



Sustainable investment policy

PZU SA and PZU Życie SA

Warsaw, June 2024



Preamble

We are convinced that there is a strong rationale for sustainable investing, as companies and entities with sustainable business practices and high management standards are more likely to succeed in the future. Equally important to us is the long-term management of risks related to environmental and social issues.

We take actions to limit our adverse environmental impact. Thus, we support our business partners and other stakeholders. We are involved in energy transition of the Polish economy.

This is reflected in the PZU Group Strategy in 2021-2024, an integral part of which is **the ESG Sustainability Strategy**:

E – ENVIRONMENTAL

S – SOCIAL RESPONSIBILITY

G – GOVERNANCE

1. Grounds for our operations

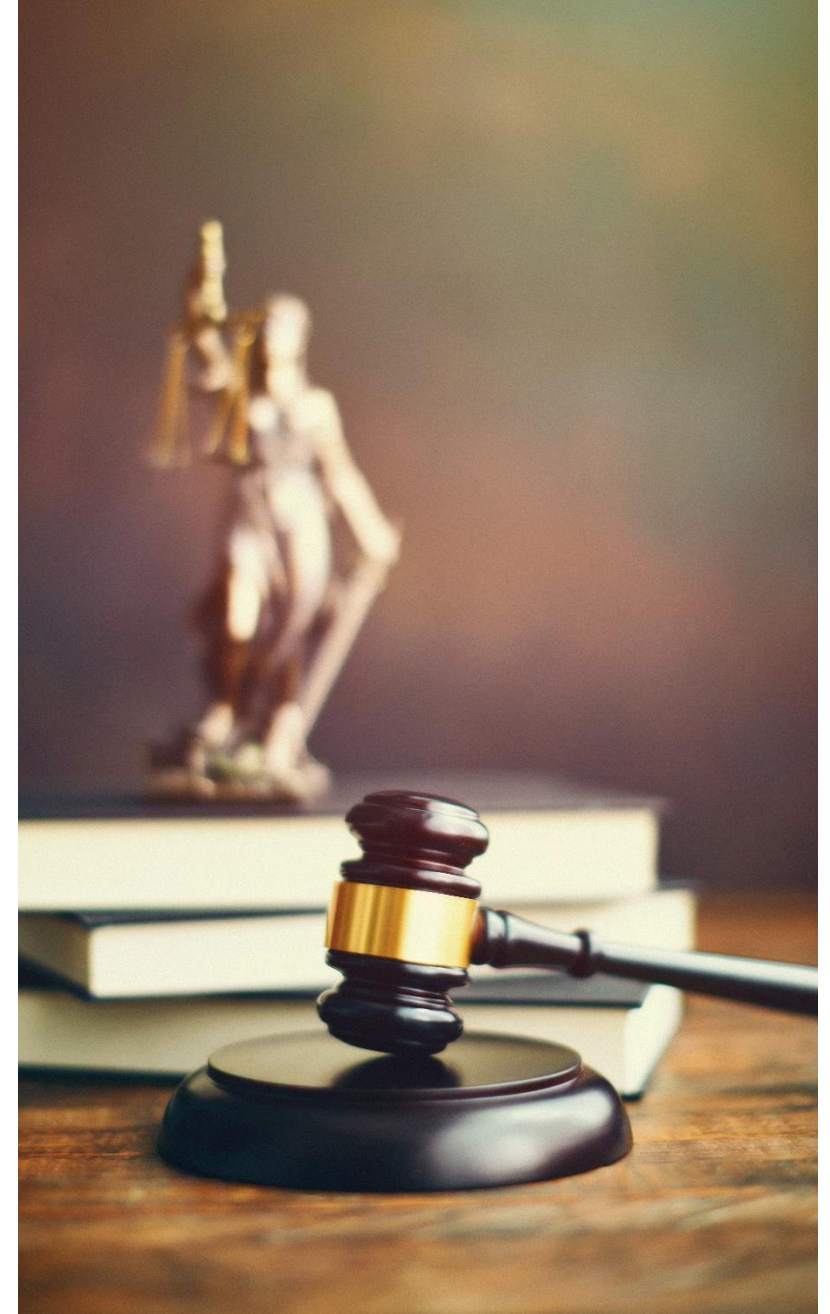
The fundamental documents that set the framework for PZU SA and PZU Życie SA (“Companies”) in the field of sustainable investment are as follows:

1.1 Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“SFDR”);

1.2 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, which provides companies and investors with a common language to identify those kinds of business activity which are classified as environmentally sustainable (“Taxonomy”).

1.3 Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups – it serves as the basis for the publication of our non-financial reports.

1.4 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 – in accordance with this Regulation, we show the exposure of our investments to Taxonomy-aligned business activities in the non-financial report (“Delegated Disclosure Act”).



1. Grounds for our operations



1.5 PZU Group Strategy in 2021-2024 (“PZU Group Strategy”) – defines **four key objectives**:

- achievement of high growth in each key markets,

- record results with high solvency and profitability and regular dividend,

- development of a new offer of comprehensive services,

- building the position of leader of green transition in the financial market in Poland.



1. Grounds for our operations



1.6

ESG “Sustainability” Strategy for 2021-2024 (“ESG Strategy”) – defines responsible investing activity supporting sustainable transition.

1.7

Environmental policy of the PZU Group – defines the framework for management of the environmental footprint of the Companies’ activity in accordance with the sustainability principles.

1.8

Human Rights Policy of the PZU Group – in accordance with it, the PZU Group ensures respecting human rights in business activity, in particular in relations with clients, employees, suppliers and business partners as well as other stakeholders.

1.9

Policy of PZU Życie SA’s exposure to companies quoted on a regulated market, adopted based on Article 222b of the Insurance and Reinsurance Activity Act.

