the company primarily generates revenue in sectors with high climate impact	Not applicable. PZU has no such activities.					

1)	market-based	method

²⁾ in categories: energy and fuel-related emissions not included in scope 1 and 2, purchased raw materials and services, waste generated from operations, business travel

Index of adverse effects on sustainability factors	Metric	PZU (data for 2022)		
7. Activities negatively affecting biodiversity-sensitive areas	Company with sites/operations located in or near to biodiversity-sensitive areas where the activities of such a company negatively affect those areas	Not applicable. PZU does not have facilities in or near biodiversity-sensitive areas		
8. Emissions to water	Tons of emissions to the water	Not applicable. PZU does not conduct activities that cause emissions to water.		
9. Hazardous waste and radioactive waste ratio	Tons of hazardous waste and radioactive waste	Not applicable. PZU does not conduct in activities that generate hazardous or radioactive waste.		
Indicators for social and emplo	oyee, respect for human rights, anti-corruption an	d anti-bribery matters		
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	The Company has violated or is violating the principles of the Global Compact initiative or the OECD Guidelines for Multinational Enterprises	No.		
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	The Company does not have a strategy for overseeing compliance with the Global Compact initiative or the OECD Guidelines for Multinational Enterprises, nor does it have a mechanism for handling complaints about violations of the Global Compact initiative or the OECD Guidelines for Multinational Enterprises	PZU does not have a policy for monitoring compliance with UNGC rules or the OECD Guidelines for Multinational Enterprises, nor does it have a mechanism for handling complaints to address violations of UNGC rules or the OECD Guidelines for Multinational Enterprises. Bearing in mind the requirements of the EU Taxonomy (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, and amending Regulation (EU) 2019/2088), PZU is revising its procedures with this in mind as well.		
12. Unadjusted gender pay gap	Unadjusted gender pay gap	4%		
13. Board gender diversity	Ratio of female to male board members on the company's Management Board, expressed as a percentage of all board members	37.5%		
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Company is involved in the manufacture or selling of controversial weapons	No.		

PZU

Table 2. Additional climate and other environment-related indicators

Index of adverse effects on sustainability factors	Metric	PZU (data for 2022)					
Climate and other environment-related indicators							
1. Emissions of inorganic pollutants	Tonnes of inorganic pollutants equivalent	Not applicable. PZU does not conduct any activities that directly affect the area of inorganic pollution.					
2. Emissions of air pollutants	Tons of air pollution equivalent	No air pollutants other than CO2 emissions					
3. Emissions of ozone-depleting substances	Tons of ozone-depleting substances equivalent	Yes. PZU: 0.06256 tons					
4. Company without carbon emission reduction initiatives	Company without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	No. PZU has carbon reduction initiatives to comply with the Paris Agreement. The Environmental Policy: https://www.pzu.pl/_fileserver/item/1529855 has been adopted. "The PZU Group is aware of the indirect impact it has on the environment and is reducing its negative impact on the climate. In doing so, it is guided by the assumptions of Polish and EU strategic documents, including the Paris Agreement, the National Energy and Climate Plan 2021–2030 and the Energy Policy of Poland 2040."					
5. Breakdown of energy consumption by type of non- renewable sources of energy	Share of non-renewable energy used by the company, by individual non-renewable energy sources	PZU: Non-renewable energy consumption by non-renewable energy sources (GWh and share in total energy consumption in the organization): Natural gas: 6,4, 12,5% Fuel oil: 0,4, 0,7% Gasoline: 18,1, 35,2% Diesel fuel: 0,2, 0,4% Heat and electricity from non-renewable sources: 29,9%					
6. Water usage and recycling	The amount of water consumed by the company	38,815 m3					
	Percentage of water recycled and reused	3.7%1					
7. Company without a water management policy	Company without a water management policy	Not applicable					
8. Exposure to areas of high water stress	The Company with sites located in areas of high water stress without a water management policy	No. PZU does not have facilities that are located in areas with high water stress and that do not have a water management policy.					

Index of adverse effects on sustainability factors	Metric	PZU (data for 2022)	
9. Chemical producing company	Company whose activities are covered by Chapter 20.2 in Annex I to Regulation (EC) No. 1893/2006	Not applicable	
10. Land degradation, desertification, soil sealing	Company whose activities cause land degradation, desertification or soil sealing	No. PZU's activities do not cause land degradation, desertification or soil sealing.	
11. Company without sustainable land/agriculture practices	Company without sustainable land/agriculture practices or policies	Not applicable	
12. Company without sustainable oceans/seas practices	Company without sustainable oceans/seas practices or policies	Not applicable	
13. Non-recycled waste ratio	Tons of non-recycled waste generated by the Company	445.1 t ²	
14. Natural species and protected	Company whose activities affect threatened species	PZU has no impact on endangered species	
areas	Company without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas	PZU does not have a biodiversity policy	
15. Deforestation	Company without a policy to address deforestation	PZU does not have a policy against deforestation	
16. Share of securities not issued under Union legislation on environmentally sustainable bonds	Share in investment securities not issued under the Union's environmentally sustainable bond legislation	Not applicable	



²⁾ does not include data on waste collected by landlords under rental agreements and waste collected by Municipalities under submitted declarations

¹⁾ The amount of gray water recycled at PZU Park in the period 01.06.2022 - 31.12.2022.