The documents listed in items 5-9 are published on the PZU Group’s website (pzu.pl).

2. Scope and coverage of the Policy



2.1

The PZU SA and PZU Życie SA Sustainable Investment Policy (“Policy”) lays down the general rules for investing funds, the ESG risks and factors taken into consideration and how the goals of sustainable investing specified in the ESG Strategy and the PZU Group Strategy are executed.

2.2

PZU SA and PZU Życie SA apply the Policy when investing own funds and funds covering insurance liabilities.



3. Investment activity

- 3.1 The Companies invest own funds and funds covering insurance liabilities in compliance with generally prevailing laws applicable to insurance companies.
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- 3.2 PZU Życie SA offers its clients financial products with investment components (“investment products”) within the meaning of the SFDR.
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- 3.3 The Companies invest in various kinds of assets, depending on their adopted investment strategies, risk appetite and legal possibilities, especially in government bonds, corporate debt instruments, shares admitted and not admitted to public trading and real estate, both directly and through special-purpose vehicles and mutual funds.
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- 3.4 The Companies make investment decisions, taking into consideration the (financial, regulatory and legal) position of issuers of financial instruments and their environment with regard to factors affecting the value of financial instruments, including sustainability risks.
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- 3.5 PZU Życie SA, managing investment products within the meaning of the SFDR, directly or through specialized entities, takes into account major adverse impacts of investment decisions for sustainability factors and publishes representations on these impacts on its website, in accordance with Article 4 sec. 1 a) of the SFDR.
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4. ESG risks and factors taken into consideration in the investment activity

4.1 The Companies consider ESG risks and factors in accordance with the double materiality concept.

Financial materiality, or the outside-in impact on an issuer of financial instruments

This is a perspective that takes into account in the investment process the impact of opportunities and risks to sustainability on the development, performance or situation of the investee (the company or country issuing the bonds) and the financial value of the investment.

Giving consideration to sustainability issues by an issuer of shares or bonds may generate tangible financial benefits.

For the Companies as investors, the accurate identification of opportunities and risk factors arising from the sustainability megatrend creates the possibility of obtaining, in the long term, at least as good a rate of return as that which would be obtained from conventional investments in the financial markets.

Environmental or social materiality, or the inside-out impact of an issuer of financial instruments

This is the perspective of the external impact of an entity's activities or investments on sustainability factors, that is the consequences of investment decisions on environmental, social and employee issues, respect for human rights and combating corruption and bribery. This impact may be either positive or negative.



4. ESG risks and factors taken into consideration in the investment activity

4.2 Sustainability risks

Sustainability risk means an environmental, social or governance event or condition that, if it occurs, might cause an actual or potential negative material impact on the value of the investment. Investment decisions in the Companies are made on the basis of a comprehensive analysis of the issuers of financial instruments and their environment. These analyses cover the full spectrum of factors with an impact on the financial instruments' value, including sustainability risks. 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.

Environmental risks

These risks are related to the quality and functioning of the environment, such as climate change, loss of biodiversity, disruption of ecosystems, (air, water, soil) pollution and depletion of natural resources.

Social risks

These risks are related to the rights, well-being and interests of people (including in the workplace) and communities, such as poverty, human rights violations, racial discrimination, gender inequality, child labor or the use of controversial weapons.

Management risks

Specifically, from an investment perspective, these risks are related to the quality of governance in investee companies, including matters of transparency, corporate governance, appropriate taxation, diversity, corruption and ethical violations.



4. ESG risks and factors taken into consideration in the investment activity

4.3 Impact of investment decisions on sustainability factors

Sustainability factors mean environmental, social and labor issues, respect for human rights and combating corruption and bribery.

Examples of indicators taken into consideration in the analysis process of corporate issuers

Climate-related indicators and other environmental indicators

- Greenhouse gas emissions
- Biodiversity
- Emissions into water
- Indicator of hazardous waste and radioactive waste

Indicators in respect of social and employee issues, respect for human rights and combating corruption and bribery

- Violations of UN Global Compact principles or Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- Unadjusted gender pay gap
- Board gender diversity
- Exposure to controversial weapons

Examples of indicators taken into consideration in the analysis process of issuers of government debt securities and debt securities issued at transnational level

Environmental issues

- Intensity of greenhouse gas emissions

Social issues

- Debt security investee countries with a record of breaches in respect of social issues

Examples of indicators taken into consideration in the analysis process of property investments

- Fossil fuels exposure in connection with property
- Exposure to energy-inefficient property



5. Achieving the objectives

5.1 The Companies invest in industries of renewable energy sources.

5.2 The Companies assess investments with regard to sustainability risks.

5.3 Assessing ESG factors in unit-linked life insurance where funds are invested in units or shares of mutual funds, PZU Życie SA takes into account whether the given mutual fund aims at sustainable investments or promotes aspects related to ESG. Furthermore, PZU Życie SA considers if the investment fund management company managing the fund takes into account the material sustainability impacts of their investment decisions and whether it discloses or will disclose their scope in compliance with Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 (RTS) supplementing the SFDR.

5.4 TFI PZU SA, a member the PZU Group, pursues a strategy convergent with that of the PZU Group related to offering investment products to external customers. TFI PZU SA's ambition is to be a leader in sustainable investment products in terms of standards, hence the emphasis on high quality reports required by the applicable regulations. Moreover, TFI PZU SA is vigorously developing its offering of active and passive inversion strategies for retail and institutional investors (for more information on sustainable investing by TFI PZU SA, see the "[Responsible investments](#)" tab).

6. Updates

The Companies update the Policy at least once a year, to adjust it to ESG requirements and guidelines.