Table 3. Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Index of adverse effects on sustainability factors	Metric	PZU (data for 2022)			
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters					
Company without workplace accident prevention policies	Company without a workplace accident prevention policy	No. PZU has an Occupational Safety and Health Policy.			
2. Rate of accidents	Rate of accidents	Frequency rate of accidents: 1.4 ¹			
3. Number of days lost to injuries, accidents, fatalities or illness	Number of working days lost due to injuries, accidents, fatalities or illnesses	88 581 days			
4. Lack of a supplier code of conduct	Company without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	No. PZU has a Code of Good CSR Practices for PZU Group Suppliers. The document is available on PZU's website.			
5. Lack of grievance/complaints handling mechanism related to employee matters	Company without any grievance/complaints handling mechanism related to employee matters	No. PZU has a mechanism for handling complaints on employee issues, and an Anti-Bullying Committee and an Anti-Discrimination Committee have been established to review unacceptable instances of behavior, which reviews employee complaints and investigates any signal of actions or behavior that may have the appearance of bullying or discrimination, as well as unequal treatment in employment.			
6. Insufficient whistleblower protection	Company without policies on the protection of whistleblowers	No. PZU has a Whistleblowing Procedure in PZU SA and PZU Życie SA.			
	Number of incidents of discrimination reported in company	Number of cases of discrimination: 0			
7. Incidents of discrimination	Number of incidents of discrimination leading to sanctions	Number of cases of discrimination leading to sanctions: 0			
8. Excessive CEO pay ratio	The average ratio of the annual total compensation of the top earner to the median total annual remuneration of all employees (excluding that top earner)	PZU: 13.5%			
9. Lack of a human rights policy	Company without a human rights policy	No. PZU has the PZU Group's Human Rights Policy. The document is available on PZU's website.			
10. Lack of due diligence	Company without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts	Yes. PZU lacks human rights due diligence process.			

Index of adverse effects on sustainability factors	Metric	PZU (data for 2022)		
11. Lack of processes and measures for preventing trafficking in human beings	Company does not have a policy to prevent human trafficking	No. PZU has the PZU Group's Human Rights Policy and the "The CSR Code for PZU Group Suppliers"		
12. Operations and suppliers at significant risk of incidents of child labour	Company exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation	No. PZU is not exposed to activities and suppliers with a significant risk of incidents of child labor in terms of geographic areas or type of operations. In accordance with "The CSR Code for PZU Group Suppliers", the supplier ensures respect for human rights in its operations and firmly rejects the possibility of child labor and complies with applicable laws against child labor.		
13. Operations and suppliers at significant risk of incidents of forced or compulsory labour	Company exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms in terms of geographic areas and/or the type of operation	No, PZU is not exposed to activities and suppliers where there is a significant risk of incidents of forced labor due to the geographic area or type of business. In accordance with "The CSR Code for PZU Group Suppliers", the supplier ensures respect for human rights in its operations and does not tolerate any form of slave or forced labor.		
14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents	Cases of serious human rights violations in PZU: 0		
15. Lack of anti-corruption and anti-bribery policies	Company without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	No. PZU has an Anti-Corruption Program in place that complies with Polish law. Poland is a Member State of the United Nations Convention.		
16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Company with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and antibribery	No. PZU takes action in the event of violations of anti-corruption and anti-bribery procedures and standards.		
17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery	Number of convictions for violations of anti- corruption and anti-bribery laws: 0		
laws	laws	Amount of fines for violations of anti- corruption laws and anti-bribery laws: PLN 0		

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¹⁾ Ratio calculated per 1,000 employees using the equation: total number of persons injured in accidents / headcount * 1,000.

5.8. Additional data

[GRI 2-7]

Total number of employees by gender (converted into FTEs) in PZU Group:

	Number of employees					
	2021			2022		
	Women	Men	Total	Women	Men	Total
Sum	25,772	12,894	38,666	25,071	12,866	37,937

Total number of employees by contract type (converted into FTEs) in PZU Group:

	Number of employees						
		2021			2022		
	Women	Men	Total	Women	Men	Total	
employed for a fixed-term	2,993	1,579	4,571	3,268	1,788	5,056	
employed for an indefinite term	22,779	11,315	34,095	21,804	11,078	32,882	
Sum	25,772	12,894	38,666	25,071	12,866	37,937	

Total number of employees by age group (converted into FTEs) in PZU Group:

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	Number of employees					
	2021			2022		
	Women	Men	Total	Women	Men	Total
<30	3,048	1,740	4,787	2,852	1,766	4,617
30-50	16,954	8,753	25,707	16,412	8,622	25,034
>50	5,770	2,401	8,171	5,807	2,479	8,286
Sum	25,772	12,894	38,666	25,071	12,866	37,937

This Non-financial Report of the PZU Group and PZU SA for 2022 has 272 subsequently numbered pages **Signatures of PZU Management Board Members** Beata Kozłowska-Chyła **Tomasz Kulik** - President of the Management Board – Management Board Member **Ernest Bejda Piotr Nowak** – Management Board Member – Management Board Member Małgorzata Kot **Maciej Rapkiewicz** – Management Board Member – Management Board Member

Krzysztof Kozłowski

– Management Board Member

Małgorzata Sadurska

- Management Board Member

Warsaw, 29 March 2023

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